Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Corporate Training Management	The Learning & Development Team within HR&OD Service completed the PVR and the PVR Implementation Action Plan was approved by the Cabinet on 28 February 2012. It had a number of actions to be completed between Feb 2012 and March 2015. The purpose of the audit was to review the progress made on the Action Plan and the implementation of change management to the newly formed Organisational and People Development service.	The implementation of the PVR Action Plan was delayed due factors beyond the control of managers responsible. HR&OD service did not follow the change management policy robustly during the transition allowing two structures to operate simultaneously. The current training planning process is not robust with informal quarterly training plans in place. Plans used for budget monitoring were overwritten by Business Support staff without keeping management trails. Although Advance Coaching for Change and the Apprenticeship Scheme were successful, the statistics reported in the monthly STARS reports were not consistent or comparable. Courses are offered to partners without making them commercially viable.	Some Improvement Needed	Report slippages in implementation and expected savings to the COSC on a quarterly basis. **(H)** Adjustments made to the OPD team structure via the PVR should be authorised by the Directorate Leadership Team and changes to pay should be communicated promptly to Payroll **(M)** Compile a Training Plan using input from stakeholders, formally approve and regularly monitor. **(H)** Robust budget monitoring by budget holders trained to manage their budgets using the new financial forecasting dashboard **(H)** Monthly STARS reports should show statistics of training to staff internal and external to SCC with consideration of cancellation fees **(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Transport for Education	This audit was undertaken to determine the home to school transport arrangements in place in 2 services - Schools and Learning (S&L) and Economy, Travel and Planning (ETP).	Staff are unable to request transport in a consistent manner due to absence of written procedures for children with Special Educational Needs (SEN).	Major Improvement Needed	SEN staff should have clear written procedures to allow consistency (H)
		Requests are made on e-suite forms are not completed in full.		Requests should be completed in full on forms with mandatory fields and the facility to upload them to the Transport system (H)
		Difficulties in obtaining management information from Trapeze PASS System have strained relationships. A new system is currently being procured. There is no service level agreement in place between S&L and ETP.		Senior Management should ensure that management information from the new system is fit for purpose (H)

A service level agreement to reflect the required arrangements should be in place (M) |
		There are no SEN officers present at the annual review by the schools of the SEN children which covers their transport. The schools are reluctant to change current transport arrangements as they do not pay for them.		The SEN officers should be present at the reviews. The written reviews from schools should be reviewed by SEN Officers to indicate approval of the reviews and the costs (H)
		The current budgets for mainstream and SEN transport do not reflect the requirement and have not been reviewed in recent years.		The budgets need to be set from a zero base and managers should have the necessary information to monitor the budgets effectively (H)
		The risk registers are not reviewed regularly and the relevant risks are not included in the risk register.		Up to date risk registers should acknowledge all of the risks and senior management should review them regularly to take mitigating actions. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
General Ledger	The General Ledger is a key financial system, which provides a comprehensive financial picture of the Authority's use of resources. SCC's General Ledger is a fully integrated part of the SAP system and as such, it facilitates the automatic and simultaneous updating of the financial accounts and cost accounting records.	A business efficiency re-organisation means that accountants now input their own journals into SAP directly and these are not always checked by another person. The re-organisation above was done before a solution was found to fully control access to a powerful form of journal that can make payments to SCC vendors. A solution may now be difficult to implement. Bank statement data downloaded from HSBC and then uploaded into SAP could potentially be altered during data transfer. A number of key balance sheet accounts had not been reviewed, reconciled or cleared within the required timescale. Problems with the matching of accrued amounts on the Creditor's balance sheet code (the 'GR/IR Creditor Account'), with subsequent payments made has led to a substantial overstatement of the creditor and some double charging of budgets. This issue was highlighted by the External Auditor in their Annual Governance Report for 2011/12	Some Improvement Needed	Consider introducing a monthly, sample journal testing routine to help confirm that proper diligence is being employed by staff making journals. (M) Consider what investigation is needed to determine the historic use of the facility to pay a vendor by use of the F-02 type journal and complete work already initiated prior to the audit on how controls over this powerful SAP 'transaction' can be improved. (M) Consider improving the controls around the processing and data integrity of bank statement data downloaded from HSBC systems and uploaded into the SAP General Ledger. (M) Seek a complete set of assurances from all staff allocated to reconcile, agree or clear specific balance sheet codes each month by the specified deadline. (M) Consider what system changes can be made to reduce the likelihood that payments are made which are never matched to an existing charge to the Service. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Follow up Review of Rental Income – Position Statement	The review of Rental Income audit in 2011/12 was given the audit opinion of Major Improvement Needed. This follow up review was undertaken to report on the progress made to date in implementing the recommendations agreed in the Management Action Plan by the Head of Property Service.	The re-structure of Property Services following the PVR was completed in September 2012. The review of leases resulted in zero based budgets for most properties being set during 2012/13. Budget monitoring is reported in detail to show variances and year-end projections with sufficient explanations and since August 2012 accruals have been included as part of budget monitoring. The contract was signed in June 2012 with Atrium Property Systems for PAMS implementation. The informal interim process set up for debt management involving Legal, Finance and staff in the Shared Services Teams until PAMS is implemented is working. These processes would be more effective if they were formalised. The reconciliation of rent deposits was work in progress at the time of audit and is expected to be completed for reporting on a quarterly basis from 2013/14. The risk register is not currently maintained and lodged on the S:net.	Some Improvement Needed	Preparatory work towards PAMS implementation in 2013/14 should continue. (M) The debt management process should be formalised via a service level agreement. (L) Reconciliation of rent deposits should be completed and reported quarterly from 2013/14. (M) The risk register should be updated and lodged on S:net. (M)

