

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

Date: **15 March 2013**

By: **Chief Executive**

Title of report: **Internal Audit Progress Report – Quarter 3 (01/10/12 – 31/12/12)**

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 3**

RECOMMENDATIONS: Members are recommended to (1) 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 3; and

(2) Identify any new or emerging risks for consideration for inclusion in the internal audit plan.

1. Financial Appraisal

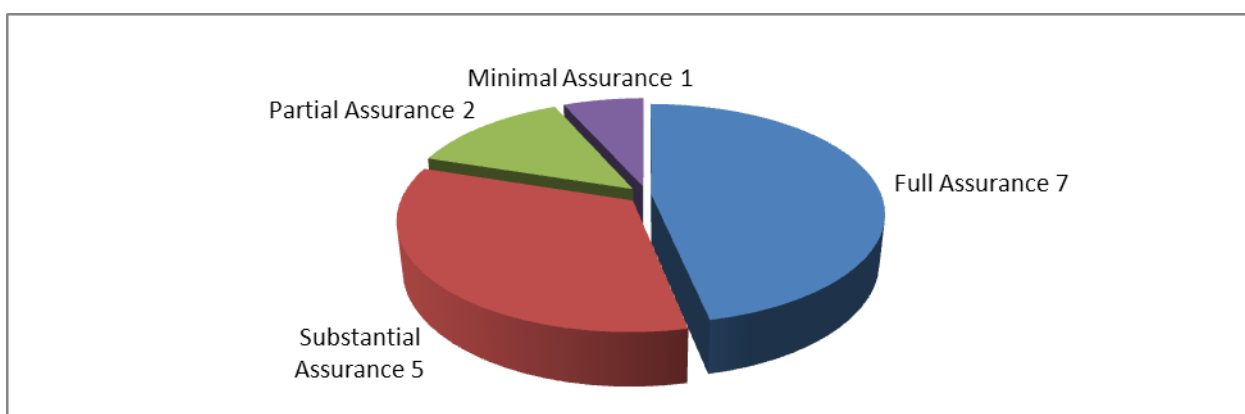
1.1 There are no direct financial implications arising from the recommendations in this report.

2. Supporting Information

2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2012-13. This was prepared after consulting Chief Officers and senior managers and was endorsed by Audit, Best Value and Community Services Scrutiny Committee (1 June 2012) and Cabinet (3 July 2012). This progress report covers work completed between 1 October 2012 and 31 December 2012.

