

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

Date: **12 September 2008**

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

Title of report: **Internal Audit Progress Report – Quarter 1 (1 April 2008 – 30 June 2008)**

Purpose of report: **To provide Members with a summary of the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service during Quarter 1**

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**RECOMMENDATION: Members are recommended to consider and agree any action that should be taken in response to the issues raised as a result of the audits carried out during Quarter**

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## **1. Financial Appraisal**

1.1 There are no direct financial implications arising from the recommendations in this report. The expansion of the National Fraud Initiative (NFI) set out in paragraph 5.2 does have potential cost implications both in terms of the issuing of fair processing notices (this is being assessed but is expected to be contained within existing budgets) and the cost of investigating any matches identified which it is not possible to quantify at this stage, but will need to be borne by the department owning the relevant data.

## **2. Supporting Information**

2.1 The current annual plan for internal audit is contained within the Audit & Performance Division's Internal Audit Strategy and Annual Plan 2008-09. This was prepared after consulting Chief Officers and senior managers and was endorsed by Audit and Best Value Scrutiny Committee (19 June 2008) and Cabinet (8 July 2008). It is updated each year.

2.2 An annual internal audit report, which gives Members and Chief Officers an opinion on the efficiency and effectiveness of the Council's internal control environment, is prepared each year, usually in June. This progress report covers work completed between 1 April 2008 and 30 June 2008.

## **3. Summary and Key Audit Findings**

3.1 During quarter 4 of 2007/08, Internal Audit reviewed, in consultation with departments and the Deputy Chief Executive and Director of Corporate Resources, the wording and format of the standard audit opinions given at the conclusion of our reviews. As a result, with effect from April 2008, we have moved to assurance based opinions in line with best practice. The previous four categories of audit opinion, 'Good', 'Satisfactory', 'Weak' and 'Unacceptable', have been replaced with five new assurance based categories as follows:

- Full Assurance
- Substantial Assurance
- Partial Assurance
- Minimal Assurance
- No Assurance

For reference, a full definition of these opinions is attached at Appendix D.

3.2 Key audit findings from final reports issued during Quarter 1 are summarised in Appendix A. It is important to note that due to this being a transition period with regard to audit opinions, the Appendix A includes a combination of old and new style audit opinions.

3.3 Overall, of the 12 formal audits completed, 7 were assessed as 'Satisfactory', 4 as 'Weak' (SAP Transports, Use of Consultants, Home to School Transport Budgetary Control and Carepay) and 1 was given 'Substantial Assurance'. The remaining 13 formal audits were schools, of which 12 successfully passed their Financial Management Standard in Schools assessment.

3.4 The reviews subject to a weak audit opinion will be subject to formal follow up later in 2008/09 or during 2009/10 to ensure satisfactory implementation of internal audit recommendations. The details of these reviews and other key findings from quarter 1 audits are provided within Appendix A. Members attention is also drawn to our work on:

- Fundamental accounting systems audits of Accounts Payable, Accounts Receivable, AEGIS/Abacus, Carepay and the Pension Fund, all of which are relied upon by the external auditor as part of the audit of the County Council's accounts.

3.5 In addition to the work summarised in Appendix A, Annual Internal Audit Reports and Opinions for 2007/08 were provided for the County Council as a whole and individually for each department. In each case the opinion was satisfactory. The Internal Audit Service also contributed to the preparation of the Council's Annual Governance Statement for 2007/08.

#### **4 Performance against targets**

4.1 During quarter 1 of 2008/09 we delivered 562.6 productive audit days, equating to 23.7% of the plan days. We have completed 20.1% of our planned audit assignments which have been delivered in 91.8% of the budgeted time available, well within our target. Performance against both of our effectiveness targets is strong with 95% of recommendations being accepted and customer satisfaction running at 87.4%. Both Cabinet and Audit and Best Value Scrutiny Committee, as part of their approval of the Annual Report and Opinion concluded that the Council's system of internal audit was effective.