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Residential Block Care Contracts	Surrey County Council's residential care services are provided by a mix of providers (both in-house and external profit and not-for-profit groups). In 2011/12, the council spent approximately £25 million on the two contracts with Anchor (£18 million) and CareUK (£7 million).	There was evidence that Anchor and Care UK are delivering services in accordance with their contracts and to agreed quality standards. Due to a lack of benchmarking data it was not possible to form an opinion on value for money that these contracts offer compared to neighbouring authorities although projected spending for both contracts was in line with budgeted spending for 2012/13. The service confirmed that data does exist to allow meaningful VFM comparisons to be made between the council's in-house service provision and spot contracting for these services against data that has been collected for charges levied by external private providers (e.g. BUPA). The contracts with Anchor and Care UK do not have a single over-arching contract manager, although there are two dedicated contract managers for the respective providers. The contract's risk management processes required improvement.	Some Improvement Needed	ASC and other directorate stakeholders consider whether the present arrangements to oversee the contracts with Anchor and Care UK allow for the delivery of not just the contractual basics, but also enable clear strategic decisions to be made and additional benefits to be delivered to the residents of Surrey. **(M)** It is recommended that Adult Social Care implements a formal risk management process for these two contracts. **(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Registration Service	The Registration Service is a net financial contributor to Surrey County Council (SCC) finances. Its Medium Term Financial Plan shows a gross budget of £1.676 million in 2012/13 with an expected surplus of £286,000, rising to £1.807 million and £305,000 respectively in 2016/17. A Public Value Review (PVR) was completed on the Registration and Nationality Service, and the final report presented to Cabinet on 19 June 2012. As with all PVRs, the objective of the exercise was to ensure the Service delivered improved outcomes and value for money for the residents of Surrey.	Some benefits identified by the PVR have not been costed. None of the benefits mentioned in the PVR report reference an overall income strategy which describes the actions taken by the Registration Service to generate revenue. The PVR report recommends centralising the administration of these ceremonies at Leatherhead. Neither potential associated costs nor the expected level of savings are specified in the report or action plan. Issues affecting the council's Citrix system since September 2012 have impacted on both efficiency and service delivery in Registration offices. In addition to increasing the time needed for appointments, customers have experienced a level of inconvenience as a result.	Some Improvement Needed	The Registration Service should consider developing an income strategy to include quantification of those benefits envisaged as part of the PVR. The strategy should also consider the review and setting of fees/charges and other income streams such as advertising. **(M)** Consider engaging with SCC's Communications Service to develop the Registration Service external web pages as a 'shop window' for fee-earning services. **(M)** The Registration Service should consider reviewing the net cost of centralisation prior to deciding on whether to move wedding and civil partnership ceremonies administration to Leatherhead. **(M)** Registration service to continue to engage with IMT with the aim of ensuring as a matter of urgency that customer-facing systems do not impact of service delivery. **(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
CRB Clearance	The requirement to undertake Criminal Records Bureau (CRB) checks has been changed by the Protection of Freedoms Act 2012. This has provided new definitions for 'Regulated Activities', being contact with adults and children by persons as part of their official duties. The audit reviewed the processes for establishing compliance with the new Act.	Surrey County Council Safer Staffing Team manages the application process for criminal record checking of potential and existing officers and members as appropriate. The officers running the project have taken a measured approach to introduce the changes. The project team have provided documented guidance, met concerned individual managers to explain the changes and plan to publish a revised easier to follow policy. There has been a slower response than expected from the services in returning essential information to enable the changes to be fully implemented.	Some Improvement Needed	HR to use best means to ensure all services complete their returns by 1 April 2013. **(M)** HR to ensure that the Safer Recruiting Policy is clear about the circumstances for DBS checks the council can/will request. **(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Section 106 developer contributions and CIL	Community Infrastructure Levy (CIL) came into force on 6th April 2010 and will allow Local Planning Authorities to raise funds for infrastructure associated with developments. CIL differs from s106 as it is based around a tariff per square metre of new or increased floor space. As an example, Elmbridge BC have set charges at £50/m^2 for retail developments and £125/m^2 for residential dwellings and at these rates it is estimated CIL would generate in the region of £24m for infrastructure developments within that borough over the next ten years.	With the variable progress made to date by the remaining Local Planning Authorities (LPA) and on-going discussions still at an early stage it was decided that Internal Audit would not be in a position to provide any hard and fast assurances to management that systems would be robust. Instead the decision was taken to identify and highlight a number of key areas which officers should monitor in order to ensure that SCC obtains the best results possible. These include: • attempting to develop a common process with the 11 LPAs in order to minimise workloads; • robust development of plans for future infrastructure which will stand challenge; • managing expectations around the actual levels of funds that may become available through CIL, and • robust governance arrangements for scheme prioritisation and funding release.	N/A	No recommendations made.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Early Years Education Funding	Surrey County Council administers and provides the funding to 666 registered nurseries ('settings') in Surrey. These settings claim the free provision on behalf of parents that is available to children aged three, four and in certain circumstance, two years old. Approximately 16,000 children take up Early Years funded places in Surrey. Claims are made for individual children for up to 15 hours per week. The annual cost to the council in making this provision is £32m	There were no significant issues of non compliance found at the sample of settings visited. The introduction of a web based recording and claims system required IT work to enable it to progress.	Some Improvement Needed	Three medium priorities on updating information on record keeping, the introduction of the electronic claims system enabling more site visits and checks with released resources.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Commercial Services	Commercial Services (CS) is a trading department of the council with four separate trading businesses covering: education catering; civic catering; building cleaning; and school equipment maintenance.

