



AUDIT & GOVERNANCE COMMITTEE  
24 June 2013

**INTERNAL AUDIT ANNUAL REPORT 2012/13**

**SUMMARY:**

This report summarises the work of Internal Audit for the period 1 April 2012 to 31 March 2013, identifying the main themes arising from the audit reviews and the implications for the County Council. The Chief Internal Auditor reports key findings and recommendations arising from audits undertaken as part of regular reporting to this Committee on completed audits.

A list of all Internal Audit reports issued in the period is attached at Annex A for information. In response to member interest in management action taken to implement Internal Audit recommendations this report also provides, at Annexes B and C, details of progress made to date for those audit reports previously presented to this Committee.

This report also provides an update at Annex D, on progress made to date on implementing the recommendations arising from the 2012/13 review of the effectiveness of the system of Internal Audit which was presented to this Committee in March 2013.

**RECOMMENDATION:**

Members are asked to note the work undertaken and performance of Internal Audit in 2012/13 and determine whether there are any matters that the Committee wishes to draw to the attention of the Cabinet or the County Council.

**INTRODUCTION**

- 1 The Accounts and Audit Regulations require every local authority to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. Within Surrey County Council the Internal Audit function, which sits within the Policy and Performance Service, carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

- 2 Best practice requires the Chief Internal Auditor to produce an annual report that:
  - (a) provides an opinion on the overall adequacy and effectiveness of the organisation's control environment
  - (b) discloses any qualifications to that opinion, together with reasons for the qualification
  - (c) presents a summary of the audit work from which the opinion is derived
  - (d) draws attention to any issues of particular relevance
  - (e) compares the work actually undertaken against the work that was planned
- 3 This report fulfils the requirements above and represents the Internal Audit Report for the period 1 April 2012 to 31 March 2013. This report informs the 2012/13 Annual Governance Statement and provides an overview of the key findings arising from the audit reviews and the implications for the County Council. Taking account of the issues described the Committee will need to consider whether any matters should be referred to the Cabinet or the County Council.

### **BACKGROUND TO THE YEAR 2012/13**

- 4 Internal Audit is one of three teams, the others being Performance and Change; and, Policy and Strategic Partnerships; within the Policy and Performance service. As such Internal Audit is well placed to respond to new policy initiatives and help drive innovation and improvement across the council.
- 5 The Internal Audit team underwent a small restructure during the year which saw the deletion of one Lead Auditor position and the creation of an Information Management Technology (IMT) Auditor position. Successful recruitment into this IMT Auditor position means the team is now well positioned to undertake highly technical reviews of the council's IT systems and infrastructure and can develop a programme of data interrogation as part of proactive counter fraud activity planned for 2013/14.
- 6 New Public Sector Internal Audit Standards, developed through collaboration between CIPFA and the Institute of Internal Auditors (IIA) were published during the year and this Committee has adopted them as best practice to be complied with from 2013/14. The 2012/13 review of the Effectiveness of Internal Audit assessed the council's readiness for these new standards and concluded that Internal Audit in the council is well led and is given a high priority by those charged with good governance.
- 7 Following a procurement exercise by the Audit Commission, Grant Thornton was appointed as the council's External Auditor and took over this role from the Audit Commission in November 2012. When on-site, the External Auditors are now physically located alongside the Internal Audit team in County Hall.
- 8 Throughout the year the Chief Internal Auditor has attended the regular Statutory Officers meeting with the Monitoring Officer, the S151 Officer and the Chief Executive; and has continued to meet regularly on a one to one basis with the Chief Executive to brief him on governance issues.

- 9 During 2012/13 the Chief Internal Auditor has continued to undertake the following responsibilities:
- member of the Investment Panel which reviews business cases in advance of them being presented to Cabinet for approval
  - member of the Governance Panel
  - the council's Money Laundering Regulatory Officer
- In addition the Chief Internal Auditor is now a member of the newly formed Strategic Risk Forum, chaired by the S151 Officer. All the aforementioned roles complement the work of Internal Audit.
- 10 The high profile of Internal Audit reports has been maintained throughout 2012/13 with the Audit and Governance Committee and Council Overview and Scrutiny Committee in particular showing a strong interest in what action officers have taken in response to Internal Audit recommendations. Full copies of all Internal Audit reports are provided to the Leader of the Council and a new on-line library means all elected members can access reports as they wish.