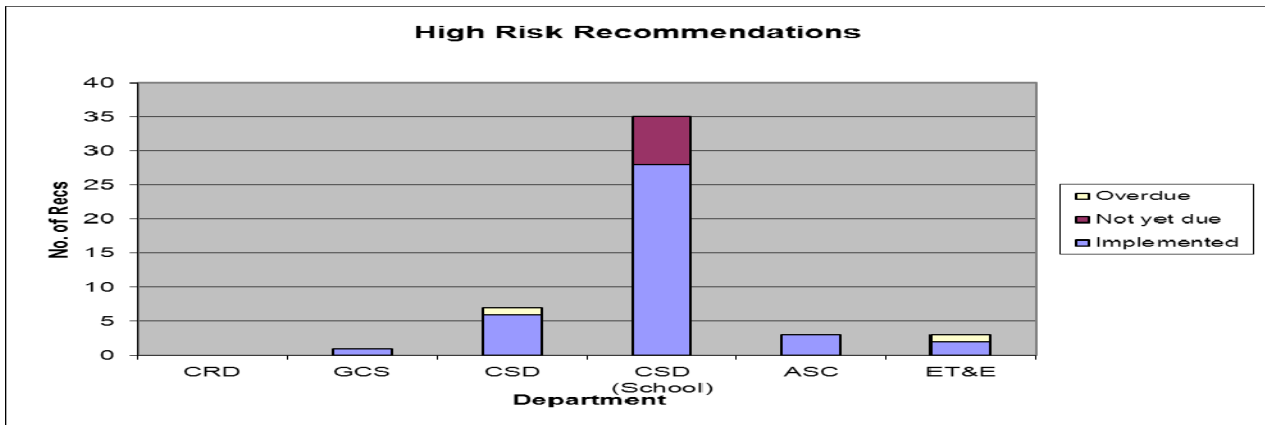
3. Summary and Key Audit Findings

3.1 Key audit findings from final reports issued during Quarter 3 are summarised in Appendix A.



3.2 Overall, of the 15 formal audits completed, 7 resulted in a 'full assurance' opinion, 5 received 'substantial assurance', 2 received 'partial assurance' and there was 1 review where only minimal assurance could be given (Section 75 Pooled Budgets).

3.3 Formal follow up reviews are undertaken in relation to all fundamental accounting systems, all audits with either 'minimal' or 'no assurance' and a number of the audits with 'partial assurance'. In addition to this, we have in place arrangements to monitor the implementation by management of all high risk audit recommendations issued during the year. The position relating to those high risk recommendations issued in the 12 months to 31 December 2012 is shown in the following graph:



3.4 In both of the instances where recommendations are overdue, implementation is dependent on external software suppliers either amending or upgrading existing systems. Whilst these continue to be pursued by management, a range of interim compensating controls have been implemented in order to mitigate the potential risks. Two other instances have been identified where high risk recommendations have only been partially implemented within the agreed timescales. Although the action taken to date has enabled the risk to the Council to be reduced, further work is still required. Both recommendations relate to the same area which is currently subject to a formal follow up review by internal audit, due to be reported in quarter 4. Further details are provided in Appendix B.

3.5 Members' attention is also drawn to our work on: Section 75 Pooled Budgets, Income and Revenue Collection and Adoption Allowances.

3.6 Members will recall that flexibility was built into the audit plan to allow resources to be directed to new and emerging risks during the year. We continue to liaise with departments to identify these but would also welcome input from Members.

4 Performance against targets

4.1 As agreed as part of the recent service review, a revised set of performance measures for Internal Audit have been developed for 2012/13 focussing on: quality / customer satisfaction; compliance with professional standards; and cost / coverage. All targets continue to be assessed as on target (Green). Full details of performance indicators in shown in Appendix C.

BECKY SHAW
Chief Executive

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Local Member: All

BACKGROUND DOCUMENTS

Internal Audit Strategy and Annual Plan 2012-13

Summary of key audit findings

Treasury Management (Corporate Resources Directorate)

The main purpose of this fundamental accounting system review was to provide an opinion on the effectiveness of key controls in the Treasury Management system. As well as testing transactions from the current financial year, we also followed-up recommendations arising from our 2011/12 review.

The key control objectives of this audit were to ensure that:

- All Treasury Management transactions are authorised properly, in accordance with ESCC's Treasury Management Policy and best practice;
- All Treasury Management transactions are recorded in an accurate and timely basis in the accounts, and that supporting documentation is retained for all transactions;
- Monies are transferred only in accordance with approved policy and there is satisfactory internal control in the money transfer systems.

As a result of the work undertaken, we have been able to provide **full assurance** over the control environment, with only two recommendations for improvement identified, neither of which were considered to be high risk. Controls in this area have historically been considered to be robust and this remains the case.

General Ledger (Corporate Resources Directorate)

The review of the General Ledger (which is part of the programme of fundamental accounting system reviews) has been completed as part of the agreed annual audit plan for 2012/13, the key control objectives of which were to ensure that:

- All direct journal inputs to the general ledger are complete, accurate and properly authorised;
- Transactions posted from feeder systems into control accounts are complete and accurate;
- Unrecognised accounts or suspense balances are reviewed and cleared on a timely basis;
- Adequate bank reconciliation procedures are in place.