#### **5. Other Issues**

5.1 In May 2008, a consultation process began with internal audit staff on a revised structure for the team, intended to provide us with an opportunity to improve the service still further whilst ensuring we remain cost effective. This process has now been completed with a final structure agreed. There are two main changes from the existing structure, firstly, the removal of one Audit Manager post and secondly, a change in the role of the Senior Auditors from being departmentally focussed to being more specialism based. These changes have been discussed and endorsed by Finance Management Team on behalf of departments. There will now be a phased implementation of the new structure over the next few months with the final arrangements in place by 1 January 2008. The initial impact of the new structure on departments will be minimal with Audit Managers continuing to provide the main client liaison role. Some adjustments to the audit plan are however likely to be required during quarter 3 in order to reflect the reduction in one Audit Manager Post. These adjustments will be made on the basis of risk and agreed in full consultation with client departments.

5.2 As part of an ongoing programme of work associated with improving the County Council's already strong anti fraud and corruption arrangements, internal audit have been working closely with Legal Services and the Freedom of Information Officer to ensure that Fair Processing Notices (FPNs) are in place as part of the National Fraud Initiative (NFI) 2008 data matching exercise. Under the Data Protection Act, the County Council is required to inform all individuals that their data is being processed, the identity of the data controller, the purpose for which the data may be processed and any further information which is necessary to enable to processing to be fair. For 2008, the data being submitted to the Audit Commission as part of the NFI includes payroll, pensions, creditors, private care home residents, blue badges, parking permits and insurance.

Work is also underway to ensure that all the required data will be submitted to the Audit Commission, in the correct format, by the October 2008 deadline.

## **6. Priorities for Quarter 2**

6.1 Priorities for the period 1 July 2008 – 30 September 2008 include:

- Putting People First – this is a major project commencing within Adult Social Care which is likely to impact significantly on the way in which care is provided and funded. Internal audit will be working closely with management to support the project, particularly with regard to risk identification and management and the new internal control systems required to support such initiatives;
- NFI – completion of our work on FPNs and co-ordinating the data submission to the Audit Commission;
- Adult Social Care Business Transformation Programme – including providing an opinion on the control environment leading up to the project closure;
- FMSiS – continuing the programme of primary school assessments;
- Anti Fraud and Corruption – continued work to implement identified actions, including activity to increase anti fraud and corruption awareness amongst staff.

SEAN NOLAN

Deputy Chief Executive and Director of Corporate Resources

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### BACKGROUND DOCUMENTS

Internal Audit Strategy and Annual Plan 2007-08

## Appendix A

### Summary of key audit findings

#### **Accounts Payable System (Corporate Resources Directorate)**

The objective of this review was to provide assurance that the Accounts Payable system pays the correct payee the correct sum of money at the correct time, and only after it has been ensured that the goods or services have been received, in accordance with a properly authorised order.

From the audit work completed during this review, it is Internal Audit's opinion that the controls in place are **satisfactory**. Some areas were identified where controls can be improved still further, and these included:

- Disabling of a transaction which allows payments to be made with insufficient internal controls;
- De-activation of the access rights of certain Managed Services staff who had left the employment of the managed service provider;
- Recommendation for further controls, relating to the arithmetical checking of invoices, checks around duplicate payments, and the treatment of "copy" invoices received from suppliers.

Recommendations have been made to address the weaknesses identified, and these have been incorporated within an agreed management action plan.

#### **Accounts Receivable System (Corporate Resources Directorate)**

The objective of this review was to provide assurance that the Accounts Receivable system ensures that all income due to the Council is received in good time, is banked correctly, and is accounted for correctly.

The overall opinion was that the controls in place are **satisfactory**. Again, some areas were identified where there is further scope for improvement, and these included:

- Controls in the later stages of debt recovery;
- The accidental creation of "duplicate" credit notes;
- Lack of a "sense check" over very large invoices, prior to delivery to customers.

Recommendations have been made to address the weaknesses identified, and these have been incorporated within an agreed management action plan.

