

Report to: **Audit and Best Value Scrutiny Committee**

Date: **12 June 2007**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Internal Audit Strategy 2007/08 and Annual Plan**

Purpose of report: **To present the Council's Internal Audit Strategy 2007/08 and Annual Plan**

RECOMMENDATION: Members are recommended to review and endorse the Council's Internal Audit Strategy 2007/08 and Annual Plan.

1. Financial Appraisal

1.1 Resources needed to deliver the Council's Internal Audit Strategy and Annual Plan during 2007/08 are provided for within the agreed budget of the Audit and Performance Division, Corporate Resources Directorate.

2. Background

2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2003. The latter states that authorities must "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls in accordance with the proper internal audit practices".

2.2 The Council's Internal Audit Strategy 2007/08 and Annual Plan (Annexe A) sets out how the Council will meet its statutory requirements for internal audit. The Strategy proposes an approach based on focussing audit resources in those areas where the highest risk to the achievement of the Council's objectives lies. These areas have been identified and prioritised based on the Council's own risk assessment processes (including the Strategic Risk Log) and following extensive consultation with officers, members and other partners including the Council's external auditors, the Audit Commission. A workshop was held with Members of this Committee on 22 March 2007 and comments made have been fed into the planning process.

2.3 In times of significant transformation organisations must both manage change effectively and ensure that core controls remain in position. The Council is currently engaged in a challenging transformation programme and therefore internal audit must be in a position to give an opinion/assurance that covers the control environment in relation to both new developments and existing systems. This has been a key driver in developing this Strategy and Plan.

2.4 The Strategy and Plan will be delivered in line with proper internal audit practices as set out in the Code of Practice for Internal Audit in Local Government and the requirements of our managed audit arrangements with our external auditors.

3. **Recommendations**

3.1 The Deputy Chief Executive and Director of Corporate Resources has already approved the Internal Audit Strategy 2007/08 and Annual Plan. The Audit and Best Value Scrutiny Committee is recommended to review and endorse the Strategy and Plan prior to its submission to Cabinet on 10 July 2007.

SEAN NOLAN

Deputy Chief Executive and Director of Corporate Resources

Contact Officer: Duncan Savage

Tel No. 01273 482330

BACKGROUND DOCUMENTS

Internal Audit Strategy and Annual Audit Plan 2007/08

INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2007-2008



1. Role of Internal Audit

1.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2006. The latter states that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls in accordance with the proper practices in relation to internal control”.

1.2 East Sussex County Council has delegated responsibility for ensuring that statutory internal audit arrangements are in place to the Deputy Chief Executive and Director of Corporate Resources. These arrangements form a key element of the County Council’s framework for corporate governance. On a day to day basis the Assistant Director (Audit and Performance) serves as the County Council’s Chief Internal Auditor and the Audit and Performance Division provides internal audit services to the County Council on behalf of the Deputy Chief Executive and Director of Corporate Resources.

1.3 Internal audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. To carry out this role the Audit and Performance Division’s Internal Audit Service (IAS) aims to:

- satisfy legal requirements and professional standards;
- examine, evaluate and report objectively on the adequacy of arrangements to secure proper economic, efficient and effective use of resources;
- assist management with its responsibility for establishing and maintaining internal control systems and for ensuring that resources are properly applied, risks are appropriately managed and outcomes are achieved;
- investigate allegations of fraud and corruption in line with the Council’s Anti-Fraud and Corruption Strategy; and
- provide an annual opinion to Members and Officers on the adequacy of the Council’s control environment, and regular reports on key audit findings.

1.4 The key service objectives for the IAS as set out in the 2007/08 Corporate Resources Business Plan are to:

- Support the maintenance and improvement of high standards of governance, internal control and risk management across the Council
- Deliver an effective internal audit service which meets internal needs and can be relied upon by external audit

1.5 The delivery of these objectives is underpinned by a series of actions and targets within the Audit and Performance Divisional Business Plan and the objectives agreed with individual members of the IAS through the performance appraisal process.