<b>INTERNAL AUDIT OPINION</b>
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- 11 The overall audit opinion, based on the reviews completed during the period, on the governance and internal control environment during 2012/13 is **Some Improvement Needed**. A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
- 12 In forming this opinion, the Chief Internal Auditor can confirm that Internal Audit activity throughout 2012/13 has been independent of the rest of the organisation and has not been subject to interference in the level or scope of audit work completed.
- 13 This overall audit opinion is largely a reflection of the system and procedural controls around the County's key financial systems that are subject to annual review by Internal Audit. However a number of areas were identified in which specific weaknesses meant that control in those particular areas did not provide reasonable assurance that risks are being managed so that objectives would be met. The following table shows the spread of audit opinions for the 64 standard audit reports issued in the period 2012/13 with comparative information for 2011/12.

Audit Opinion	2012/13		2011/12	
	No of Audit Reports	%	No of Audit Reports	%
Effective	14	22	10	15
Some Improvement Needed	39	61	50	74
Major Improvement Needed	8	12	5	7
Unsatisfactory	2	3	1	1
n/a	1	2	2	3
<b>Total</b>	<b>64</b>	<b>100</b>	<b>68</b>	<b>100</b>

- 14 The key issues arising from audit work completed during 2012/13 are set out in the Key Audit Findings section of this report.

## MANAGEMENT ACTION PLAN (MAP) PROGRESS UPDATE

- 15 In December 2012 a report was presented to this Committee that assessed progress made for all audits completed in the period February – August 2012. This information is summarised at Annex B and includes the latest position for those audits not assessed as “Green” at that time.
- 16 A more detailed summary of progress made on implementing audit recommendations for those audits completed since August 2012 is attached at Annex C. This shows progress to date in implementing audit recommendations for audit reports issued in the period August 2012 - January 2013

## PERFORMANCE SUMMARY

- 17 The audit plan for 2012/13 was approved by this Committee on 5 April 2012. The table below shows actual performance against the original plan for the year.

Audit Area	Plan Days (whole year)	Actual Days	% Actual to planned
Corporate Governance Arrangements	40	25	62%
Key Financial Systems	200	157	79%
Grants	30	42	140%
Contract reviews	110	105	95%
Service reviews (systems and projects)	990	863	87%
Follow-up Audits	50	58	116%
Client Support and Service liaison	136	135	99%
PVR Recommendations follow-up	50	8	16%
Special reviews not included in the original audit plan. NFI and other fraud prevention Irregularity investigations	301	298	99%
Audit planning and management, corporate and member support	294	292	99%
<b>Total days</b>	<b>2201</b>	<b>1983</b>	<b>90%</b>
Figures as shown in 2011/12 report (for comparison)	2401	2051	85%

- 18 The Internal Audit team establishment for 2012/13 comprised 12 full time equivalent (FTE) staff. The difference in total number of actual auditor days against planned for 2012/13 is due to a number of factors including:
- more cross service/directorate work undertaken than planned
  - more time spent on personnel related activities including 1-2-1s
  - one post being vacant for the last 4 months of the year
  - sickness absence levels higher than anticipated

19 The Internal Audit team have, nonetheless, had a productive year with 64 audits reports issued (as detailed at Annex A). This compares with 68 reports issued in 2011/12.

20 2012/13 Annual Audit Plan Completion

Annex E provides an analysis of completion of the 2012/13 Internal Audit programme of work. Further information is set out below.

Deferred/Cancelled Audits - The following audits, which were included in the 2012/13 annual audit plan, were cancelled/deferred for the following reasons:

