

Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **1 June 2011**

By: **Director of Corporate Resources**

Title of report: **Internal Audit Strategy 2011/12 and Annual Plan**

Purpose of report: **To present the Council's Internal Audit Strategy 2011/12 and Annual Plan**

RECOMMENDATION:

Members are recommended to review and endorse the Council's Internal Audit Strategy 2011/12 and Annual Plan.

1. Financial Appraisal

1.1 Resources needed to deliver the Council's Internal Audit Strategy and Annual Plan during 2011/12 are provided for within the agreed budget of the Audit and Performance Division, Corporate Resources Directorate. Budget savings of £40,000 or 5.7% have been made for 2011/12 with limited impact on service delivery. Further savings will be identified as part of an internal audit service review to be carried out during the year, and a number of posts are being held vacant in anticipation of this. This has impacted on the number of available audit days for 2011/12.

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 2011. 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 2011/12 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, PKF. A workshop was also held with Members of the Audit and Best Value Scrutiny Committee on 4 March 2011 and comments made have been fed into the planning process.

2.3 Whilst the audit plan has been developed on a similar basis to previous years, it is clear that from 2011/12 onwards, there are likely to be significant changes across the organisation, to which internal audit needs to be able to respond. The 2011/12 audit plan therefore includes a provision within each department for 'emerging risks' which is intended to be used to support management through this change process, providing assurance over the adequacy of risk management, governance and internal control as appropriate.

2.4 In addition, internal audit are working closely with Performance Assistant Directors to identify risks arising from the Council wide programme of service reviews, to ensure there are robust risk management arrangements in place and to support managers where necessary.

2.5 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 Director of Corporate Resources has already approved the Internal Audit Strategy 2011/12 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 5th July 2011.

SEAN NOLAN,
Director of Corporate Resources

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Background Documents

Internal Audit Strategy and Annual Audit Plan 2011/12

INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2011-2012

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 2011. The full role and scope of the County Council's Internal Audit Service is set out within our Internal Audit Charter and Terms of Reference, which was approved by the Audit and Best Value Scrutiny Committee in November 2007 and an updated version is attached as Appendix C with some minor amendments.

1.2 The key service objective for the IAS, as set out in the 2011/12 Corporate Resources Business Plan, is 'to maintain and improve high standards of governance, internal control and risk management across the Council'.

2. Risk Assessment and Audit Planning

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

2.2 The update of the annual plan for 2011/12 has relied heavily upon management's own strategic risk assessment, supplemented with extensive consultation with a range of stakeholders, to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, every effort has been made to identify, and where possible, rely upon, other sources of assurance available. Appendix D provides a summary of internal audit coverage against the County Council's Strategic Risk Register (based on the current version at the time of producing this Strategy).

Major Change

2.3 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place. The Council currently faces some significant financial pressures as a result of the national reduction in public sector spending, and continues to be engaged in a number of major projects, developments and restructurings, including the corporate programme of service reviews. The Council is also experiencing changes to the services that it is responsible for delivering and in the way services are delivered.

2.4 Internal audit must therefore be in a position to give an opinion/assurance that covers the control environment in relation to both existing systems and these new developments. In order to achieve this, and in recognition that sufficient information regarding the full extent of these changes and associated risks may not yet be known, the 2011/12 audit plan includes a proportion of time within each department classified as 'Emerging Risks'. This approach has been adopted to enable the IAS to react appropriately throughout the year as new risks materialise and to ensure that internal audit expertise in governance, risk and internal control can be utilised early in the change process.

2.5 There are also some areas where, although provision has been made within the plan to undertake assurance activity, the specific nature and scope of the work has yet to be determined. These include:

- Health – the County Council is now going through a period of change in relationships with Health partners, including changes in responsibility and new areas of service delivery. Our audit plan for 2011/12 therefore incorporates the following:
 - NHS White Paper – the implications for the County Council and the extent to opportunities and risks are being taken and managed;
 - Public Health – risks associated with the transfer of public health responsibilities from the NHS;
 - Section 75 – adequacy of partnership governance arrangements covering financial, reputational and service delivery risks to the County Council.

Whilst at this stage, these have been identified as separate areas of work within the audit plan, we will be ensuring that a whole systems view is taken in relation to our work in the area of health, and that where necessary, our activities are co-ordinated and combined.

- Financial Planning and Financial Reporting – arrangements corporately and within the departments for implementing and monitoring proposed savings plans;

2.6 In view of the above, it is important that the IAS works closely with COMT and senior management early in 2011/12 to define the specific risks associated with these areas and to identify how and where audit resources can be utilised to best effect.

Schools

2.7 In November 2010, the Department for Education (DfE) announced the decision to scrap the Financial Management Standard in Schools (FMSiS) with immediate effect and replace it with a new simpler standard. This revised standard, known as the Schools Financial Value Standard (SFVS), takes the form of a series of questions which school governing bodies should formally discuss with their head teacher and other senior staff. There is no longer any requirement for each school to be subject to a formal external assessment, a role the IAS previously undertook as part of FMSiS.

2.8 Although the new standard is still subject to consultation, we are currently assessing the impact of this on the assurance regime for schools, particularly as the Director of Corporate Resources remains responsible for signing off the annual Section 51 grant (schools budget share). A revised and updated School's Audit Strategy will therefore be developed during 2011, in full consultation with the Children's Services Department and the Director of Corporate Resources, in order to ensure that our audit coverage is appropriate and proportionate in the light of the risks and the reduction in audit resources.

2.9 In producing the audit plan, the following key principles are also applied:

- All fundamental accounting systems are subject to annual audits of compliance against key controls in accordance with external audit requirements;
- Systems with 'no assurance' or 'minimal assurance' audit opinions during previous years which are not subject to annual audit will be subject to a specific follow up review to assess the effective implementation by management of agreed audit recommendations. This will also include a sample of previous reviews with a 'partial assurance' opinion;

- 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;

3. Matching Audit Needs to Resources

3.1 The overall aim of the Internal Audit Strategy is to allocate available internal audit resources so as to focus on the key risk areas and provide an appropriate level of assurance for each directorate and for the County Council as a whole.