2. Risk assessment

2.1 The County Council's audit strategy is updated annually. This is based on a combination of management's assessment of risk (as set out within the County Council's Strategic Risk Register) and our own risk assessment of all the County Council's major systems and other auditable areas. This allows us to prioritise those areas to be included within the plan on the basis of risk.

2.2 The update of the annual plan for 2007/08 has relied even more heavily upon management's own strategic and departmental risk assessments (which are now considered to be more mature) and Appendix E provides a summary of internal audit coverage against the County Council's Strategic Risk Register. Our planning has also been informed by extensive consultation with the following stakeholders, to ensure that their views on risks within their departments are reasonably identified and reflected within the plan, where appropriate:

- the Deputy Chief Executive and Director of Corporate Resources;
- members of the Audit and Best Value Scrutiny Committee;
- Departmental Management Teams (including Chief Officers);
- key contacts within departments and lead officers for key corporate projects;
- E-business managers;
- the Council's external auditors, PKF, to ensure that audit resources are used to the best effect, reliance can be placed on the work of internal audit and duplication is avoided; and
- other bodies' internal audit providers, where joint working is proposed.

2.3 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in position. The Council continues to be engaged in a challenging transformation programme, including implementation and development of a number of new key ICT systems. Internal audit must therefore be in a position to give an opinion/assurance that covers the control environment in relation to both new developments and existing systems. This continues to be a key driver in developing this strategy and plan.

2.4 The key factors, which have driven our assessment of risk and audit needs for 2007/08, are:

- **Governance Arrangements** – The Council's overarching governance framework covers all aspects of its business, including risk management, internal control and ethical standards. Internal audit has a key role to play in giving assurance that this framework operates effectively and its work is a key source of assurance for officers and Members in approving the Council's annual assurance statement (Statement of Internal Control);
- **Risk Management** – Internal audit has a key role to promote effective risk management and to assess the adequacy of controls put in place by management to manage risks;
- **Financial Excellence** – the adequacy of controls within key financial systems, budgetary control and management remain at the core of our work and inform the Section 151 officer's Statement of Internal Financial Control and the external audit of the Council's accounts. This will include reviews of those finance modules of SAP already implemented and provision of appropriate advice and support to future developments;

- **E-Government and ICT** – this will include reviews of risks and controls relating to both existing systems and services, including SAP (reflecting the significant investment over recent years), and proactive review and assessment of new developments;
- **Partnerships** – the Council is increasingly operating and delivering services jointly through partnerships and the management of partnership risks is a key focus of the CPA Use of Resources assessment. We will continue to build on our previous work on pooled budgets, external funding etc and will deliver this through joint working where appropriate.
- **Service Performance and Efficiency** – increased emphasis on efficiency, productivity and value for money. Internal audit reviews will continue to reflect this through the assessment of BVPIs and other performance targets and the achievement of economy, efficiency and effectiveness by services.
- **Project Management and Procurement Arrangements** – the Council's use of project management and changing approaches to procurement and contract management are a key part of delivering improved services (including the new Project Management Toolkit). We will continue to work alongside managers to ensure that risks are managed and effective controls embedded in our processes, services or contracts.

2.5 The key risk issues within each department which are included in the audit plan for the coming year are set out below:

Corporate Body (including ICT audit):

- Fundamental Accounting Systems – to provide appropriate audit coverage in line with the managed audit approach, making use of both full and interim reviews, taking into account the introduction of International Standards for Auditing;
- Pension Fund – a number of reviews planned specific to the Council's role in administering the East Sussex Pension Fund in accordance with an updated Pension Fund Internal Audit Strategy;
- National Fraud Initiative (NFI) – reviewing and investigating any issues arising from the output from recent data matching exercise, which now includes Creditors data, and to respond to requests for information from other participating authorities;
- E-government – a range of specialist ICT audit reviews and support for major system developments across the County, including the Next Generation Network.