#### **Pension Fund External Control Assurance (Corporate Resources Directorate)**

A review of the Pension Fund External Control Assurance system was undertaken in accordance with the new Pension Fund Audit Strategy, as part of the annual Internal Audit Plan for 2007/08. The objectives of the audit were to ensure that:

- The County Council has identified and receives all sources of external control assurance in relation to the pension fund and such information is formally reviewed;

- The various sources of information regarding fund manager and custodian internal control provide the County Council, as administering authority for the pension fund, with adequate assurance.

The overall conclusion was that the controls in place are **satisfactory**, though recommendations have been made which will further improve the control environment in the following areas:

- The need for management to have in place arrangements to ensure the timely reporting of any gaps in assurance and/or control weaknesses to the investment panel;
- The need for some form of control assurance in relation to pension fund managers responsible for private equity investments.

Recommendations have been made to address the weaknesses identified, and these have been incorporated within an agreed management action plan.

### **Pension Fund Governance & Strategy (Corporate Resources Directorate)**

A review of Pension Fund Governance & Strategy arrangements was undertaken in accordance with the new Pension Fund Audit Strategy, as part of the annual Internal Audit Plan for 2007/08. The objectives of the audit were to ensure that an appropriate investment strategy is adopted, the status of the Fund is communicated appropriately, accurately and on a timely basis and that stakeholder interests are met.

From the audit work completed during this review, Internal Audit were able to provide **substantial assurance** that there is a sound system of controls in place, though some minor recommendations have been made, to further improve controls. All such recommendations have been agreed with management and incorporated within a management action plan.

### **ESCC and Serco SAP "Transport" Process – ICT Audit (Corporate Resources Directorate)**

The objective of this review was to assess the controls around the implementation of changes into the different SAP environments through the agreed “transport” process in place between ESCC and Serco.

Based on the work carried out, it is Internal Audit’s opinion that the internal controls in place over this process are **weak**, as a result of the following key issues:

- The adoption of differing testing practices by the various “streams” means that it is not always possible to determine whether adequate testing has been carried out;
- A lack of clarity between the Council and the service provider, as to the various responsibilities in the testing process. This increases the risk: that changes are introduced without sufficient testing by the service provider; of uncertainty as to the exact tests carried out; and ultimately that a transport will have an unforeseen impact elsewhere in the control environment;
- Inadequate control over the “sequencing” of transports by the service provider;

Recommendations have been made to address the weaknesses identified, and these have been incorporated within an agreed management action plan. It is understood that, since the conclusion of the audit, a number of the control weaknesses have already been addressed in the context of the SAP Upgrade Programme. This includes the introduction of an electronic workflow-based transport approval process. A follow-up review will be undertaken later in the year once the SAP Upgrade Programme has been completed successfully.

### **Local Area Agreement (LAA) (Chief Executive's)**

During May 2008, Internal Audit carried out a review of the Authority's LAA statement of grant usage. The total grant determination was for £22,809,411 and the review concluded that:

- The Year End Statement of Grant Usage was arithmetically correct and the figures contained within it were supported by appropriate documentation;
- Appropriate certification was received from partner bodies' S151 Officers which was supported by an opinion from their Chief Internal Auditors;
- Reported LAA expenditure was eligible and within the terms and conditions of the Grant Determination.

The audit found that the Statement was fairly presented and was in accordance with the terms and conditions set out in the Grant Determination. The S151 officer was therefore able to sign the claim for the grant on behalf of the County Council.

### **Use of Consultants (Corporate Review)**

This review was carried out to provide assurance around the arrangements for the appointment and management of external consultants across all departments of the County Council. The objectives of the audit were to ensure that:

- All consultants' costs are known and can be accurately identified whilst representing good value for money;
- Corporate policy and guidance on procuring and managing external consultants is relevant and is being complied with, including Employment Status Guidance.
- Consultants are being managed effectively whilst minimising any risk to ESCC.