3.2 In addition to this, resources have also been allocated to the three external bodies for whom Audit and Performance Division provides internal audit services: East Sussex Fire Authority, Plumpton College and High Weald Area of Outstanding Natural Beauty (AONB). All of this work is charged for.

3.3 Like all services across the County Council, the IAS is expected to make financial savings in light of the cuts in public sector spending. Specifically, budget savings of £40,000 or 5.7% have been made for 2011/12 with limited impact on service delivery. Further savings will be identified as part of a service review to be carried out during 2011/12, and a number of posts are being held vacant in anticipation of this. Consequently, the total number of planned audit days for 2011/12 is 293 less than 2010/11, at 1,761 days.

3.4 These days are to be delivered via a combination of permanent and temporary staff and specialist external resources. During 2010, the IAS entered into a framework contract with the London Borough of Croydon for the provision of computer audit services via Deloitte and Touche Public Sector Internal Audit Ltd. It is anticipated that approximately 100 days of computer audit work will be delivered through this contract during 2011/12. We are also exploring the use of external resources in other specialist areas to supplement our internal capacity.

3.5 Despite the overall reduction, the level of resource is still considered to be sufficient to allow the IAS to deliver its risk based plan in line with the standards set out in CIPFA Code of Practice for Internal Audit in Local Government 2006. As explained above, a service review of the IAS is due to be completed during the coming year, with the objective of ensuring the continued delivery of high quality internal audit, which meets the needs of stakeholders and professional standards, whilst also reducing costs in line with corporate expectations.

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

	2007/08	2008/09	2009/10	2010/11	2011/12
Plan Days	2,082	2,371	2,182	2,054	1,761
Actual Days	2,114	2,427	2,203	2,108	

4. Audit Approach

4.1 The approach of internal audit is to use risk 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:

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

4.2 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 200 days to provide capacity for unplanned work, including special audits and the investigation of potential irregularities. This contingency also allows for the completion of work in progress from the 2010/11 plan;
- Advice, Management, Liaison and Planning - an allowance against each department to cover provision of ad hoc advice on risk, audit and control issues, audit planning, ongoing liaison with departments and audit management time in support of the delivery of all audit work, planned and unplanned.

4.3 A summary of the allocation of audit resources across the 2011/12 audit plan is shown at Appendix A. Appendix B shows the coverage of the audit plan in more detail.

4.4 In delivering this Strategy, the IAS works closely with the Council's external auditors, PKF, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met. A Joint Working Protocol is in place with PKF to facilitate this and formalise our working relationship.

5. Training and Development

5.1 The effectiveness of the IAS 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. As part of this process, all audit staff are assessed against CIPFA's skills and competencies matrix for internal auditors.

5.2 The IAS is committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. During 2010/11, one member of staff successfully completed the CIPFA Certificate in Investigative Practices whilst another is currently studying towards the final stage of the Institute of Internal Auditors (MIIA) professional qualification. Once completed, nine out of the eleven permanent members of internal audit staff will hold a professional internal audit or accountancy qualification.

6. Quality and Performance

6.1 The performance of the IAS is measured against the key service targets and objectives set out in the Council's Business 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, PKF, and reported on in the Annual Audit Letter.

6.2 In addition to the individual report to management for each audit assignment, reports on key audit findings and the delivery of the audit plan are made to both COMT and the Audit and Best Value Scrutiny Committee on a quarterly basis. As part of the IAS service review during 2011, we will be developing a revised set of key performance indicators to ensure that these better reflect stakeholder's needs and expectations.

6.3 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. Opportunities for collaboration and shared services are being progressed through these groups and via the South East 7, although these are still at an early stage.

6.4 The IAS also subscribes to the CIPFA Benchmarking Club for Internal Audit Services on annual basis. The results of this will be utilised as part of our 2011 service review.

6.5 Finally, in order to ensure continuing compliance with the CIPFA statement on the role of the head of internal audit, alternative management arrangements have been made where the IAS undertakes audit activity in areas where the Assistant Director – Audit and Performance (as the Head of Internal Audit for the County Council) also has operational responsibility. Specifically, responsibility for management of this work will rest with the Principal Audit Manager who will, where necessary, have direct access to the Director of Corporate Resources.

SEAN NOLAN, DIRECTOR OF CORPORATE RESOURCES

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Annual internal audit plan by customer

Service	2011/12 Plan Days	% of 2011/12 Plan Days	2010/11 Plan Days
East Sussex County Council			
Corporate Body (incl CRD)	400	22.7%	462
Computer Audit	108	6.1%	160
Children's Services	387	22.0%	430
Adult Social Care	242	13.7%	289
Economy, Transport & Environment	205	11.6%	199
Governance & Community Services	117	6.6%	152
Contingency (incl. carry forward)	200	11.4%	250
<i>Sub total – internal customers</i>	<i>1,659</i>	<i>94.2%</i>	<i>1,942</i>
Fire Authority	70	4.0%	70
Plumpton College	27	1.5%	27
South Downs Joint Committee	-	0%	10
High Weald AONB	5	0.3%	5
<i>Sub total - external customers</i>	<i>102</i>	<i>5.8%</i>	<i>112</i>
Total audit days	1,761	100.0%	2,054

Internal audit plan by resource

Level of Resource	Audit Days
Assistant Director	34.0
Principal Audit Manager	138.5
Audit Manager	287.5
Senior Auditor	432.5
Auditor	768.5
Total In House Resources	1,661
Total Bought In Resources	100
Total Internal Audit Resources	1,761