Based on our work, we have been able to provide **full assurance** over the system of controls. We found that the General Ledger continues to be appropriately managed and accurately maintained. Some minor issues were raised and agreed with management during the audit (these were not formally reported) and one recommendation was restated from our 2011/12 report relating to the lack of action taken to clear a £55k debit on the Public Street Works suspense accounts. It has been agreed with management that this will be rectified in the current financial year.

Accounts Receivable (Corporate Resources Directorate)

The Accounts Receivable system is administered through SAP and is one of the Council's fundamental accounting systems. As such, the system is subject to an annual internal audit, covering the following control objectives:

- All chargeable services provided and goods despatched are identified and billed at the correct amount;
- All income due is invoiced and correctly recorded;
- Credit control and debt recovery processes are adequate;
- Write offs, credit notes and refunds are valid and are properly authorised;
- There is adequate segregation of duties in the invoicing and receipting functions.

The review found that although key controls in the system continue to be effective in ensuring that debts are being raised and income is received and recorded, there were a small number of lower risk areas where controls could be strengthened. These related primarily to ensuring that proof of debt is always provided when raising invoices and strengthening separation of duties in some areas.

Overall, based the work completed, we have been able to provide **substantial assurance** that there is a sound system of controls in place, with all recommendations agreed with management as part of a formal action plan.

Pension Fund Investments (Corporate Resources Directorate)

The audit of Pension Fund Investments was undertaken in accordance with the Pension Fund Internal Audit Strategy, covering the following key control objectives:

- All pension fund investments are completely, accurately and correctly recorded in the general ledger, including the proper segregation of ESCC and ESPF assets;
- All Pension fund and fund manager performance is monitored, with appropriate action taken in the event of under-performance;
- Cash/short-term investments held by ESCC on behalf of the fund are accurately apportioned, with all income from interest and dividends received promptly and completely; and
- All risks to the availability, integrity and security of data are adequately managed.

Following a recommendation made in the 2011/12 internal audit report, procedure notes have been updated to reflect the creation of a separate bank account for the Fund. Apart from one minor recommendation to update these to include the treatment of VAT, no other recommendations were made and we have been able to provide **full assurance** over the control framework. This is an improvement on last year's opinion of substantial assurance.

Pension Fund External Control Assurance (Corporate Resources Directorate)

East Sussex County Council has a statutory responsibility to administer and manage the East Sussex Pension Fund (ESPF), which is valued at over £2.0 billion, on behalf of all participating employers and past and present contributing members.

A detailed review of reports relating to the internal controls of fund managers and the global custodian provide the County Council with some assurance that assets and investments are adequately safeguarded. Whilst in previous years, reliance has been placed on internal audit to perform this review, it was agreed at the conclusion of the 2011/12 audit that the Pension Team would perform this activity in future years, with assistance from internal audit where required.

This review, undertaken in accordance with the Pension Fund Audit Strategy, covered the following key control objectives:

- The County Council has identified and receives all sources of external control assurance for 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. Where they do not, appropriate action is taken.

We have been able to provide **full assurance** over the control framework based on the work carried out. Clear evidence of the review undertaken by the Pension Team of sources of assurance from the principal fund managers was obtained and a summary of exceptions identified had been compiled and appropriate action identified. No recommendations were made as a result.

Contracting and Procurement – British Telecom (BT) Global (Corporate Resources Directorate)

As part of an on-going programme of reviews examining high value areas of spend across ESCC, we undertook a review of procurement and contract management arrangements with BT Global, one of the Council's top twenty suppliers of goods and services (by value). With the increasing financial pressures facing ESCC, it is essential that effective contract management arrangements are in place to ensure continued service delivery and value for money.

A five year contract was awarded to BT Global Services in 2006 for the provision of a managed voice and data network (i.e. the NGN 'Next Generation Network') to the Council's 201 schools and 147 corporate sites. Excluding initial charges, this contract was worth around £1.35m pa and includes provision for extra costs in respect of requests for additional services.