Chief Executive's

- Local Area Agreements – assurance over the statement of grant usage and accuracy of outturn performance data;
- Business Continuity – support for the development of County Council business continuity arrangements;
- Absence Management – review of departmental compliance with corporate absence management policies;
- Corporate Governance – a light touch review, following up on extensive work in previous years, covering the adequacy of the ESCC code, the process in place to ensure it is effective and up to date and to assess how the arrangements conform to CIPFA/SOLACE best practice guidance;

Children's Services

- Financial Management Standard In Schools – to support the rollout of the financial management standard to primary and secondary schools.
- Children's Centres – a follow up of the work in 2006/07 covering financial management and governance as well as a review of the arrangements for delivering the Children's Centres construction/development programme.

- School business systems interfacing with CBOSS – to provide advice and support for this project which is to improve the exchange of data between schools and the centre;
- CfBT Contract Management - a follow up to the work undertaken in 2005/06 which will also include contract management and strategies for evaluating future service needs.

Transport and Environment

- Integrated Waste Services Management Contract – advice and support for the planned contract re-negotiation during 07/08 and through joint internal and external audit meetings. A review of contract governance arrangements will also be undertaken.
- Bexhill/Hastings Link Road Project – provision of assurance on project governance arrangements through ongoing internal audit input and advice to the Board.

Adult Social Care

- Transformation Project – providing support and assurance that new system initiatives/revised work practices are introduced in a controlled environment. This project has been extended from 06/07 into 07/08;
- New ICT Systems – first full audits of all key systems implemented during the year as part of the Business Transformation Programme;
- Joint Working Arrangements – a review of governance arrangements within Adult Social Care for providing services in conjunction with partners as a contribution to the development of best practice guidance;
- Agewell - continuation of support, advice and guidance to the Project Board. Provision of assurance at key project milestones as part of the project sign-off process;

2.6 Within 2007/08, we will be introducing a formal action tracking within each department to assess the extent to which previous internal audit recommendations have been implemented. The results of this work will be reported within each departmental annual report and the overall Internal Audit Annual Report and Opinion.

3. Audit Needs Assessment

3.1 As explained above, development of the 2007/08 audit needs assessment is based on management's assessment of risk identified within the Strategic Risk Register, within departmental risk assessments and through audit consultation meetings. This is then supplemented with our own internal audit risk assessment. In order to produce the audit plan, the following key principles are then applied:

- All core financial systems are subject to annual audits of compliance against key controls;
- All systems and auditable areas which are identified as high risk in our risk analysis are reviewed each year (except where the risk is short term e.g. exit arrangements from a current contract or new systems development) – this may include the use of shorter interim audits in some years;
- Systems assessed as medium or low risk - resources will be directed to higher risk areas, therefore low risk systems in particular, will not be subject to regular review;
- Systems assessed as weak or unsatisfactory during 2006/07 which are not subject to annual audit will be considered for a specific follow up review to assess the effective implementation by management of agreed audit recommendations;
- Where common areas of risk are identified across several departments then the use of corporate themed reviews is considered to ensure an approach which is both consistent and makes effective use of resources;

- Where a system is assessed as having risks which require both systems audit and ICT audit input then joint reviews will be carried out to ensure an approach which is both consistent and makes effective use of resources;
- The development of new systems or significant changes to existing systems will be separately identified within the audit needs assessment.

3.2 Whilst we continue to plan over a number of years (as set out above), the published audit plan is limited to one year but will be subject to ongoing review over this period to ensure our work takes into account emerging risks. A list of potential review areas already identified for inclusion in the 2008/09 plan is attached at Appendix D.

4. Matching audit needs to resources

4.1 The overall aim of the internal audit strategy is to allocate available internal audit resources so as to provide an appropriate level of assurance for each directorate and for the County Council as a whole.