From the audit work completed during this review, it was Internal Audit's opinion that the controls in place are **weak**. The main reasons for the audit opinion were weaknesses in the following areas:

- *Budgeting & Financial Management* - levels of expenditure and numbers of consultants engaged could not be accurately established across departments and some managers had failed to realistically budget for external consultancy fees;
- *Contract Standing Orders and Procurement Policies* - a general lack of awareness and understanding by managers of these policies exists, specifically the Consultancy Code which covers employment law, tax compliance, indemnity and liability insurance. Formal contracts or letters of engagement were not in place for all consultants;
- *Value for Money* – inconsistency exists between departments and managers over how the need for consultancy services is determined, how the activities are scoped and procured and how the consultants are managed. Adequate arrangements were also not in place for ensuring, where appropriate, skills are transferred to 'in house' staff.

The audit did find that for the majority of engagements tested, once appointed the consultant's performance was being progressively monitored against defined requirements and in each case, a nominated ESCC officer was established to oversee the project. A detailed management action plan has been agreed with the Assistant Director - Resources from each department to improve controls in these areas and updated guidance on the use of consultants is being prepared. A follow up review to re-assess the control environment will be carried out later during 2008/09.

### **Galaxy to SAP Interface – ICT Audit (Chief Executive's)**

An internal audit review was carried out to provide assurance on the adequacy of the interface between the libraries management system (Galaxy) and SAP. Galaxy is the prime system for the ordering of books, periodicals, and DVD's and is also used to manage fines for late return of borrowed materials. Internal audit activity included providing assurance to management that the interface was properly tested and that data was transferred between Galaxy and SAP completely and accurately.

No issues were identified which would prevent the interface from going live.

### **Aegis/Abacus – Fundamental Accounting System (Adult Social Care)**

Aegis is a software system that is used to make payments to independent sector providers of community care services and collate client contributions due for chargeable services.

During 2007/08, Aegis was phased out as part of the Adult Social Care Business Transformation Programme and its functions were transferred to a new system, Abacus.

The work carried out by Internal Audit covered both Aegis and Abacus. This was because the audit was relied upon by the Council's external auditors as part of forming their opinion on the Council's accounts.

The overall objectives of the review were to ensure that:

- Access to both systems was secure and restricted to properly authorised staff:
- Accurate and timely payments were made to providers:
- Client contributions were correctly calculated, recorded and collected:
- Management information was accurate and timely.

In respect of both Aegis and Abacus, it was Internal Audit's opinion that the controls reviewed were **satisfactory**.

Recommendations were made to improve the control environment and included:

- Reviewing compliance with the charging policy for independent day care service placements;
- Ensuring that payments for residential and nursing care are not made after contract termination dates;
- Regular reconciliations between Aegis/Abacus and SAP are undertaken to ensure that accurate budget monitoring information is reported;
- Ensuring that Aegis closedown procedures are adequate and appropriate.

In total 13 recommendations were made of which 12 were agreed with management and incorporated with a management action plan. The one recommendation that was not

agreed related to an element of Aegis system security which was not considered cost effective with the system being phased out.

The Abacus system will be subject to a repeat review during 2008/09 to ensure internal controls remain robust.

### **Business Transformation Update (Adult Social Care)**

Internal Audit continues to provide ongoing support to the Business Transformation Programme at overall project progress meetings and at individual project module level, providing advice on internal control, risk and ICT issues.

During the quarter, Internal Audit work focussed on providing assurance and advice with respect to:

- The development and testing of system modules e.g. Sourcing System, Mobile Financial Assessments, Real Time Telephone Monitoring;
- The development and testing of interfaces, particularly where the corporate sign-off of system interfaces has been required where modules of the new Adult Social Care financial systems link with SAP.

Audit support will continue to be provided in 2008/09 until the project reaches its conclusion.

### **Pooled Budgets – Care for the Carers Follow Up (Adult Social Care)**

Internal Audit carried out a review of carer services provided by Care for the Carers under pooled budget arrangements during 2006. This resulted in a weak opinion being given. A follow-up review carried out in August 2007, noted that appropriate action had been taken to address 10 of the 15 recommendations made.