Strategic Audit Plan 2011/12 – Detailed analysis of coverage

See attached spreadsheet

2011/2012 Internal Audit Plan



Department:	Corporate Resources Directorate
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Review Name	Risk	Type	Outline Objective
Emerging Risks	High	Systems	Internal Audit will perform an important role in helping to ensure that risks associated with changes to services are properly understood and managed, and that management are obtaining the necessary assurance that these changes take place effectively, and without an unacceptably adverse effect on the control environment.
Accounts Payable/Procurement (Corporate Review)	High	Systems	To ensure adequate controls exist over the procure to pay process, including ordering, goods receipting and payment. It will evaluate the effectiveness of the control framework, and the extent to which it delivers the desired outcomes and any impacts on current performance. The review will include coverage of the new Purchasing Card process, a follow up of our work in 2010/11 and will be relied upon by the County Council's external auditor.
HR/Payroll (Corporate Review)	High	Systems	To ensure adequate controls exist over the HR/Payroll function and processes. Specific reference will be made to pre-employment checks, severance payments and payments in lieu of notice. This review will also include a follow up of our work in 10/11 and will be relied upon by the County Council's external auditor.
Accounts Receivable (Corporate Review)	High	Systems	To ensure adequate controls exist over the collection and recording of income within the council, including debt recovery arrangements. This review will also include a follow up of our work in 10/11 and will be relied upon by the County Council's external auditor.
General Ledger (Corporate Review)	High	Systems	To ensure adequate controls exist in relation to the County Council's general ledger, including year-end procedures, journal transfers and bank reconciliation. This review will also include a follow up of our work in 2010/11 and will be relied upon by the County Council's external auditor.
Pension Fund - Governance & Strategy	High	Systems	A review to assess the adequacy of East Sussex Pension Fund management and governance arrangements. This work forms part of a Pension Fund Internal Audit Strategy developed based on a risk assessment and in accordance with national best practice guidance.
Pension Processes & Systems	High	Systems	To review the key controls in relation to the calculation and payment of pensions, transfers to and from the pension fund and the collection and recording of pension contributions (incl. contributions from other admitted bodies). The audit will also cover the recently adopted separate books of account for the Pension Fund, independent from the Council's own ledgers. This work forms part of a Pension Fund Internal Audit Strategy developed based on a risk assessment and in accordance with national best practice guidance.
Pension Fund External Control Assurance	High	Systems	To examine arrangements for ensuring the adequacy of the control environment of the Pension Fund investment managers and custodian. The review will include identifying and examining the sources of assurance available in relation to these organisations. This work forms part of a Pension Fund Internal Audit Strategy developed based on a risk assessment and in accordance with national best practice guidance.

APPENDIX B

Review Name	Risk	Type	Outline Objective
Pension Fund Investments	High	Systems	To review controls surrounding the administration of the pension fund investments, including monitoring of fund manager performance and accounting arrangements. This work forms part of a Pension Fund Internal Audit Strategy developed based on a risk assessment and in accordance with national best practice guidance.
Pension Fund - Implementation of Altair system (Replacement for AxisE)	Medium	Systems	The existing system used to control and manage the East Sussex Pension Fund is to be replaced during 2011/12. The review will ensure that the project is managed in accordance with the County Council's project management standards, that the migration of data from the old system is complete and accurate, and that the control environment of the new system is sound and robust.
Treasury Management	Medium	Systems	Review of the controls relating to borrowing and lending arrangements as part of the Treasury Management process, including long-term borrowing arrangements, and controls associated with the transfer and receipt of funds. This review will also include a follow up of our work in 2010/11 and will be relied upon by the County Council's external auditor.
SAP Future Phases (Various Projects)	High	Advice	To provide ongoing advice, challenge and support to future SAP developments covering risk management, internal control and probity issues. Potential projects for 2011/12 include E-invoicing, E-tendering, and online travel claims.
SAP Future Phases - Online Collection of Cash Receivable	High	Advice	The County Council currently collects payments via the Internet in respect of Registration Services. It is proposed to extend this service to include payments by stakeholders in respect of other chargeable services. The audit will provide ongoing advice, challenge and support to the project to further develop the existing online arrangements, and to ensure that all key risks are properly managed.
Financial Planning / Financial Reporting	High	Systems	To ensure that effective, service-based financial planning is in place in order to deliver desired outcomes and to achieve agreed savings plans. In view of the severe funding constraints and the climate of existing spending pressures, audit activity will provide assurance that management planning and information processes are in place and are working effectively, so that the Council's aims and plans are achieved. This audit will first establish the level of awareness of the expected outcomes, and then evaluate the accuracy, completeness and timeliness of the systems and procedures in place to deliver those outcomes.
SAP Future Phases - New Hosting Contract	High	Advice	The current contract with SERCO for hosting the SAP system expires in 2013. Ahead of the renewal of this contract, the Council is exploring the most efficient, effective and economic way of delivering this service in the future. Options include using the services of another public sector body to manage the servers in alternative locations. The audit would provide ongoing advice, challenge and support to the project. This will include assurance that the project is managed in accordance with the County Council's project management standards, that the risks are properly managed and mitigated, and that the anticipated outcomes are delivered.
Anti Fraud and Corruption Arrangements (Corporate)	High	Regularity	To continue to develop the County Council's Anti Fraud and Corruption arrangements based on the latest best practice. This includes increasing the profile and awareness of anti fraud activity, conducting pro-active anti fraud reviews and administering the County Council's Confidential Reporting Hotline. Internal audit will also continue to co-ordinate activity as part of the 2010/11 National Fraud Initiative, including ensuring that matches are investigated promptly and thoroughly, and reporting of results.