Located within the Schools & Learning (S&L) Service, CS' turnover for 2011/12 was approximately £23m. This included a £1m grant for school meals and a £280k subsidy for civic catering.

This audit reviewed the governance arrangements in place for CS. | Despite successfully surviving in a competitive market, CS has fundamental weaknesses in its management arrangements.

Clear, documented governance arrangements have not been agreed with senior management or members and key objectives are not readily identifiable. Ability to report of CS' performance is therefore severely limited.

Inadequate reporting arrangements have reduced CS' visibility and links with the corporate centre need strengthening. | Major Improvement Needed | New written Governance Arrangements must be produced, approved by the Education Select Committee and signed by both the Head of CS and Assistant Director for S&L. **(H)**

The Head of CS should produce a concise annual strategy and business plan summarising the key priorities and objectives for the year. This must be agreed with the Assistant Director for S&L and presented to the Education Select Committee. **(H)**

The Head of CS should produce a quarterly written update for the Assistant Director of S&L. This may be a one-page summary but should be in a consistent format so that changes in position may be easily identified. **(H)** |

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Making a Difference Programme	The Making a Difference - New Ways of Working business case was approved by Cabinet on 28 September 2010 to deliver savings of £39m over 10 years. The Council Overview and Scrutiny Committee requested that an audit be included in the Internal Audit Plan 2012/13 focused around "process and achievements in light of resources allocated".	The Internal Audit review of the Making a Difference programme found that the financial management of the programme was robust and it has achieved its business case by exceeding the saving expected on the revenue budget. The programme has resulted in a significant change for Surrey County Council with the rationalisation of offices and equipment with the shift to more mobile working continuing as work in progress. The programme is now largely complete with the remaining areas either incorporated into the People Strategy, by becoming business as usual or identified as a future need to be supported by a detailed business case.	Effective	There were no recommendations from the review.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Revenue Budgetary Control	Sound revenue budgetary control is vital to the Authority in achieving its objectives within increasingly tight financial resources. A range of controls have been established over recent years on how the revenue budget should be managed. Some of these controls are derived from the SCC's constitution and its financial regulations and instructions. Some controls are now being modified on a risk assessed basis to reduce the cost of financial management.	The Authority has robust overall processes for setting its annual budget and is building-up its reserves. The Authority's operation of a detailed five-year Medium Term Financial Plan (MTFP) is a particular strength of its arrangements. The likely final revenue outturn position is expected to be favourable overall, although pressures on the ASC care budgets will be more evident this year. Historic trends might suggest that the final outturn for 2012/13 may be a slightly higher underspend than has been predicted during the year, reflecting managers' commitment to deliver planned services and overcome slippage. The service pressures on ASC reflect increasing demand for services which is difficult to predict. However, demographics and economic data points to continuing service pressure that is likely to rise ahead of commitments from those residents already requesting support.	Effective	8 low priority recommendations were made and all were all agreed with the Deputy Chief Finance Officer.