Following the Council's decision to exercise an option within the contract on Fixed and Wireless Access Services, the scope of the services provided was revised in 2008 for a one-off charge of £1.75m and an additional recurring cost of £0.3m pa.

The main purpose of this audit was to give an opinion on whether the services are delivered in accordance with the contract, all payments are valid and accurate and that all changes are adequately controlled.

The key control objectives were to ensure that:

- Governance arrangements are robust and enable the contract to be managed effectively;
- Change Control processes ensure all requests for any additional/varied services are properly assessed and authorised;

- Contract management arrangements ensure services are delivered in accordance with the schedules in the contract and that all payments are accurate;
- Network performance and availability is adequately monitored against the Service Levels and targets described in the contract and reimbursement is sought from the Contractor for any failures;
- Service improvement projects have been successfully implemented during the period of the contract;
- A practical and effective exit strategy is in place.

With the exception of one minor recommendation for improvement, we did not identify any major areas of risk. Good contract management arrangements were found to be in place, as well as sound financial management that is effective and ensures that all payments are accurate and that services are delivered in accordance with the contract. We are therefore pleased to be able to provide an opinion of **full assurance** in this area.

Income and Revenue Collection (Corporate Review)

The County Council receives revenue from numerous sources and across a range of services. This corporate review of income and revenue collection targeted specific service areas where income is received, as follows:

| Department | Service | 2011/12 Income for Service Area |
|------------------------------------|-----------------------|--|
| Children's Services Department | Music Service | £1,662,159 |
| Economy, Transport and Environment | Speed Awareness | £1,529,520 |
| Governance and Community Services | Registration Services | £1,317,589 |
| Governance and Community Services | Libraries | £752,069 |
| Adult Social Care | Equipment | £1,716,000 |

The main purpose of the audit was to examine the arrangements for ensuring that cash and other income collected is accounted for and banked accurately, promptly and securely, and to gain assurance that the Council is correctly billing and receiving all the revenues to which it is entitled. The audit sample covered two of the five Council Registration Offices, two of the Council's major libraries and one smaller library.

Overall, we found that income and revenue collection is well-controlled across the Council and that these controls are proportionate to the level of revenue at risk. Because of the different arrangements in place for managing income across each of the service areas, a separate audit opinion has been provided for each department. These are as follows:

| Department | Opinion |
|------------------------------------|------------------------------|
| Adult Social Care | Full Assurance |
| Children's Services Department | Substantial Assurance |
| Economy, Transport and Environment | Substantial Assurance |
| Governance and Community Services | Partial Assurance |

In total, we made thirty-five recommendations within our report; all of which were accepted by management and appropriate actions have been agreed to strengthen controls where necessary.

The key findings included:

- Within the Music Service (Children's Services), income from concerts is not reconciled to ticket sales. Without reconciliation, it is not possible to identify discrepancies between ticket sales and income collected, therefore increasing the risk of error or fraud.
- There are a number of areas within Speed Awareness (Economy, Transport and Environment) where key reconciliations are not performed. Without these, we were unable to provide assurance that all attendees have paid in full and that discrepancies have been identified.
- Within Libraries (Governance and Community Services), there is a time delay between the cash being taken from tills and being counted, increasing the risk that income is not wholly accounted for. There is also no policy in relation to the waiving of fees which may result in fees being waived inappropriately, resulting in a loss of revenue.
- Within Registration Services (Governance and Community Services), the documents used to record income are overcomplicated and there is no appropriate reconciliation process, increasing the risk that income is not correctly accounted for.

Public Sector Wide Area Network - The Link (Corporate Resources Directorate)

Public services in Sussex rely on a number of wide area network (WAN) services, bought over time to support sector-specific business needs. A number of these contracts are now coming to an end and need to be replaced. This provides an opportunity for public sector organisations in Sussex ("the consortium") to combine the demands of these different sectors and put in place a new agreement to provide flexible, cost effective network services via the Link.