Review Name	Risk	Type	Outline Objective
Procurement of Construction - Framework Agreement	Medium	Systems	To ensure that the new framework agreement for procurement of construction has adequate and appropriate internal controls, that it is delivering the anticipated savings through partnering arrangements and economies of scale, and that the Council is collecting the anticipated revenues in respect of access to the framework by neighbouring authorities.
Support for Audit and Best Value Scrutiny Committee	N/A	Liaison	Support to the Committee to include attendance at all meetings and Chair's Briefings and production of regular progress reports on internal audit activity and performance.
External Audit Liaison	N/A	Liaison	Participation in regular liaison meetings with the County Council's external auditors to ensure proper co-ordination of audit activity in accordance with professional standards and agreed joint working protocol. This also includes liaison over the delivery of the programme of FAS reviews.
Internal Audit Strategy and Annual Audit Plan	N/A	Management	To work with management to produce the Internal Audit Strategy and Annual Internal Audit Plan for 2012/13 for formal reporting to COMT, Audit and Best Value Scrutiny Committee and Cabinet.
Internal Audit Annual Report and Opinion	N/A	Liaison	To give an opinion on the County Council's control environment for the year 2010/11.
Benchmarking	N/A	Management	To participate in the CIPFA Internal Audit Benchmarking Club 2011 and respond to any issues arising.
Action Tracking of Previous Audit Recommendations	N/A	Liaison	To confirm implementation of all high risk audit recommendations within the department.
CRD Annual Report and Opinion	N/A	Liaison	To provide an opinion on the control environment within the Corporate Resources Directorate for the year 2010/11.
CRD - Client Advice and Support	N/A	Advice	To provide ongoing ad hoc advice on control and probity issues within CRD as they arise during the year.
CRD - Audit Management, Client Liaison and Planning			Risk assessment and production of the Annual Audit Plan for Corporate Resources Directorate. Ongoing liaison with management during the year, and audit management time in support of the delivery of all audit work relating to CRD; planned and unplanned.

Total Planned Days for CRD

400

2011/2012 Internal Audit Plan



Department:	ICT Audit
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Review Name	Risk	Type	Outline Objective
Wide Area Network (WAN)	High	Systems	With increased requirements to improve wide area network performance for applications, network bandwidth and increased productivity, this audit will assess the efficiency, effectiveness and security of wide area network controls. The objective of the audit will be to review the WAN configuration which may include the following areas: WAN and Corporate Strategy; Network Infrastructure and Design; Network Management and Monitoring; Logical Security and Encryption; and Change Control.
Telecoms and Voice-over Internet Protocol (VOIP)	High	Systems	This audit evaluates the telecommunication system's core control environment. In addition, while Voice-over Internet Protocol (VoIP) communications can provide excellent value for money they can also increase system availability and confidentiality risks, as VoIP is supported by a complex environment of standards. This audit is designed to assess the adequacy of the controls applied to the Telecoms and VoIP network, which inherits all the vulnerabilities linked with the underlying data network.
Database Audit: Microsoft SQL Server 2005/2008	High	Systems	This audit will assess the adequacy and effectiveness of controls established and applied in the following areas: SQL Server Installation Settings, Security Updates and Patches; Auditing and Logging; Resilience and Data Replication; and Development Best Practices and Tools.
Database Audit: Oracle 9i / 10g	High	Systems	The Oracle Database, also known as an object relational database management system (RDBMS), is the primary data storage repository of the Council's Oracle solutions. The scope of the audit is restricted to the Oracle 9i, 10g Database implementation. The audit approach will involve discussions with key officers and completion of the Oracle 9i, 10g best practice checklist produced by the Centre for Internet Security (CIS) and sample tests to evidence and confirm the accuracy and consistency of the checklist benchmark results.
Key Business Systems: Review of SAP Generic Controls	High	Systems	Many of the ICT controls within the SAP environment are common to a number of the individual SAP applications (e.g. Accounts Payable, Accounts Receivable, HR/Payroll). This audit will address the ICT control environment surrounding the SAP system, and it will be conducted alongside the relevant mainstream audits in the CRD audit plan. It will evaluate the adequacy of the system application controls in terms of Security Administration, Input Controls, Audit Trails and System Maintenance.
Key Business Systems: Exor	High	Systems	Following the introduction of Exor, this is a review of key ICT controls (which will also be relied upon by the County Council's external auditor). Exor controls the highways management system, and it includes controlling and recording of repairs work, and payments to the Council's contractor May Gurney. This audit will be conducted alongside the mainstream audit of the Exor system in the Economy, Transport and Environment audit plan. It will evaluate the adequacy of the system application controls in terms of Security Administration, Input Controls, Audit Trails and System Maintenance.

Review Name	Risk	Type	Outline Objective
Key Business Systems: Children's Index	High	Systems	The East Sussex Children's Index is an online resource for practitioners who work with children, young people and families living in the East Sussex area, and the individuals who provide them with administrative report. Children's Services Department are also looking to sell the Index to other local authorities. This audit will evaluate the adequacy of the system application controls in terms of Security Administration, Input Controls, Audit Trails and System Maintenance.
Public Sector Network Project	High	Advice	In line with the SE7 shared services workstream for linking networks, East Sussex will be re-tendering the Next Generation Network contract in 2012, as part of a much wider secure public sector network, to become a shared regionalised network infrastructure. The potential for reducing overheads and contracting costs is substantial by shared use of infrastructure, merged networks and consolidated data centres, opening the potential of shared applications and hosted services with other public sector authorities. The objectives of this audit are to evaluate the effectiveness and efficiency of controls around the project, to ensure that the risks have been assessed properly, that the testing regime is comprehensive, and that project planning processes are adequate.
Online Collection of Cash Receivable	High	Advice	The objective of this project is to provide service users with the opportunity to pay for services via a secure page on the ESCC Website. Copies of Registration Certificates can already be purchased online, but this project has the potential to extend the facility to such services as provision of care, skip hire licences, archives services, and schools music services. This audit will address the ICT control environment surrounding this project, and it will be conducted alongside the mainstream audit project in the CRD audit plan.
"Thin Client Technology" Project	High	Advice	This is a long-term project, for which the contracting phase is currently taking place. The project is to replace existing user-facing technology with a lower-cost "thin" solution, supported by two shared brokers, in replacement of existing desktop functionality. It will be built and migrated in 2012/13 and completed in 2013/14. The objectives of the review are to evaluate controls around the project, to ensure that the risks have been assessed properly, that the testing regime is comprehensive, project planning processes are adequate, and that the solution is both optimal and fit-for-purpose.
ICT - Audit Management, Client Liaison and Planning	N/A	Liaison	Risk assessment and production of the Annual ICT Audit Plan. Ongoing liaison with management during the year, and audit management time in support of the delivery of all ICT audit work; planned and unplanned.