- Personalisation (AIS & SWIFT) – this audit was cancelled as controls around SWIFT Financials, as well as migration of assessments to the new SWIFT assessment module were reviewed as part of the audit of Financial Assessments and Benefits (report issued February 2013). In addition the follow-up audit of Direct Payments (report issued November 2012) reviewed key personalisation risks.
- Home Collect – this audit was cancelled as a full audit of Social Care Debt is included in the 2013/14 Annual Audit plan and the Home Collect process will be considered for inclusion within the scope of this broader review.
- Serious Untoward Incidents – following discussion with the Adult Social Care (ASC) this audit was cancelled, however an audit of ASC Serious Case Review – Recommendation Tracking is included in the 2013/14 Annual Audit plan.
- AIS assessment module – this audit was deferred to 2013/14 to work in tandem with and complement an ASC review of the assessment process.
- Procurement Standing Orders – this audit was cancelled, as reasonable assurance was obtained that recommendations arising from an earlier (October 2011) audit review were being implemented. In addition, a number of audits completed during 2012/13 will have included checks on compliance with procurement standing orders as a matter of course.
- Property Asset Management - implementation of the Property Asset Management system was delayed and as a result this audit has been deferred to 2013/14 to allow time for the new processes to bed in.
- Shared Services Partnership Arrangements – this audit was deferred to 2013/14 when the new arrangements come into effect.
- Asset Management Planning – this audit was deferred to 2013/14 to take account of Operation Horizon which aims to deliver a fixed five year major maintenance programme for Surrey's roads.
- Transportation Coordination Centre (PVR) – this audit was cancelled. Following an earlier audit, the system in place has been reviewed and a tendering exercise completed to replace the system. Implementation of the new system is planned for autumn 2013.

In addition, as shown in Annex E a small number of audits relating to 2012/13 are still in progress.

21 Grants

Four grant audits were completed in the year as follows:

Local Transportation Block Grant; Roma Routes (EU) Grant; Walton Bridge; and, Sport England Grant.

In addition some preliminary work was completed on the Teachers' Pensions and Troubled Families grants.

22 Fraud and Irregularity and Special Reviews

The 2012/13 audit plan included specific time for Irregularity and Special Investigations (audits which, although not in the annual plan, take place as a result of concerns being raised directly with Internal Audit by Members or officers). Much of the time (129.9 days) was spent on irregularity investigations. The Council's Financial Regulations require all matters involving, or thought to involve, corruption or financial irregularity in the exercise of the functions of the County Council to be notified to the Chief Internal Auditor who will decide whether an audit investigation is appropriate.

A separate report has been produced for this Committee which provides more information on the irregularity investigations undertaken by Internal Audit during 2012/13.

Also included in this is time spent on fraud awareness work (including promoting use of the fraud awareness e-learning package and circulating fraud alerts received from such audit networks as the National Anti-Fraud Network and the County Chief Auditor's Network).

23 Customer Satisfaction Survey (CSQ)

The Internal Audit team is continually aiming to improve the service it provides and as such, on completion of each review the auditee is asked to complete a Customer Satisfaction Survey (CSQ) to provide feedback on a number of aspects of the audit – from planning through to reporting. The CSQ also asks for an overall rating on the added value of the audit on a scale of 1 to 4, where 1 is **not very** useful and 4 is **very** useful.

The following table shows the breakdown of CSQ scores received during the period 2012/13 (previous year figures in brackets for comparative purposes):

<b>CSQ Overall Rating</b>	<b>No of CSQs</b>	<b>%</b>
4 – very useful	12 (14)	40 (52)
3	16 (12)	54 (44)
2	1 (1)	3 (4)
1 – not very useful	1 (0)	3 (0)
<b>Total</b>	<b>30 (27)</b>	<b>100</b>

**EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

24 An external assessment of the effectiveness of the system of Internal Audit was completed in March 2013 and presented to this Committee on 18 March. In line with best practice, this annual report includes an update on progress made in implementing the recommendations arising from that review.

- 25 Detail of progress against each recommendation, including a Red/Amber/Green (RAG) assessment can be found at Annex D. This shows that a significant number of recommendations have already been implemented and the Chief Internal Auditor is confident that all recommendations will be implemented so that full compliance with the Public Sector Internal Audit Standards is achieved before the year end.

## **KEY AUDIT FINDINGS**

- 26 The key audit findings arising from completion of the 2012/13 Internal Audit plan are summarised under the 14 headings as set out below:

### **1. Capital Monitoring**

- 27 An audit of **Capital Monitoring** concluded that performance on spending in line with the capital programme had improved compared with the previous year. Although there was a significant underspend on the Superfast Broadband Project this was offset just after the year end by a number of investment and economic regeneration property acquisitions.
- 28 The council is reviewing its long term capital asset strategy and has established a Capital Innovation Group which will help identify investment options to help ease future budget pressures. Going forward, the council is likely to borrow significantly over a 3-4 year period through a revolving fund to fund new investment and regeneration expenditure that will form part of the 2013/14 capital programme. The council will need to closely monitor the wider economic situation to ensure the asset investment strategy delivers the anticipated return on investment.
- 29 An audit of **Capital Programme Management – Schools Basic Need** completed in December 2012 identified that cutting the cost of Schools Basic Need places is a key part of the council's financial strategy. Since then an unexpected spike in predicted demand for schools places has caused the council to re-examine its delivery and funding options for Schools Basic Need places and capital expenditure and a Cabinet review is planned for Quarter 2 2013/14.