4.2 The audit needs assessment has been matched with available internal audit resources to produce the annual plan for 2007/08. Resource planning assumptions for 2007/08 have been fully reviewed following consultation with staff to ensure that sufficient time is allocated for indirect work, for example training and development. It is assumed that some audit work will be carried forward from 2007/08 for completion within resources available in 2008/09 and that this will not exceed that carried forward from 2006/07. This reflects a reasonable level of work in progress.

4.3 Resources have also been allocated to the two external bodies for whom Audit and Performance Division provides internal audit services: East Sussex Fire and Rescue Service and Plumpton College.

4.4 The resource plan for 2007/08 is based on a full compliment of 12.3 full time equivalent staff (in addition to the Chief Internal Auditor role of the Assistant Director - Audit and Performance), all of which are employed on permanent contracts. This is the first time we have been able to plan on this basis for a number of years, although we still have a small capacity for specialist external resources should the need be determined.

4.5 2007/08 sees the first full year impact of our external assessment work as part of the DfES Financial Management Standard in Schools. This work is to be delivered using a combination of existing resources and temporary audit staff, equating to approximately 100 additional days. The cost of these additional resources is to be met directly from income received from schools assessment during the year.

4.5 The total number of planned audit days for 2007/08 is 2,183. This level of resource is sufficient to allow the IAS to deliver its risk based plan in line with the standard set out in 2006 Code of Practice for Internal Audit in Local Government.

Table 1: Annual Internal Audit Plan – Plan and Actual Days Delivered

	2003/04	2004/05	2005/06	2006/07	2007/08
Plan Days	2,294	2,129	2,126	1,990	2,183
Actual Days	2,047	1,993.5	2,071	2,050.5	TBC

5. Audit Approach

5.1 The approach of internal audit is to use systems based reviews, supplemented in some areas by the use of regularity audits, control self-assessment and themed reviews. All audits have regard to management's arrangements for:

- securing the proper, economic, efficient and effective use of resources;
- achieving key performance indicators, where appropriate;
- preventing fraud and irregularity.

5.2 In addition to these audits and the advice on controls given on specific development areas, which are separately identified within the plan, there are a number of generic areas where demands upon internal audit cannot be planned in advance. For this reason time is built into the plan to cover the following areas:

- Contingency – an allowance of 250 days to provide capacity for anti-fraud and corruption work including special audits and the investigation of potential irregularities. This contingency also allows some flexibility within the plan for any unplanned audit work and for the completion of work in progress from the 2006/07 plan;
- Advice to departments – an allowance against each department to cover the provision of ad hoc advice on audit and control issues.

A summary of the allocation of audit resources across the 2007/08 audit plan is shown at Appendix A. Appendix B shows the coverage of the audit plan in more detail.

5.3 In delivering this Strategy, the IAS works closely with the Council's external auditors to ensure that the use of audit resources is maximised, duplication of work is avoided, and the statutory requirements are met. During 2007/08 we will work closely with the Audit Commission (our outgoing external auditors) and PKF (our new external auditors) to ensure that there is a smooth transition.

6. Training and Development

6.1 The effectiveness of internal audit service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through the performance appraisal process and delivered and monitored as part of the CRD's Training and Development Plan. During 2007/08, arrangements will be further enhanced with all audit staff being assessed against the skills and competencies matrix as set out in the new CIPFA publication 'The Excellent Internal Auditor – A Good Practice Guide to Skills and Competencies'.

6.2 As well as basic training in audit techniques, and the acquisition of specialist audit skills, the IAS is committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. During 2007/08, two members of staff will continue to be supported in studying towards the Institute of Internal Auditors qualification. The IAS is also providing a work placement for CRD's CIPFA trainee during the year.