Total Planned Days for ICT Audit

108

2011/2012 Internal Audit Plan



Department: **Governance and Community Services**

Review Name	Risk	Type	Outline Objective
Emerging Risks	High	Systems	Internal Audit will perform an important role in helping to ensure that risks associated with changes to services are properly understood and managed, and that management are obtaining the necessary assurance that these changes take place effectively, and without an unacceptably adverse effect on the control environment.
High Risk Partnerships - Transfer of Public Health responsibilities from the NHS	High	Systems	Following the publication of the Government White Paper "Healthy Lives, Healthy People" in November 2010, Public Health is to be transferred from the NHS to local authorities from 2013 (though ESCC is to be an "early implementer" in 2012). The audit work will focus on ensuring that all key risks associated with the transfer and future delivery of the service have been properly identified and managed where appropriate.
Redeployment	Medium	Systems	To ensure that policies are applied consistently, and that the advantages gained by redeploying existing staff are realised in light of the associated risks.
Use of Consultants - Follow Up	Medium	Systems	To follow up the review conducted in 2010/11, assessing the extent to which previous internal audit recommendations have been implemented, and also to evaluate the implementation of the recently updated Consultant Toolkit.
Agency Staff Contract - Follow Up	Medium	Systems	To follow up the review conducted in 2010/11, assessing the adequacy of internal control arrangements in relation to the new temporary staff sourcing solution. The review will include an examination of new systems under the contract, contract management arrangements and contractor performance.
Action Tracking of Previous Audit Recommendations	N/A	Liaison	To confirm implementation of all high risk audit recommendations within the department.
Governance and Community Services Annual Report and Opinion	N/A	Annual Report	To form an opinion on the control environment within the Governance & Community Services Department for the year 2010/11.
Governance and Community Services - Client Advice and Support	N/A	Advice	To provide ongoing ad hoc advice on control and probity issues within Governance and Community Services Department as they arise during the year.
Governance and Community Services - Audit Management, Client Liaison and Planning	N/A	Advice	Risk assessment and production of the Annual Audit Plan for Governance and Community Services Department. Ongoing liaison with management during the year, and audit management time in support of the delivery of all audit work relating to Governance & Community Services; planned and unplanned.

Total Planned Days for G&CS

117

2011/2012 Internal Audit Plan



Department:	Children's Services
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Review Name	Risk	Type	Outline Objective
Emerging Risks	High	Systems	Internal Audit will perform an important role in helping to ensure that risks associated with changes to services are properly understood and managed, and that management are obtaining the necessary assurance that these changes take place effectively, and without an unacceptably adverse effect on the control environment.
Excellence Cluster	High	Systems	To ensure there is a bona fide approach to establishing the new Excellence Cluster arrangements (see opposite) and that adequate change management and governance arrangements are in place to ensure the continued delivery of services and that funds are spent appropriately.
Development of Traded Services	High	Systems	To ensure there are adequate management arrangements and administrative processes for the delivery of services and for charging schools for services supplied.
Targeted Youth Services	High	Systems	To ensure that adequate change management procedures are in place in relation to the bringing together of individual services into Targeted Youth Services.
School On-Line / Cashless Income Collection Systems	High	Advice	To ensure that there is a coherent approach both corporately and within schools in implementing on-line / cashless income collection systems (whilst at the same time ensuring economies of scale are achieved), that adequate risk management arrangements are in place and that such systems are adequately controlled.
Section 75 - Pooled Budgets	High	Systems	To ensure that the framework of governance is sound, the financial and reputational interests of the Council are protected and that the Council is fulfilling its responsibilities and obligations as specified in the Section 75 partnership agreement.
Academies - Close Down of Schools	High	Systems	To ensure that adequate transition plans exist and that arrangements are in place to manage each aspect of the transition. This will include the existence of adequate financial close-down procedures, particularly in terms of financial deficits. To review and assess the risks to the Council in the event of failing Academies, and to ensure adequate measures are in place to mitigate these.
Fundamental Accounting System - Carepay	High	Systems	To ensure adequate controls exist over access to the system, amendments to standing data, accuracy and authorisation of payments, termination of allowances and recovery of overpayments. A systems based audit which includes a review of key ICT controls.
Ringmer - Payroll and HR	Medium	Systems	To ensure that adequate arrangements are in place in relation to the transfer of the HR / Payroll service from ESCC to a new provider.
Children's Homes	Medium	Systems	To ensure that adequate and robust financial systems and controls are in place in all children's homes, covering budget management, staff pay claims, receipt of income, petty cash and asset management.
Themed Review - School Procurement / Contract Management	Medium	Systems	To review the adequacy and effectiveness of the awarding, monitoring and control of contracts in schools across the County, focussing on how schools arrange and manage contracts to ensure service delivery, probity and value for money.
Spray Water Centre Follow Up / Exceat	Medium	Systems	To ensure that adequate financial and operational controls are in place at both establishments following previously identified control weaknesses.