### **2. Project Management**

- 30 With the continuing need for Surrey County Council to deliver improved outcomes for residents with fewer resources it is apparent that project management will become an increasingly important tool in controlling and delivering these changes.
- 31 As part of a joint exercise with the Performance and Change team, Internal Audit undertook a review of the maturity of project management across Surrey County Council. This review found that the extent to which effective project management disciplines and practices had been applied to projects was inconsistent. It found that business cases may not clearly link with strategic objectives; can lack a clear financial rationale; and, are not routinely updated as live documents. While project benefits may be listed in the business case, there may not be robust processes to manage them through the extended lifecycle of the project to ensure their realisation. Stakeholder engagement and communication planning can be under-developed and while project risk management is more advanced, evidence suggests all three are not systematically used to maximise the likelihood of project success.

### **3. Commercial Services**

- 32 **Commercial Services (CS)** provides four separate trading businesses providing catering in schools; civic catering in four council buildings; cleaning in schools and council offices; and, maintenance of gym and other equipment in schools. An audit review of this area found weaknesses in fundamental governance arrangements and concluded that a combination of inadequate reporting arrangements and position in the council means that CS operates with minimal visibility. Reporting was focussed on pupil statistics, detracting from important information regarding the commercial aspect of their work. A CS Business Plan is produced each year but is not shared with senior management or members. The audit opinion following this review was “Major Improvement Needed”.

### **4. Direct Payments (DPs)**

- 33 A follow-up audit review of **Direct Payments** completed in November 2012 found that while substantial improvements had been made to the Direct Payments framework, including updated procedures and cross departmental training, the benefit of these improvements had not yet been fully realised. Audit testing revealed that:

- 26% of DP recipients had not received a Social Care Review (SCR) in the last 12 months (the council commits to a minimum of annual review) and 292 DP recipients had not received a review in over 18 months.
- DP Account Reconciliations – at the time of the audit 45% of DP recipients were more than 3 months overdue in submitting reconciliation documentation. Audit testing identified one individual who had received two annual payments of approximately £12,500 yet had not submitted any supporting paperwork

- 34 In addition where monitoring paperwork had been fully completed, it was apparent that issues raised from these reviews by ASC staff were not always resolved in an appropriate and timely manner.

### **5. Health and Safety**

- 35 Surrey County Council has structures in place to ensure the council can demonstrate compliance with health and safety legislation and an audit of Health and Safety (H&S) Compliance completed in August 2012 noted that there had been further improvements in a number of areas; notably:

- a higher overall level of review and closure of H&S incidents on the OSHENS system;
- the creation of a Compliance Team within Estates Planning and Management (EPM) which will help ensure safe H&S practice by contractors whilst working on council premises; and
- increased numbers of staff receiving H&S training via new e-learning materials

- 36 Action taken at a small number of schools on following up H&S incidents and on fire risk assessments needs corporate monitoring and supportive follow-up.



## 6. Information Governance

- 37 An audit of **Data Protection Compliance** concluded that the council has appropriate policies and procedures in place to ensure compliance with data protection requirements although it concluded that more work was required to define working practices around taking sensitive data out of council premises. It was also noted that, unlike Freedom of Information requests, there is no central monitoring of timeliness of responses to Subject Access Requests (SARs) and it was apparent that, in Children's Services in particular there were a small number of long outstanding SARs. This audit also highlighted problems in locating paper files within Children's Services as file movements were not always properly recorded.
- 38 In response to an Internal Audit recommendation, the Governance Panel, which includes the Chief Internal Auditor, reviewed a report from the Corporate Information Governance Manager of data protection breaches in the period January – December 2012. This report showed that 68 breaches had been reported, the majority of these were classified as "Disclosed in error eg Email/letter/fax sent to the wrong person". Assurance was taken that a detailed action plan is in place in order to minimise the risk of further breaches and an internal communications campaign will take place in the autumn of 2013.
- 39 An audit of **Records Management** completed in the year attracted an "Effective" audit opinion and overall the results of audit testing regarding the security of records were positive. All areas visited by the auditor had retention schedules in place as required by the corporate policy for records management.
- 40 An audit review of **SAP Application Controls** found that the risk of users inappropriately accessing, modifying and deleting data within the system has decreased significantly since the last significant technical review in 2010/11. Likewise the risk of users significantly impacting the integrity and stability of the system has significantly reduced. The audit concluded that the security model for the vast majority of SAP users is appropriate and secure although there remains room for improvement, particularly in regards to applying the 'least privilege' security model to power users and administrators.