The purpose of the recent review was to ensure that issues outstanding in respect of the remaining five recommendations were addressed within the timescales agreed. This has included the requirement for the partnership agreement between the Council and the Hastings and Rother and East Sussex Downs and Weald PCTs to be officially endorsed by all parties of the agreement. This was achieved on the 16th November 2007.

From the audit work carried out, assurance can be given that the recommendations have now been fully implemented and the audit opinion is **satisfactory**.

### **Supporting People Grant Claim (Adult Social Care)**

Internal Audit has carried out the 2007/08 grant claim audit in respect of the Supporting People Programme. The Programme Grant amounted to £11.3m and the Administration Grant amounted £342,719.

On the basis of the work undertaken, assurance was given that the statements of expenditure were fairly stated and in accordance with the terms and conditions set out in the grant determination arrangements.

### **Home to School Transport – Budgetary Control and Management (Transport and Environment and Children's Services)**

Both Transport and Environment (T&E) and Children's Services (CS) have a joint responsibility for the provision of the Home to School Transport (HTST) Service.

The transport procurement element of the service is provided by T&E whilst it is funded by Children's Services who determine eligibility for the service and have overall responsibility for financial management.

The objectives of the audit were to provide assurance that:

- The HTST budget was managed in an effective and efficient manner;
- Reliance could be placed on budget management information;
- The quality of management information was such that spending pressures were easily identified and reported in a timely manner to facilitate corrective action being taken;
- Roles and responsibilities were clearly documented for budget monitoring and management with clear and explicit reporting lines.

The audit highlighted a range of weaknesses resulting in an overall **weak** audit opinion being given.

The key issues were:

- Weaknesses in the budget setting process and budgetary information which was not always accurate and timely increasing the risk of significant variations not being identified, promptly reported or addressed effectively.
- At the time of the audit, the Service Level Agreement (SLA) between the two Departments, which outlines roles and responsibilities relating to management information, was not formally signed-up to by either department as some elements were perceived to be unachievable. It is understood that subsequent to completion of the internal audit review, this SLA has now been agreed and signed.

Eight recommendations were made and agreed with both T&E and Children's Services management and incorporated with a joint action plan. A follow-up review will be carried out in 2008/09 to ensure satisfactory implementation.

### **South Downs Joint Committee (Transport and Environment)**

The South Downs Joint Committee (SDJC) was established on 1<sup>st</sup> June 2005 after the merger of the Sussex Downs Conservation Board and East Hampshire AONB Joint Advisory Committee. The Committee is an interim arrangement enabling the challenges faced by the South Downs AONB's to be met in advance of any final decision on a South Downs National Park.

The ESCC role within the SDJC organisation framework includes:

- A provider of 10% of the budget for the operations of the South Downs Joint Committee;
- Use and support of ESCC databases to record and advise on financial transactions and periodic reporting;
- Part of the Director of the Corporate Resources Directorate (CRD) in his capacity as Treasurer includes providing an annual governance statement giving assurance on the effectiveness of internal controls across the organisation.

The objective of this audit was to give an opinion on whether budget monitoring and financial control in relation to the SDJC was undertaken effectively, periodic financial reporting was accurate and appropriately controlled, and that the overall financial system (including the use of SAP) was fit for purpose. The audit work also helped to provide evidence in support of the annual governance statement.

Previous external audit reports had identified significant financial control weaknesses but there is now evidence (since July 2007) that budget monitoring and financial controls have been strengthened, improvements are being made and that the SDJC's accounting systems are generally working well. The overall internal audit opinion was therefore **satisfactory**.

While no major concerns were identified, a number of recommendations have been made to further improve the quality of budget monitoring and financial control processes. These were incorporated with an agreed management action plan.

### **High Weald Area of Outstanding Natural Beauty – Joint Advisory Committee (JAC) (Transport and Environment)**

The Audit Commission advised East Sussex County Council (ESCC) that all Areas of Outstanding Natural Beauty (AONB) are constituted as Joint Committees and are therefore subject to the Audit Commission Act 1998 and auditable. A separate Annual Return is therefore required, with this being the second year where we have been asked to complete such a return.