7. Quality and Performance

7.1 The IAS maintains a Quality Manual, which sets out the standards to which all audit assignments are completed. This manual is in a fully electronic format available to all staff via our Internal Audit Homepage on the ESCC Intranet. During 2007/08 we will continue to update and develop the Manual and associated working practices in light of best practice and to ensure full compliance with the recently updated CIPFA Code of Practice for Internal Audit 2006.

7.2 The performance of the IAS is measured against the key service targets and objectives set out in the Council Plan, the CRD Business Plan and the Audit and Performance Division's Business Plan. At a detailed level each audit assignment is monitored and customer feedback sought. There is ongoing performance appraisal and supervision for all IAS staff during the year to support them in achieving their personal targets. External review of the IAS is carried out by the County Council's external auditors and reported on in the Audit and Inspection Annual Letter and within the CPA.

7.3 In addition to the individual report to management for each audit assignment, quarterly reports on key audit findings and the delivery of the audit plan against key performance indicators are made to both COMT and the Audit and Best Value Scrutiny Committee. These key performance indicators and targets for 2007/08 are shown in appendix C.

7.4 The IAS will continue to liaise closely with other internal audit services through the Sussex Audit Group, Home Counties Chief Internal Auditors' Group and the County Chief Auditors' Network.

SEAN NOLAN, DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF CORPORATE RESOURCES

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Annual internal audit plan by customer

Service	2007/08 Plan Days	% of 2007/08 Plan Days	2006/07 Revised Days
East Sussex County Council			
Corporate Body (incl CRD)	477	21.9%	477
Computer Audit	215	9.9%	245
Children's Services	332	15.2%	310
Adult Social Care	364	16.7%	289
Transport & Environment	210	9.6%	167
Chief Executives	240	11.0%	169
Contingency (incl. carry forward)	250	11.5%	250
Discretionary and corporate projects	0	0%	40
<i>Sub total – internal customers</i>	<i>2,088</i>	<i>95.7%</i>	<i>1,947</i>
Fire Authority	60	2.8%	81
Plumpton College	35	1.6%	35
<i>Sub total - external customers</i>	<i>95</i>	<i>4.3%</i>	<i>116</i>
Total audit days	2,183	100.0%	2,063

Strategic Audit Plan 2007/08 – Detailed analysis of coverage

See attached spreadsheet

Internal Audit Performance Indicators

Performance Indicator	Target
Planned days delivered (%)	>90%
Planned audits completed = final reports issued (%)	90% (to be confirmed)
Actual v Plan time on completed audits (%)	<105%
External Audit reliance on internal audit	Achieved
CPA score maintained	Maintain a score of at least 3 / 4 for internal control.
Recommendations accepted (%)	>90%
Overall customer feedback exceeds 80% (i.e. good or very good)	>80%
Reports to Chief Officers and Members	Quarterly

2007/2008 Internal Audit Plan



Department:	Adult Social Care
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Review Name	Risk	Type	Outline Objective
Business Transformation	High	Advice	To provide support and advice and assurance that new system initiatives/revised working practices are implemented in a controlled environment.
Procure to Pay/Payments	High	Systems	Full systems review to ensure that payments to providers are made and accounted for accurately and promptly and that contract arrangements are appropriate and correctly recorded and monitored.
Income/Client Billing	High	Systems	Full systems review to ensure that financial assessments are completed accurately and promptly, income is collected completely and promptly and effective debt management arrangements are in place.
Funding Panel Process - new arrangements - BTP SAS	High	Systems	To ensure that the new arrangements for approving packages of care at funding panels are appropriate, transparent and in accordance with defined departmental requirements.
Home Care Block Contracts - new arrangements	High	Systems	To review new contracting arrangements to ensure that block contracting arrangements are efficient and effective.
Carefirst	High	Advice	The use of Carefirst is due for review by ASC to ensure that it remains fit for purpose. Internal audit will provide advice and support as part of this project, particularly in respect of risk and internal control arrangements.
Private Finance Initiative (Agewell)	High	Systems	To ensure that there are robust procurement and contractual arrangements in place and that the Council's interests are protected at all times. Ensure that financial management and reporting is adequate and effective. Audit work to support assurance and eventual sign off by the Director / Deputy Director of CRD as key project milestones are reached.