## 7. Contract Management

- 41 During 2012/13 Internal Audit reviewed the operation of seven key contracts. Six of these were rated "Some Improvement Needed" suggesting that in general contract management controls are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met. One contract reviewed – the Highways Contract – attracted a "Major Improvement Needed" audit opinion.
- 42 The audit of the **Highways Contract** completed in May/June found that engineering staff believe that the contract is achieving higher quality of repairs and better levels of productivity than the previous arrangements. However the audit identified a number of issues relating to the use of Maximo (May Gurney's works management system) and compliance with Financial Regulations and Instructions. The contract exit plan was not agreed as required by the contract. In addition delays in scheme design through limited resources and lack of defined prioritisation has led to significant variations across the different geographical areas in the levels of local Integrated Transport Schemes being completed to plan, eg in one area only 25% of planned schemes were completed.

- 43 A follow-up audit of the **Manpower Contract** found that many of the earlier audit recommendations had been implemented. The audit concluded that further action was required to agree key performance indicators for customer service and it was noted that the share of profits due to Surrey County Council in respect of additional business with other public sector bodies that Manpower has obtained through the council's framework arrangement, had not yet been received.
- 44 An audit of **Babcock4S Contract Governance** attracted an effective audit opinion and concluded that the governance arrangements at Babcock4S, as a subsidiary of the Babcock Group, provide reasonable assurance that the organisation will achieve its objectives. The council has a representative on the board of directors to ensure its interests are properly represented.
- 45 An audit of **Waste Contract Management** completed in August 2012 found overall monitoring of the contract was satisfactory.
- 46 An audit of **LASER Contract Governance** suggests the contract offers value for money. It was noted however that there was little opportunity for member scrutiny of the council's energy procurement through LASER and in view of the significant annual costs involved, it was recommended that an annual report on energy usage and costs be presented to the Council Overview and Scrutiny Committee.
- 47 An audit of **Residential Block Contracts** found evidence that services were being delivered in accordance with the contracts and to agreed quality standards. Residential care homes were found to be inspected on a regular basis by the Quality Assurance Team. It was noted that although there were dedicated contract managers for the specific contracts there was no single overarching contract manager. The audit recommended that formal risk registers are implemented for these key contracts.
- 48 An audit of the **Street Lighting (Illuminated Street Furniture) Contract** found the contract was running smoothly with the contractor achieving the targets set within the contract. Management had also been successful in negotiating a reduction in the contractor's rates following a benchmarking exercise with other local authorities.
- 8. Corporate Purchase Cards**
- 49 An audit of **Corporate Purchase Cards** completed in November 2012, concluded that card use was found to be generally in line with the purchasing card rules and guidance. The audit attracted a Major Improvement Needed audit opinion however as it was apparent that management checks of expenditure were not being carried out consistently across the organisation as required and in some areas examples of inappropriate expenditure were identified. In one case formal disciplinary action was taken as a result of inappropriate card use.
- 50 New rules and guidance on the use of purchasing cards are in place for 2013/14 which address a number of the concerns raised by the audit. In particular, the new process requires on-line management approval of transactions.

## **9. Transport for Education**

- 51 The annual budget for Home to School Transport is £20m for children with Special Educational Needs (SEN) and £10m for children in mainstream education. Transport provided on an on-going basis for children with SEN should be reviewed by the school at least annually. An audit of **Transport for Education** identified that these reviews are not always completed in a timely manner; that a member of the Schools and Learning Service team is not always present at the review and that schools do not robustly review the need for the transport to continue. In addition management information regarding transport costs is not sufficiently detailed for the budget holders to be confident of the costs they have been recharged. The audit opinion following this review was “Major Improvement Needed”.