No separate accounting records are kept by the JAC and as a result the Annual Return was prepared from the records maintained by ESCC.

The audit review evaluated the High Weald AONB's compliance with County Council financial processes and procedures and included limited testing of financial transactions. The review did not identify any significant internal control issues, although there are a number of issues, which are not of a material nature, which have been reported to management. On the basis of the work carried out by Internal Audit, the relevant sections of the Annual Return were completed and signed off and this has now been submitted to the appointed external auditors.

### **Trapeze Development (Transport and Environment)**

Trapeze is a database IT system designed to meet the business needs of the Integrated Passenger Transport Service. Once fully implemented, the system will be linked directly to the general ledger (SAP) and will be used to manage the entire procurement to pay process of passenger transport needs.

Trapeze is being introduced in four phases. The current phase, phase 4: Implementation, includes the need to provide a one way interface from Trapeze Finance and Contracts (Finance element) into SAP in order to provide payments to operators and suppliers of services for Home to School Transport (HTST).

The audit sought to give assurance to management on the adequacy of the proposed controls within Trapeze relating to the payments process and the interface to SAP for HTST prior to go live.

Overall no significant control weaknesses were identified which Internal Audit believed would prevent the system from going live. A number of recommendations to further improve internal control were made and agreed with management. The interface with SAP was subsequently activated and is understood to be functioning appropriately.

### **Carepay (Children's Services)**

This system is used for the payment of Foster Carers and related allowances and equates to expenditure of around £6.5million per annum. The review was carried out to provide assurance that effective controls are in place and is work which is relied upon by the County Council's external auditors, PKF.

From the audit work completed Internal Audit found that despite satisfactory controls over payment process itself, the CarePay system has inadequate systems administration control and user access control, including ineffective segregation of duties. As a result of this, the overall audit opinion is that the control environment is **weak**.

It should be noted however, that whilst Internal Audit identified a number of users with incorrect access levels to the system, additional testing carried out found no evidence of any erroneous payments, unauthorised payments or any other inappropriate activity by these users. As soon as these control weaknesses were identified, immediate action was taken by Children's Services and ICT Services to remove and amend the most significant of these inappropriate user access permissions and this work continues.

A detailed action plan is in the process of being agreed with senior management to improve controls and as explained above, work is already underway in this regard. A follow up review to ensure satisfactory implementation will be undertaken later in 2008/09.

### **SIMS Learning Gateway System – ICT Audit (Children's Services)**

The SIMS Learning Gateway is a new Internet-based system which is being piloted in eight schools, using the service provider Capita. It is proposed to roll the system out in future to all schools in the County, whilst bringing the ICT infrastructure in-house. Parents, staff, and pupils can review pupil progress, as reported in an online database. A review was carried out in order to ensure that the system is secure, accurate, and otherwise fit for purpose.

The audit concluded that the pilot has taken place in a controlled manner to the general satisfaction of the users participating in the pilot, and in accordance with best practice.

Specifically:

- The system was tested satisfactorily, prior to go-live;
- Introduction of the system was project managed in accordance with corporate standards;
- Lessons learnt from the initial pilot are being used in the wider deployment of the system;
- System user permissions are correctly defined, administered and tested;
- Arrangements are in place in respect of business continuity, disaster recovery, and system support.

Some recommendations have been agreed with management and Internal Audit will continue to review this project as the facility is rolled out to schools across the County.

### **Capital Strategy Team Investigation (Children's Services)**

During November 2007, a conflict of interest allegation was received under the Council's Confidential Reporting Policy in relation to a senior manager within Children's Services Department. Following an extensive investigation, internal audit found evidence that the manager concerned had commissioned his own wife to undertake work within his team, had failed to make his manager aware of this relationship or to formally declare it in accordance with the Code of Conduct for Employees and had let the contract in breach of County Council Contract Standing Orders.

The senior manager concerned was subject to formal disciplinary procedures and was dismissed from the County Council for gross misconduct.