East Sussex County Council has taken responsibility for acting as the Lead Procurement Partner for the consortium services that are being procured.

The overall objective of this review, undertaken by Deloitte and commissioned jointly with Brighton & Hove City Council (B&HCC) Internal Audit, was to provide assurance as to the adequacy and effectiveness of key controls applied to this project, specifically in relation to:

- the LINK Programme and WAN project Governance Framework;
- the LINK Network stakeholder management;
- the LINK Wide Area Network Supplier Management and ITT Compliance; and
- the LINK Consortium Wide Area Network Acceptance Standards.

Overall, we found the control environment to be sound and that best practice is followed in most areas. We were able to provide an opinion of **substantial assurance**. Only two minor recommendations were made. These related to:

- the implementation of a performance monitoring framework in order to assess service delivery achievement at both service recipient organisations and at the overall strategic level, reducing the risk of inadequate service delivery;
- the need for an effective financial reconciliation procedure to confirm that appropriate cost recovery takes place, thereby reducing the risk of shortfalls and surplus billing.

Both recommendations have been agreed with management and further audit work on this project will take place in 2013/14. This will continue to be delivered in conjunction with B&HCC Internal Audit.

Security of Mobile Devices (Corporate Resources Directorate)

This review, undertaken by specialist ICT auditors from Deloitte, examined controls over the security of mobile devices used within the County Council, including adequacy of policies, technical security settings, asset management arrangements, incident reporting and training.

As a result of the work carried out, we have been able to provide **substantial assurance** over the control environment with the control environment found to be sound and best practice followed in most areas.

Only two recommendations for improvement being made and these related to the potential for additional power-on passwords on ESCC laptops and controls over access for removable devices.

Transfer of Public Health (Governance and Community Services)

The Health and Social Care Bill, introduced in January 2011, proposed changes to the way in which health services are commissioned, delivered and assessed. This included the transfer of Public Health responsibilities to ESCC and further integration of commissioning arrangements.

ESCC has established a cross-departmental project group to coordinate and facilitate the integration of staff, commissioning arrangements and related support functions and budgets from the PCT's into the Council. Supported by a project initiation document, action plan and risk log, the project is being managed in three stages:

- Phase 1: Interim arrangements from April 2011 and planning for Phase 2;
- Phase 2: Full integration into ESCC by March 2013;
- Phase 3: Embedding new arrangements after the PCT's are abolished.

During the quarter, we have provided advice and support to the project group through attendance of project meetings. We have also undertaken a review of the project risk register as a result of which we are able to confirm that this is robust and that all of the proposed mitigating actions are sufficient in addressing project risks.

Adoption Allowances (Children's Services Department)

The County Council currently makes regular financial allowance payments to 86 adopters of children. The total value of adoption allowances during 2011/12 was £666k. In addition, allowance payments are made to residence order and special guardianship carers of children. The total value of these allowances during 2011/12 was £1.372m. Eligibility for an allowance is based upon an annual means test of each carer's financial circumstances.

The key control objectives of this audit were to ensure that:

- Comprehensive policy and procedure documents are in place for staff to follow when carrying out financial assessments and assessing eligibility for allowance payments;
- Allowances are paid at the correct value, within the required timescales and only to those adopters and special guardians who are eligible;
- Appropriate action is taken when insufficient or inaccurate information is provided by adopters or special guardians.

Generally, we found that the administration of adoption, special guardianship and residence order allowances is adequately controlled. However, some areas were identified where arrangements could be further strengthened and this resulted in an opinion of **partial assurance**.

The payment of correct allowances is reliant on information provided by claimants, and it is in this area where the main improvements are necessary to ensure payments accurately reflect a claimant's current circumstances.