Review Name	Risk	Type	Outline Objective
Themed Review - Code of Conduct / Conflict of Interest in Schools - Follow-Up	Medium	Systems	To ensure that guidance to schools is adequately detailed and up to date. Also, that adequate training/awareness is provided within schools to ensure the requirements of the Code of Conduct are clearly defined and properly communicated to all staff.
School Audits / FMSiS	Medium	Regularity	We will continue to undertake audit work in schools in accordance with our School's Audit Strategy to ensure that adequate and robust financial systems and controls are in place. This will include work in relation to the FMSiS replacement (Schools Financial Value Standard), themed reviews, central system reviews, investigations, the transfer of schools to academies and advice and guidance.
Sixth Form Funding	Medium	Systems	To gain assurance over the funding paid in respect of Local Authority Maintained Schools with Sixth Form Funding from 1 April 2010, and to ensure each school is administering the Education Maintenance Allowance (EMA) payments in accordance with guidance.
Action Tracking of Previous Audit Recommendations	N/A	Liaison	To confirm implementation of all high risk audit recommendations within the department.
CSD Annual Report and Opinion	N/A	Liaison	To provide an opinion on the control environment within the Children's Services Department for the year 2010/11.
CSD - Client Advice and Support	N/A	Advice	To provide ongoing ad hoc advice on control and probity issues within CSD as they arise during the year.
CSD - Audit Management, Client Liaison and Planning	N/A	Advice	Risk assessment and production of the Annual Audit Plan for Children's Services. Ongoing liaison with management during the year, and audit management time in support of the delivery of all audit work relating to CSD; planned and unplanned.

Total Planned Days for Children's Services

387

2011/2012 Internal Audit Plan



Department:	Adult Social Care
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Review Name	Risk	Type	Outline Objective
Emerging Risks	High	Systems	Internal Audit will form an important role in helping to ensure that risks associated with service changes are properly understood, and that management are obtaining the necessary assurance that these changes take place effectively and without an unacceptable adverse effect on the control environment.
NHS White Paper	High	Systems	To ensure that the key elements of the NHS White Paper "Equity and Excellence - Liberating the NHS" are properly understood, managed and implemented within the Council. Provision of support, advice and assurance that new systems and working practices are introduced in a controlled manner. Likely to include a review of risk management arrangements, accountability in terms of line management responsibilities and joint commissioning roles, and corporate implications. Integration of public health and partnership arrangements will be reviewed as part of the "Public Health - Transfer of Responsibility" audit in Governance and Community Services.
Putting People First (PPF)	High	Systems	As part of the phased 3 year introduction of new legislation, internal audit will continue to provide support, advice and assurance that new systems and working practices are introduced in a controlled manner. Focus areas will include the continued review of the Resource Allocation System (RAS), Self Directed Support, Reablement and Lean ways of working.
Fundamental Accounting System - CONTROCC (Expenditure and Income)	High	Systems	To ensure that adequate and effective controls are in place in relation to payments to providers via the Controcc/Abacus system, including controls over payment authorisations and SAP interface and reconciliation. Also, to ensure that adequate and effective controls exist in relation to income collection, accounting and reporting (including SAP interface and reconciliation). This review will include a follow up of our work in 10/11 and will be relied upon by the County Council's external auditor.
AgeWell	High	Advice	To provide ongoing advice, support and challenge on governance, control and probity issues in relation to the Age Well Programme. In particular, to review and report upon the final phases of the contracting process, specifically including a review of procurement arrangements, and also the financial close stage of the project.
Anti Fraud and Corruption - Blue Badge Scheme	High	Systems	To ensure that adequate investigative procedures are in place where allegations of blue badge misuse are made or where there is clear evidence that abuse is taking place.
Direct Payments Contract Management, including Follow-Up	Medium	Systems	To ensure that adequate contract management arrangements are in place in relation to the Direct Payments scheme, including risk management, performance monitoring, reporting and value-for-money. In addition, to ensure that the recommendations made in the 2010/11 audit of Direct Payments have been appropriately implemented.
Follow-Up Review of Arrangements for Claiming Hours in ASC Establishments	N/A	Systems	To ensure that the recommendations made in the 2010/11 audit of Claiming Hours in ASC Establishments have been appropriately implemented.

Review Name	Risk	Type	Outline Objective
Real Time Telephone Monitoring	N/A	Systems	To ensure that adequate and effective controls are in place in relation to the real time telephone monitoring system. A review of payments made will be undertaken and, in addition, the adequacy and effectiveness of management reporting arrangements will also be reviewed.
Action Tracking of Previous Audit Recommendations	N/A	Liaison	To confirm implementation of all high risk audit recommendations within the department.
ASC Annual Report and Opinion	N/A	Liaison	To provide an opinion on the control environment within the Adult Social Care Department for the year 2010/11.
ASC - Client Advice and Support	N/A	Advice	To provide ongoing ad hoc advice on control and probity issues within ASC as they arise during the year.
ASC - Audit Management, Client Liaison and Planning	N/A	Advice	Risk assessment and production of the Annual Audit Plan for Adult Social Care. Ongoing liaison with management during the year, and audit management time in support of the delivery of all audit work relating to ASC; planned and unplanned.
Total Planned Days for Adult Social Care			242