2007/2008 Internal Audit Plan



Department:	Adult Social Care
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Review Name	Risk	Type	Outline Objective
Pooled Budgets - Care for the Carers - Follow Up	High	Systems	To follow up a review completed in 2006/07 which resulted in a weak audit opinion. The Audit identified ineffective monitoring of service delivery and management of lead accountability responsibilities for pooled funds. The follow-up audit review aims to ensure that all of the recommendations to address the control weaknesses have been implemented.
Joint Funding/Management Arrangements	High	Systems	An high level review to assist ASC with the development of standards and best practice working protocols for joint service delivery across pooled budget / joint funding arrangements. This will include ensuring that appropriate risk management processes are in place, especially where ESCC is the lead authority/partner.
Debt Management - Property Ownership	High	Systems	To ensure that charges registered against properties are being recovered, properly managed, actively monitored and regularly reported. Where necessary appropriate legal action is taken to recover the debt.
Budgetary Control	High	Systems	This audit will select a small number of volatile budget areas within the department for review.
Self Funders	Medium	Systems	To ensure that as part of the needs assessment process, clients requiring residential services who qualify for financial assistance, are identified in a timely manner. Ensure that the client database contains appropriate data to enable timely action to be taken and informs the service planning process.
Directly Provided Services - Adults	Medium	Advice	To provide support and advice and assurance that new system initiatives/revised working practices are implemented in a controlled environment.

2007/2008 Internal Audit Plan



Department:	Adult Social Care
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Review Name	Risk	Type	Outline Objective
Downlands Project	Medium	Systems	To review project management arrangements, including relationships with partners, to ensure these are adequate, appropriate and protect the Council's interests. To ensure that the Council's role and responsibilities are clearly defined and agreed and risks appropriately managed.
Major Adaptation Works	Medium	Systems	To ensure that financial support to adapt service user homes is in compliance with agreed procedures and subject to a financial assessment to determine whether a contribution is payable. Ensure that a transparent and consistent approach across the County exists.
Establishment Visit Programme - includes Gilda Crescent and St Anthony's follow ups	Low	Regularity	Site visits to ensure that local management systems, controls, processes and procedures are effective and in accordance with corporate and departmental requirements.
Action Tracking of Previous Audit Recommendations	N/A	Management	To review the extent to which previous medium and high risk audit recommendations have been implemented by management.
Adult Social Care Annual Report and Opinion	N/A	Annual Report	To form an opinion on the control environment within the Adult Social Care for the year from 1 April 2006 to 31 March 2007.
Adult Social Care Advice	N/A	Advice	To provide ongoing ad hoc advice on control and probity issues within Adult Social Care as they arise during the year.
Adult Social Care Liaison and Strategic Planning	N/A	Liaison	Risk assessment and production of the Annual Audit Plan for Adult Social Care. Ongoing liaison with management during the year.

Total Planned Days for Adult Social Care	364.0
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2008/09 Potential Audit Activity

Corporate Resources Directorate

Procurement – Letting of Corporate Contracts
Facilities Management – Contract management
Disposal of Surplus Property
Capital Accounting – Maintenance of Asset Register
Mobile Phones – Appropriate provision & use
Service planning – Review of departmental service planning
Accounts Payable – Procurement (CIS)
Schemes of Delegation
Insurance
Strategic partnership arrangements with contractors
Management of lettings (Estates) – ESCC as landlord AND as tenant
CBOSS Contract Management

ICT Audit

Children's Centres
User Administration
SAP Refresh (ERP2005) including CRM upgrade
Peoples Network Follow-up
Children Services MIS and SID Databases
ICT Provision in Outlying Offices (follow-up)
Information Governance
Email Authorisation
Music Service MAS Replacement
Review of Peoples Network-type Internet Connections
Review of Backup Arrangements for SAP
AXIS Employee
Contact Centres & Distributed Hubs