We found that improvements were necessary in relation to:

- Procedures covering the financial assessment process and documentation used, including developing a more robust declaration by claimants with regard to their responsibilities;
- The adequacy of documentary evidence from claimants to support their claims;
- Arrangements for identifying and acting upon changes in a claimant's circumstances to ensure continued payment of the correct amounts;
- Clarifying the policy with regard to the payment of allowances where claimants fail to provide annual reassessments and associated evidence;
- The authorisation process for allowance payments at rates other than those originally approved.

All recommendations arising from the review have been agreed with management as part of a formal action plan, with the majority due to be implemented within the final quarter of 2012/13.

Section 75 Pooled Budgets (Children's Services Department)

Pooled budgets were introduced by central government to give NHS bodies, local authorities and other partner agencies the freedoms and flexibilities to jointly respond to needs that fell between services traditionally associated with each individual organisation. They were therefore developed to allow these organisations to form partnerships and "pool" resources to bridge the gap between their traditional services. These resources include staff time, service provision, property and funding.

Within East Sussex, a pooled budget arrangement was set up in March 2011 between ESCC, East Sussex Downs and Weald Primary Care Trust (PCT) and Hastings and Rother PCT. The agreed aims of the partnership are to deliver, in East Sussex, the:

- Integrated Good Start Service;
- Children's Integrated Therapy Service;
- Services of Emotional Health and Wellbeing of all children and young people in East Sussex.

The total pooled budget for 2011/12 was £27,092,997. This is made up of a contribution from ESCC of £11,739,708 and the PCT's contribution of £15,353,289. The position at the end of 2011/12 was an under spend of £223,000, relating to ESCC's contribution.

ESCC is the host of the agreement. As the accountable body, the Council could potentially be responsible for any liabilities or losses which occur in relation to the pooled budget. This places an additional responsibility on Members and Officers to ensure that appropriate governance arrangements, both financial and otherwise, are in place.

The key control objectives of this audit were to ensure that:

- Partnership governance is robust;
- Financial management arrangements are clearly set out and in accordance with statutory obligations;
- There are effective budget management arrangements for the pooled budget;
- Adequate management information exists to enable informed decision-making.

As part of the review, our testing incorporated the latest CIPFA best practice requirements for managing pooled budgets between local authorities and the National Health Service. With reference to these, it is our opinion that there are currently barriers which prevent ESCC, as the host partner, from ensuring that the pooled budget achieves its objectives. As a result, we have only been able to provide an opinion of **minimal assurance**.

This opinion has been given primarily as a result of the lack of financial information being provided to ESCC from organisations providing services, principally, East Sussex Healthcare Trust (ESHT). Whilst the County Council is monitoring its own spend from the pooled budget through SAP using standard budget management arrangements, it is unable to monitor the overall pooled budget spend without the necessary information being provided by service providers. Children's Services management recognised this issue but to date have been unsuccessful in obtaining the required financial information for ESHT.

Whilst management have escalated and challenged this issue through alternative mechanisms, including the Joint Commissioning Board and the Joint Executive Group (the leaders of ESCC and NHS Services), the pooled budget arrangement comes to an end on 31 March 2013, with the abolition of the PCT. The County Council and the three East Sussex Clinical Commissioning Groups (CCGs) have subsequently agreed that it would not be appropriate to try to set up separate pooled budget arrangements between ESCC and each of the CCGs. As a result, it is understood that the proposal is to undertake "aligned" commissioning, in which joint commissioning policies are agreed and then implemented separately through respective commissioning processes. The

new arrangements are currently being developed and will be subject to review by internal audit during 2013/14.

Although the current pooled budget is shortly to end, management have committed to undertaking a review to ensure that wherever possible, any lessons learned can be incorporated in a future commissioning and pooled budget arrangements.

Discretionary East Sussex Crisis Support Scheme (Adult Social Care)

Funds administered by the Department for Work and Pensions through Job Centre Plus (DWP) for Community Care Grants and Crisis Loans for living expenses are to be transferred to local authorities from April 2013, as part of the Welfare Reform Act 2012.