2011/2012 Internal Audit Plan



Department: **Economy, Transport and Environment**

Review Name	Risk	Type	Outline Objective
Emerging Risks	High	Systems	Internal Audit will perform an important role in helping to ensure that risks associated with changes to services are properly understood and managed, and that management are obtaining the necessary assurance that these changes take place effectively, and without an unacceptably adverse effect on the control environment.
Integrated Waste Management Services Contract (IWMSC) - Ongoing Advice and Support	High	Advice	To continue the provision of support, advice and challenge in relation to the IWSMC. This involves attendance at quarterly audit working group meetings involving ESCC/B&HCC Internal Audit and External Audit.
Integrated Waste Management Services Contract (IWMSC) - Trade Waste	High	Systems	To review the methodologies used to determine the amount of trade waste collected on domestic rounds in Lewes and Wealden Districts to ensure that the recharges by ESCC in respect of trade waste are correct.
Integrated Waste Management Services Contract (IWMSC) - Veolia's Finance Model (Internal Rate of Return)	High	Systems	To ensure that Veolia's revised Internal Rate of Return (IRR) model is fit for purpose and calculates a fair and reasonable rate of return. This will include a review of the accuracy of data uploaded into the model by the Economy, Transport and Environment Finance team.
Highways Maintenance Contract Extension	High	Advice	To ensure that adequate contract management arrangements exist in relation to the Highways Maintenance contract, including a review of risk management, performance monitoring and reporting. In addition, as a result of changes to the systems used for highways maintenance, the review will also include an assessment of these to ensure that adequate and effective controls are in place.
Road Safety Governance and Partnership Arrangements	High	Systems	To ensure that adequate governance and partnership arrangements with the Sussex Safer Road Partnership and other local partners are robust and that accountabilities and responsibilities are properly established.
Concessionary Fare Scheme	High	Systems	A review of the adequacy and effectiveness of the operation of the concessionary fare scheme, including financial/budget management and the monitoring of contractor performance. Also, to ensure that the County Council has in place adequate, effective and properly controlled arrangements for operating under the scheme.
Fundamental Accounting System - Exor, including EXOR to SAP interface.	High	Systems	To ensure that adequate controls exist in relation to the Highways Management system. In particular, the payments process is robust, accurate and timely, that all payments are made within the terms and conditions of the May Gurney contract and that controls around the use of the EXOR to SAP interface are robust. This is a full review following the introduction of Exor. A systems based audit which includes a review of key ICT controls and which will be relied upon by the County Council's external auditor.
Department for Transport Section 31 Grant Certification	Medium	Regularity	DfT S31 grants require independent certification each financial year.
Traveller Sites - Control of Income	Medium	Systems	The Council's Traveller Sites generate income through rents and contributions toward the cost of utilities. A large proportion of this income is collected in cash, and the objective of the audit is to ensure that all income due and payable is actually collected, promptly and efficiently.

Review Name	Risk	Type	Outline Objective
Action Tracking of Previous Audit Recommendations	N/A	Liaison	To confirm implementation of all high risk audit recommendations within the department.
E,T&E Annual Report and Opinion	N/A	Annual Report	To form an opinion on the control environment within Economy, Transport & Environment for the year 2010/11.
E, T&E Client Advice and Support	N/A	Advice	To provide ongoing ad hoc advice on control and probity issues within Economy, Transport & Environment as they arise during the year.
E,T&E Audit Management, Client Liaison and Planning	N/A	Liaison	Risk assessment and production of the Annual Audit Plan for Economy, Transport & Environment. Ongoing liaison with management during the year, and audit management time in support of the delivery of all audit work relating to E,T&E; planned and unplanned.

Total Planned Days for E,T & E

205



ESCC INTERNAL AUDIT CHARTER & TERMS OF REFERENCE

1. RESPONSIBILITIES AND OBJECTIVES

1.1 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 organisations 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.

1.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

2. STATUTORY ROLE

2.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2011, which state in respect of Internal Audit that:

“A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices, and any officer or member of that body shall, if the body requires:

- make available such documents of the body which relate to its accounting and other records as appear to be necessary for the purpose of the audit; and
- supply the body with such information and explanation as the body considers necessary for that purpose.”

2.2 The statutory role is recognised and endorsed within the Council’s Financial Regulations, which provide the authority for access to officers, members, documents and records and to require information and explanation as necessary.

3. INDEPENDENCE AND ACCOUNTABILITY

3.1 Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors have no operational responsibilities.

3.2 Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Internal Auditor has direct access to, and freedom to report in his own name and without fear of favour to, all officers and Members and particularly those charged with governance.

3.3 Accountability for the response to the advice and recommendation of Internal Audit lies with management, who either accept and implement the advice or formally reject it.

4. INTERNAL AUDIT SCOPE

4.1 The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and Management risk assessment (as set out within County Council risk registers). Extensive consultation also takes place with key stakeholders.

5. REPORTING LINES AND RELATIONSHIPS

5.1 East Sussex County Council has delegated responsibility for ensuring that statutory internal audit arrangements are in place to the 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.

5.2 The Chief Internal Auditor reports directly to the Director of Corporate Resources. The County Council also has an Audit and Best Value Scrutiny Committee to whom internal audit reports on a quarterly basis. These reports cover results of internal audit activity and details of internal audit performance, including progress on delivering the Audit Plan. In addition, internal audit provides an annual report and opinion to Chief Officers and Members on the adequacy of the Council's control environment.

6. INTERNAL AUDIT STANDARDS

6.1 There is a statutory requirement for Internal Audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect 'the Standards' for local authority internal audit. The guidance accompanying the Accounts and Audit Regulations 2011 makes it clear that 'the Standards are those shown in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The CIPFA Standards have been adopted by East Sussex County Council Internal Audit.

7. INTERNAL AUDIT RESOURCES

7.1 It is a requirement that Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

7.2 The Chief Internal Auditor is responsible for appointing the staff of the Internal Audit Service and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Internal Audit Service maintains an annually updated Training and Development Plan, which sets out an ongoing development programme for Internal Audit staff.

7.3 The Chief Internal Auditor is responsible for ensuring that the resources of the Internal Audit Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby they concluded that resources were insufficient, they must formally report this to the Director of Corporate Resources and, if the position is not resolved, to the Audit and Best Value Scrutiny Committee.

8. FRAUD AND CORRUPTION

8.1 Managing the risk of fraud and corruption is the responsibility of Chief Officers not Internal Audit. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti Fraud and Corruption Strategy.

8.2 Internal Audit should also be informed of all suspected or detected fraud, corruption or impropriety in order to consider the adequacy of the relevant controls, and evaluate the implication of fraud and corruption for his opinion on the control environment.