Chief Executive's

Code of Conduct for Employees
Data Protection
Registration Service
Corporate Performance Indicators (BVPIs)

Children's Services

Revenue Maintenance and Capital Formula Funding
Children's Trusts
Contract Management - Catering
Themed Review - School Development Plans
Early Years
School LFM Formula
C&F Foster Parent Payment System
C&F Young Persons Leaving Care Scheme
C&F Direct Payments - Children

Services to Schools - Recharges
C&F Charges for the Care of Disabled Children
Contracts Management
Sports & Recreational Centres - Joint Use Facilities
Youth Service/Connexions
Youth Service - Grants To Voluntary Bodies
C&F Adoption Allowances
C&F Resident Childrens - Centres Landsdowne Secure Unit Hailsham

Transport & Environment

Concessionary Fares
Local Transport Plan
Home to School Transport
Adult Social Care Transport
Ex Landfill Sites Management
Seven Sisters Country Park Management
Development Control Developer Contributions
Woodland Enterprises
Environmental Events
Traffic Signals
Road Safety Education Schemes Income
Pool Car Management

Adult Social Care

PFI - Livingwell
Pooled Budget - Newington Court
Pooled Budget - Community Collaborative Rehab Team
Delayed Discharges
ICES - Contract Compliance
Telecare/POPP
Health Authority Recharges
Direct Payments
Fairer Charging
Block Contracts - Residential and Nursing Care Services
Supporting People
Blue Badge Scheme
Intermediate Care - Lifeline
Voucher Scheme
Carers Grant
Management Self-Assessment Reviews

The Strategic Risk Management log – Internal Audit Coverage

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Internal Audit Coverage
1	Failure to recruit and retain key staff in particular areas.	3	Andrew Ogden	3	<ul style="list-style-type: none"> Review of Employee Appointment completed in final quarter of 2006/07.
2	Capacity overload, in terms of necessary change initiatives, falling on a relatively small number of key staff across the Council but also impact on the maintenance of existing core deliverables.	4	Andrew Ogden	3	
3	Failure to maintain both the morale and improving motivation, of all staff, but also addressing key cultural barriers to Council-wide improvement.	2	Cheryl Miller	3	
4	Failure to meet the challenge of reconciling and sustaining the all round improvement agenda and policy priorities with the future resource outlook and short term capping threat – and ensuring the maximum contribution from the efficiency agenda.	4	Sean Nolan	4	
5.	Failure to avoid the almost generically risky and volatile budget areas (e.g. Social Care, special needs, home to school transport etc.) dominating, in financial terms, other service priorities	4	Sean Nolan	4	<ul style="list-style-type: none"> Budgetary Control Review
6.	Reputational damage to the Council's sense of confidence and motivation from: <ul style="list-style-type: none"> Failure to manage, effectively, 	2	Becky Shaw	4	<ul style="list-style-type: none"> Risk Management Review Business Continuity and Disaster Recovery Reviews Corporate Governance Review and