The Discretionary East Sussex Support Scheme (DESSS) is therefore being set-up to assist East Sussex residents facing temporary financial hardship, where the need cannot be met any other way and where there is a significant risk to health and safety.

The discretionary scheme aims to:

- Meet the most fundamental needs of hunger and warmth in an emergency or crisis and on a short term basis;
- Provide assistance to people to establish or maintain themselves in the community.

A DESSS steering group has been developed to deliver the scheme's aims. During the quarter, we have provided advice and support to the steering group through attendance at meetings. We have also assisted in the development of a risk register and worked with the project manager to provide challenge to the project's identified risks and associated mitigating actions. This work is continuing and will be reported on in quarter four. In addition, as systems and processes for delivering welfare to residents are developed, we will provide advice on the adequacy of controls.

e-Sussex Local Broadband Plan – Project Governance (Economy, Transport and Environment)

The Digital Britain Report (2009), identified that approximately one third of the UK would not have access to superfast broadband from existing carriers, because it would not be commercially viable for them to provide it. As a result, the government, through Broadband Delivery UK (BDUK), set aside £530 million to address this gap and help deliver superfast broadband in areas of market failure.

BDUK has allocated £10.64 million to the East Sussex and Brighton & Hove area, which is expected to cover 90% rollout and which must be matched locally. Funding from BDUK can only be drawn down upon production and approval of a Local Broadband Plan.

ESCC and Brighton and Hove City Council (B&HCC) have produced a Broadband Plan which was approved by Cabinet in March 2012 and by BDUK in April 2012. The funding from BDUK is to be added to an investment from ESCC of £15 million, providing almost £26 million to support the roll out of superfast broadband across the County.

A private sector telecommunications provider will be sought to act as a partner to co-invest in superfast broadband provision, using BDUK funding as gap funding.

The key control objectives of this audit were to ensure that:

- Project governance arrangements are robust and in line with best practice and legislative requirements;
- All partners clearly understand the extent of their involvements and their responsibilities;
- Key risks are identified and adequately mitigated thorough the lifetime of the project;
- Clear, consistent and relevant communication processes are applied throughout the lifetime of the project;
- Adequate reporting and performance/financial monitoring arrangements are in place that enables informed decision-making;

It is pleasing to report that, based on the work undertaken, we have been able to provide **full assurance** over governance arrangements. Overall project management and risk management arrangements were found to be robust, with engagement from all relevant stakeholders and clear lines of reporting and escalation. Only one minor recommendation for improvement was made and agreed with management.

Investigations

Theft and Misuse of Assets (Economy, Transport and Environment)

During 2012, an internal audit investigation was undertaken following receipt of allegations relating primarily to the theft and improper use of County Council assets by a member of staff with Economy, Transport and Environment (E,T&E).

Whilst our subsequent investigation was unable to account for the whereabouts of a number of assets and items of equipment, it was not possible to establish how the losses had occurred or to prove who was responsible for this. However, as part of the same investigation, evidence was obtained of the inappropriate use of Council vehicles by a member of staff. This individual has subsequently left the Authority.

Further work is underway to address a number of other management issues identified during the course of the investigation and this will be supported by a detailed internal control report currently being finalised, which sets out a range of control improvements within the service area concerned. Management within E,T&E and beyond are already taking action to address these issues in advance of the publication of our report.

High risk recommendations where implementation is overdue

In both of the instances where recommendations are overdue, implementation is dependent on external software suppliers either amending or upgrading existing systems. Whilst these continue to be pursued by management, a range of interim compensating controls and have been implemented in order to mitigate the potential risks.

Two other instances have been identified where high risk recommendations have only been partially implemented within the agreed timescales. Although the action taken to date has enabled the risk to the Council to be reduced, further work is still required. Both recommendations relate to the same area which is currently subject to a formal follow up review by Internal Audit, due to be reported in quarter 4. Further details on all of these areas are provided below:

Overdue Recommendations:

Review of Concessionary Fares Scheme (Economy, Transport and Environment) – Access controls for the 'Faredeal' system (the database of card holders) required strengthening, particularly with regard to users within Libraries. Implementation of the original recommendation is however dependent on working with the software suppliers to make the application more secure and this is something management are continuing to progress.