Councillor Paul Sparks
Chairman of the Audit and Best Value Scrutiny Committee

Sean Nolan
Director of Corporate Resources

Duncan Savage
Assistant Director – Audit and Performance

ESCC Strategic Risk Log – Internal Audit Coverage 2011/12

	KEY THEME AREAS	LEAD COORDINATING OFFICER ON BEHALF OF COMT	INTERNAL AUDIT COVERAGE 2011/12
1.	Failure to effectively manage staffing implications of budget reductions.	Bill Murphy	<ul style="list-style-type: none"> • Financial Planning and Reporting • Redeployment • Targeted Youth Services. • Emerging Risks – Support for Service Review Implementation
2.	Failure to implement effectively key departmental restructuring exercises (as well as ensuring a sound response to ‘single status’, and equal pay issues).	Bill Murphy(relevant department lead)	<ul style="list-style-type: none"> • Emerging Risks – Support for Service Review Implementation
3.	Failure to meet the ongoing challenge of improving performance in the context of rising expectations, uncertain resources, efficiency expectations and the tension between vulnerable and universal services.	Becky Shaw	<ul style="list-style-type: none"> • High Risk Partnerships – Transfer of Public Health • NHS White Paper • Section 75 Pooled Budgets
4.	Failure to put in place effective Medium Term financial planning linked to service priorities to deliver sustainable outcomes and deliverable savings plans – in the context of the severe funding constraints now expected allied to existing spending pressures and other risks.	Sean Nolan	<ul style="list-style-type: none"> • Financial Planning and Reporting
5.	Failure to manage adequately volatile budget areas (e.g. social care, special needs, home to school transport etc) to the extent they impact sufficiently on other priorities.	Sean Nolan	<ul style="list-style-type: none"> • Financial Planning and Reporting • Emerging Risks – Support for Service Review Implementation • Putting People First

	KEY THEME AREAS	LEAD COORDINATING OFFICER ON BEHALF OF COMT	INTERNAL AUDIT COVERAGE 2011/12
6.	Reputational damage and lack of confidence from failure to maintain or deliver increased service standards.	Becky Shaw	<ul style="list-style-type: none"> Emerging Risks – Support for Service Review Implementation
7.	Failure to manage successfully the quality, relationships and outcomes from the increasingly complex partnership agenda including the various aspects of locality working.	Becky Shaw	<ul style="list-style-type: none"> High Risk Partnerships – Transfer of Public Health NHS White Paper Road Safety Partnership and Governance Arrangements
8.	Failure to manage effectively the key strategic relationships with, and performance of, key commercial partners (e.g. BT, Serco, Veolia, key care providers etc).	All Chief Officers	<ul style="list-style-type: none"> SAP New Hosting Arrangements High Risk Partnerships – Transfer of Public Health Putting People First Integrated Waste Services Management Contract Highways Maintenance Contract Extension
9.	Failure to secure an effective revised 'Agewell' Scheme in line with business objectives.	Keith Hinkley	<ul style="list-style-type: none"> Agewell
10.	Failure to put in place an effective medium term service plan consistent with commissioning strategies, "Putting People First", whole system challenges, and drivers with maximum efficiencies and resources available.	Keith Hinkley	<ul style="list-style-type: none"> Putting People First Emerging Risks – Support for Service Review Implementation
11.	Risks from implementing the NHS White Paper including effective engagement with GP's, delivery of savings targets across health and social care and assumption of public health duties.	Becky Shaw	<ul style="list-style-type: none"> NHS White Paper High Risk Partnerships – Transfer of Public Health
12.	Failure to sustain current improved performance on our priority performance indicators within Adult Social Care.	Keith Hinkley	<ul style="list-style-type: none"> Putting People First Emerging Risks – Support for Service Review Implementation

	KEY THEME AREAS	LEAD COORDINATING OFFICER ON BEHALF OF COMT	INTERNAL AUDIT COVERAGE 2011/12
13.	Failure to secure appropriate approval for the Link Road and expected external funding support and to ensure that the same remains affordable and deliverable.	Rupert Clubb	
14.	Failure to deliver ERF as final element of network of waste disposal facilities	Rupert Clubb	<ul style="list-style-type: none"> • Integrated Waste Services Management Contract
15.	Failure to deliver benefits of a joint working on waste authority with Districts.	Rupert Clubb	<ul style="list-style-type: none"> • Integrated Waste Services Management Contract
16.	Failure to reduce numbers of Killed and Seriously Injured on East Sussex roads.	Rupert Clubb	<ul style="list-style-type: none"> • Road Safety Partnership and Governance Arrangements
17.	Failure to achieve the required improvement in highway condition after the additional investment of £8.5m.	Rupert Clubb	<ul style="list-style-type: none"> • Highways Maintenance Contract Extension
18.	Failure to plan effectively for the disposal of the county's waste	Rupert Clubb	<ul style="list-style-type: none"> • Integrated Waste Services Management Contract
19.	Concessionary Fares Financial risks relating to grant income	Rupert Clubb	<ul style="list-style-type: none"> • Concessionary Fares Scheme
20.	Failure to deliver major property projects – on cost, to specification and to time – but including failure to deliver effective client or sponsor role.	Sean Nolan	<ul style="list-style-type: none"> • Procurement of Construction – Framework Agreement
21.	Failure to deliver economic regeneration aspirational progress in key areas, (including Hastings, Bexhill, Newhaven and Eastbourne / South Wealden area) and to fail to maximize benefit of any new Sub-Regional economic governance structures.	Becky Shaw	
22.	Failure to deliver improved standards at Key Stage 3 and 4 in Hastings as Filsham valley refused to agree to a 'hard federation'.	Matt Dunkley	<ul style="list-style-type: none"> • Academies – Closedown of Schools

	KEY THEME AREAS	LEAD COORDINATING OFFICER ON BEHALF OF COMT	INTERNAL AUDIT COVERAGE 2011/12
23	Failure to respond effectively to the growing number of young people being classed as vulnerable and potentially requiring support and services.	Matt Dunkley	<ul style="list-style-type: none"> Targeted Youth Services
24	Failure to secure new capital investment for Academies and PCP phases 3 & 4 following Coalition Governments Emergency budget and subsequent announcements.	Matt Dunkley	<ul style="list-style-type: none"> Academies – Closedown of Schools
25	Failure to articulate effectively and commission major school re configurations requirement over the short and long term – including primary capital programme 1 and 2.	Matt Dunkley	
26	Failure to respond appropriately to the increasing number of referrals to children’s social services and to the increasing number of children with Child Protection Plans and Looked After Children.	Matt Dunkley	