## **10. Looked After Children (LAC) Health and Dental Checks- Data Quality**

- 52 An audit of this area found that the profiling of target completion rates for LAC health and dental checks was not aligned with the established pattern of performance. As a result interim targets were missed and a substantial proportion of checks were completed in the final quarter of the year. The auditor concluded that the way that the indicator is calculated masks the completion rates between health and dental checks, although officers in Children’s Services were aware that particular effort was required to improve health check completions. Audit testing found that documentary evidence of completion of health checks could not be found in 16 of the 80 files sampled. The audit opinion following this review was “Major Improvement Needed”.

## **11. Residential Care Homes – Managing Residents’ Monies**

- 53 An audit of **Residential Care Homes – Managing Residents’ Monies** was completed in September 2012. This audit found that guidance relating to personal accounts was both out of date and no longer available, resulting in local procedures being developed at each home. Not all homes carried out regular reconciliations increasing the risk of errors going unnoticed. 45 personal accounts had overdrawn balances (totalling £3,380) and it was common practice for staff to take cash from residents’ accounts with no record of consent from the resident. While it was apparent that officers were acting with good intentions and with the interests of residents in mind, the weaknesses in the system of internal control were such that the auditor could provide no assurance that misappropriation or mismanagement of residents’ money will not occur. The audit opinion following this review was “Major Improvement Needed”.

## **12. Honoraria Payments in Schools**

- 54 An audit of **Honoraria Payments in Schools** completed in July 2012 identified some £120,000 paid to teachers in 2011/12 as honoraria. National guidance makes it clear that the payment of bonuses and honoraria to teachers is not permitted in any circumstances. In some cases these payments may in fact have been legitimate payments which were incorrectly coded as honoraria and would not therefore have been properly treated for superannuation purposes. This matter was referred to the External Auditor and featured in their Annual Governance Report for 2011/12. The Management Action Plan progress update presented as part of the Chief Internal Auditor’s Half Year report to Audit and Governance Committee in December 2012 assessed implementation of the audit recommendations as “Green” and it is therefore reasonable to expect that a more robust system of control was in place for the greater part of 2012/13 thus significantly reducing the risk of further incorrect payments.

### **13. Special Schools – Funding of Residential Provision**

- 55 An audit of Funding of Residential Provision in Special Schools found that most schools visited by the auditor were not offering to pupils the full number of residential places for which they had been given funding of £4.1m by the council in the 2011/12 academic year. Four of the schools visited filled less than 50% of their funded places. This poses a risk for 2013/14 when a change to central government funding will see only filled residential places eligible to be funded. This risk is exacerbated by a lack of clear management information within the Schools and Learning Service on the level of residential provision in Surrey's special schools. In view of the funding arrangements for residential provision being unsustainable, with no clear thread connecting strategic objectives to operational practice, the audit opinion following this review was "Unsatisfactory".

### **14. Risk Management**

- 56 An audit of **Risk Management Arrangements** recognised that the Leadership Risk Register has a high profile and is subject to regular review by key officers and Members. However the audit identified a number of areas of concern including the absence of an up to date directorate risk register for Environment and Infrastructure, despite repeated requests (including from this Committee) for a copy. The Risk Management Policy had not been implemented since being approved by this Committee on 21 May 2012 and Risk Management Guidance on the S:Net was not up to date. Four services did not provide the auditor with a recent risk register and many of the service risk registers held on S:Net appeared to be out of date. The Risk and Resilience Steering Group chaired by the Assistant Chief Executive focused on the 2012 Olympics for the first half of 2012/13, and was disbanded in February 2013. The recent reintroduction of the Strategic Risk Forum, chaired by the Chief Finance Officer, should help re-establish a focus on Risk Management across the organisation during 2013/14.

### **IMPLICATIONS:**

- 57 There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed audit reporting policy.
- 58 Terms of Reference for all audit reviews include the requirement to specifically consider value for money; risk management; and, equalities and diversity.

### **WHAT HAPPENS NEXT:**

- 59 The Chief Internal Auditor will continue to update Members on the progress of issues within this report that have not been fully concluded.

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**Sources/background papers:** Internal Audit reports