### **Financial Management Standard in Schools (FMSiS) (Children's Services)**

Internal Audit has continued to carry out external assessments to ensure that schools are meeting the standards laid down by the Department for Children, Schools and Families (DCSF).

During the quarter external assessments were carried out at 13 primary schools as part of the three year programme for all schools to achieve the standard by 2010.

Twelve of these schools passed and 1 failed to comply with the Financial Management Standard. The successful schools will receive accreditation in due course from the DCSF, which will last for three years, when the process will need to be revisited. Internal Audit is working with Children's Services Finance to support the school that failed the standard to ensure they address the weaknesses identified and prepare for the re-assessment.

A total of 67 primary schools are due to submit their self evaluation questionnaires for external assessment during 2008/09 with 33 so far have been submitted. This assessment work carried out by Internal Audit will continue throughout the year.

The awareness training, provided jointly with Children's Services, for Governors and Bursars has continued during the quarter.

## Internal Audit Performance Indicators

Performance Indicator	Target	Actual Performance			
		At 30/6	At 30/9	At 31/12	At 31/03
<b>Economy &amp; efficiency</b>					
Planned days delivered (%)	90	23.7%			
Planned audits completed = final reports issued (%)	90	20.1% <sup>1</sup>			
Actual v Plan time on completed audits (%)	105	91.8% <sup>2</sup>			
<b>Effectiveness</b>					
External Audit reliance on internal audit	Achieved	Expected from PKF September 2008.			
Maintain a CPA score of at least 3 / 4 for internal control.	3/4	Results of 2008 Use of Resources Assessment expected in Quarter 3.			
Recommendations accepted (%)	90	95.0%			
Customer feedback forms scoring 3 out of 5 or higher (%)	80	87.4%			
Reports to Chief Officers and Members	Quarterly	Quarterly reports issued.			

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<sup>1</sup> Excludes FMSiS Assessments

<sup>2</sup> Excludes FMSiS Assessments

## Analysis of actual days delivered against the annual internal audit plan

Service	Plan Days	Amend - ments	Revised Plan	Actual Q1	Actual Q2	Actual Q3	Actual to date	% plan delivered
East Sussex County Council:								
Corporate Body	561.0		561.0	124.0			124.0	
Computer Audit	165.0		165.0	58.0			57.9	
Children's Services	460.0		460.0	163.4			163.4	
Adult Social Care	375.0		375.0	99.1			99.1	
Transport & Environment	240.0		240.0	59.7			59.7	
Chief Executives Office	215.0		215.0	34.4			34.4	
Contingency <sup>3</sup>	250.0		250.0	-			-	
Sub total – internal customers	2266.0	0.0	2266.0	538.6			538.6	23.7%
External customers	105.0		105.0	24.0			24.0	
Total audit days	2371.0	0.0	2371.0	562.6			562.6	23.7%

<sup>3</sup> Contingency days delivered include completion of audits carried forward from 2007/08 and unplanned work e.g. investigations, and are included in the total for the department to which the work related.

### Internal Audit Opinions - Definitions

**Full Assurance:** There is a sound system of control designed to achieve the system objectives. Compliance with the controls is considered to be good. All major risks have been identified and are managed effectively.

**Substantial Assurance:** Whilst there is a sound system of control, there are a small number of weaknesses, which put some of the system/service objectives at risk and/or there is evidence of non-compliance with some controls. Opportunities to strengthen control still exist.

**Partial Assurance:** Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system. There is therefore a need to introduce additional controls and/or improve compliance with existing controls to reduce the risk to the Authority.

**Minimal Assurance:** Weaknesses in the system of control and/or the level of compliance are such as to put the system objectives at risk. Controls are considered to be insufficient with the absence of at least one critical or key control. Failure to improve will lead to an increased risk of loss or damage to the Authority.

**No Assurance:** Control is generally weak or non-existent, leaving the system open to significant error or abuse and high risk to the system or service objectives. A high number of key risks remain unidentified and/or unmanaged.