In the interim period, the Public Transport Team has agreed to implement a series of mitigation measures, including the following:

- monitoring any usage outside of normal hours;
- use of work rotas to identify system users;
- spot-checks of passes issued, against application forms received;
- ensuring that staff leavers are deleted from the system promptly.

Youth Offending Team (Children's Services) – Password controls to the Youth Offending Information System (YOIS) were found to be weak and not in compliance with our Corporate Standards. This was deemed to be a high risk issue in view of the sensitivity of data contained within the system. Implementation of improved controls is dependent on external software suppliers and it is understood that management are working to ensure this is achieved through future upgrades. In the meantime, management have agreed to implement a monthly review of all system users and ensure all system passwords are changed every month.

Partially Implemented Recommendations:

Development of Traded Services (Children's Services) – as part of our review of Traded Services with schools we made two recommendations concerning the need for more robust arrangements for calculating the costs of providing services and the associated prices to be charged. Management have confirmed that whilst such arrangements have now been developed and a workshop has been held for heads of service in order to communicate this, there remain some concerns over the accuracy of overhead calculations and whether all relevant managers are aware of what is required. This is an area which is currently subject to a formal follow up review by Internal Audit in order to assess progress.

Internal Audit Performance Indicators

| Measure | Source of Information | Frequency | Specific Measure / Indicator | RAG Score | Actual Performance @ Q3 |
|----------------------------|--|--------------------|--|-----------|--|
| Client Satisfaction | | | | | |
| Chief Officer/DMT | Consultation / Survey | Annual | Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement. | G | Confirmed as part of service review and audit planning process. Improvement actions built into business plan |
| Client Managers | Satisfaction Questionnaires ¹ | Each Audit | >89% | G | 92.7% |
| Section 151 Officer | Liaison Meetings | Quarterly | Satisfied with service quality, adequacy of audit resources and audit coverage. | G | Confirmed via approval of audit strategy and plan and on-going liaison. |
| ABV&CSSC | Chairs Briefing and Formal Meetings | Quarterly / Annual | Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement. | G | Confirmed through annual review of effectiveness and feedback from committee. |
| FRG | Consultation | Annual | Confirmation of satisfaction with service quality and coverage and feedback on areas of improvement. | G | Confirmed as part of service review and audit planning process. No longer applicable – a new measure to be determined for 2013/14. |
| Cost/Coverage | | | | | |

¹ The performance against this measure had been incorrectly calculated in Quarter 1. The Quarter 2 and 3 performance correctly shows the percentage of completed questionnaires which rated the service as satisfactory or above, against all categories.

| Measure | Source of Information | Frequency | Specific Measure / Indicator | RAG Score | Actual Performance @ Q3 |
|---|--|---------------|---|------------|--|
| CIPFA Benchmarking | Benchmarking Report and Supporting Analysis Tools | Annual | 1. Cost per Audit Day; 2. Cost per £m Turnover; equal to or below all authority benchmark average | G | 1. £303 against average of £309 2. £514 against average of £931 |
| Local and National Audit Liaison Groups | Feedback and Points of Practice | Quarterly | Identification and application of best practice. | G | Ongoing via attendance at CCAN, HCCIAG and SAG. |
| Delivery of the Annual Audit Plan | Audits Completed | Quarterly | 90% of Audit Plan Completed. | G | 70.5% |
| Professional Standards | | | | | |
| Peer Review / External Assessment | Inspection, Assessment and Report | Every 3 Years | Completed and implementation of any actions arising. | N/A | Planned for 13/14 |
| External Audit Reliance | Fundamental Accounting Systems Internal Audit Activity | Annual | Reliance confirmed. | G | Confirmed as part of Annual Governance Report |