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Internal Audit Coverage
	<p>communication of controversial areas.</p> <ul style="list-style-type: none"> • Single major avoidable incident/failure • External assessments (e.g. CA/ JAR, CPA, CSCI etc) • Performance (Peer Review) • Residents not recognising improvements • Avoidable service mistakes 	<p>1</p> <p>2</p> <p>3</p> <p>2</p> <p>2</p>	<p>Cheryl Miller</p> <p>Cheryl Miller</p> <p>Cheryl Miller</p> <p>Becky Shaw</p> <p>Cheryl Miller</p>	<p>4</p> <p>4</p> <p>4</p> <p>2</p> <p>3</p>	<p>Support for Corporate Governance Group</p>
7.	Failure to handle, successfully, the increasingly complex partnership agenda (e.g. LAA, health reconfiguration, Lyons, White paper shared services etc.)	4	Becky Shaw	3	<ul style="list-style-type: none"> • Partnerships Follow Up Review • Local Area Agreement Review • Review of Joint Funding and Management Arrangements within Adult Social Care
8.	Failure to achieve expected standards in key service areas or deterioration in high performing areas	2	Becky Shaw	3	
9.	Failure to be truly customer focussed (including access and local presence)	3	Sean Nolan/Becky Shaw	3	
10.	Failure to work effectively at locality level.	3	Becky Shaw	2	
11.	Failure to secure coherent “Age Well” PFI or PPP Scheme (ASC)	3	Keith Hinkley	3	<ul style="list-style-type: none"> • Agewell Review • Downlands Project Review
12.	The Risks from PCT reconfiguration and the effects of “creating an NHS fit for the purpose” including the risk of the current significant overspend in the local health economy resulting in cost shunting and other	4	Keith Hinkley	4	<ul style="list-style-type: none"> • Care for the Carers Pooled Budget Follow Up Review • Review of Joint Funding and Management Arrangements within Adult Social Care

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Internal Audit Coverage
	risks for Adult Social Care (ASC) – including increased risk of significant bad debts.				
13	Failure to put in place coherent medium term service plan consistent with commissioning strategies: whole system challenges and drivers with maximum efficiencies and resources available.	3	Keith Hinkley	4	<ul style="list-style-type: none"> • Review of New Funding Panels Process • Review of Home Care Block Contracts
14.	Failure to achieve a coherent approach to Delayed Discharges and the necessary partnership working (ASC).	4	Keith Hinkley	3	
15.	Failure to deliver Business Transformation Programme.	2	Keith Hinkley	4	<ul style="list-style-type: none"> • Business Transformation Programme – Advice and Support • Business Transformation Programme – Abacus, Controcc and Carefirst Systems Audits
15.	Coherence of developing Youth Services and Connexions agenda.	2	Matt Dunkley	2	
16.	Failure on major school build and design issues (e.g. Rye).	2	Matt Dunkley	3	<ul style="list-style-type: none"> • Review of Capital Project Management
17.	Waste – failure by the contractor to obtain necessary planning consents.	4	Bob Wilkins	4	<ul style="list-style-type: none"> • IWSMC – Advice and Support • IWSMC – Project Governance Review • IWSMC – Contract Re-Negotiation
18.	Failure in Key Waste delivery plans and milestones.	4	Bob Wilkins	3	<ul style="list-style-type: none"> • IWSMC – Advice and Support • IWSMC – Project Governance Review • IWSMC – Contract Re-Negotiation
19.	Failure to secure the Bexhill/Hastings link road scheme with proper funding.	3	Bob Wilkins	3	<ul style="list-style-type: none"> • Bexhill/Hastings Link Road – Project Support and Advice

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Internal Audit Coverage
20	Failure to secure an effective scheme for the Southeram/Beddingham A27.	1	Bob Wilkins	3	
21.	Lack of progress on Central Rail Corridor	2	Bob Wilkins	2	
22.	Lack of progress in delivering the aims concerns the 'Eastbourne, Polegate, Hailsham – Triangle'.	3	Bob Wilkins	3	
23.	Failing to secure fair share of planning gain in the relationship with Districts and Boroughs	3	Bob Wilkins	3	
24.	Failure to ensure adequate records storage capacity when current capacity is used up within 2 years.	4	Andrew Ogden	2	<ul style="list-style-type: none"> • ICT Review of Electronic Document Records Management
25.	Failure to work effectively, internally or with partners, to manage the full range of travellers' issues.	3	Becky Shaw	2	
26.	Failure of the Hastings and Bexhill Taxforce to ensure a coherent outcome for the area objectives and remain within legal constraints.	3	Cheryl Miller	3	