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Review of Payroll	SCC's Payroll system is a key financial system and is audited annually to ensure that adequate controls are in place and working satisfactorily.	The overall controls of the payroll systems have been adequate with improvements in some areas required to streamline the processes. However, audit testing has highlighted some instances of errors and non-compliance which while relatively small in value has an administrative overhead.	Some Improvement Needed	Non compliance of the existing leaver procedures and staff changes should be challenged by Payroll staff and reported to Heads of Service **(M)** Accounts Receivable Team should be provided with all supporting documentation for salary overpayments by Payroll when the request to raise an invoice is made **(M)** Heads of Service to be notified of the debts arising when salary overpayments remain uncollected so as to charge back to their budgets (**M**) Streamline recruitment processes to prevent processing of incorrect e-suite forms & incorporate the Rapid Improvement Event outcome **(M)** Personnel files with signed e-suite forms should be readily accessible **(M)** Regular completion of the gross to net pay reconciliation.**(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
ASC Transport	Residents in Surrey who have eligible social care needs as defined in the Fair Access to Care Services criteria are entitled to support from the council to meet their social care needs, this includes any specific transport needs a service user may have.	All service users in the sample tested by the auditor used appropriate means of transport given their needs. The audit identified instances where service users used vehicles funded via Disability Living Allowance in their day-to day lives but were also provided taxis to access SCC services. The council currently does not have a policy of ensuring other means of transport are investigated prior to provision by the council. There is currently no policy regarding eligibility for the provision of transport in ASC.	Some Improvement Needed	Provide staff a checklist to ensure service users are using non-council funding and engaging available alternate sources of support (family community) prior to the council stepping in to provide transport. **(M)** Ensuring that the current review process being undertaken includes a consideration of transport options available. **(M)** Management should draft a "Provision of Transport" policy **(M)** A standardised system for recording transport costs on AIS should be instituted which facilitates management reporting and that allows comparisons to be made between cases. **(M)** An SLA similar to that being put in place with Children's Services should be developed within ASC to guide practitioners accessing the service and to set standards expected of the service. **(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Children and Families Care Leavers	The Care Leavers' Service (CLS) assists looked after young people through the process of leaving care and provides aftercare advice, support and financial assistance to Surrey care leavers whether they live locally or outside of the county borders.	The review of the governance structure for the CLS indicated that there is a strong framework in place. The membership of CPB includes key senior officers and partners showing the council's commitment to quality oversight and information sharing, placing the role of corporate parent as a high priority. The information provided to the Children, Schools and Families Select Committee and the CPB was independently verified and was accurate. Audit testing suggests transactions are appropriately authorised and payments are made in line with the 'Care Leavers' Service in Surrey Financial Guidance'.	Effective	No high priority recommendations
Pension Fund Investments	The Surrey Pension Fund (SPF) covers around 100 scheduled and admitted bodies, which include employees of the County Council (excluding teachers and fire fighters), District and Borough Councils and certain admitted bodies. This equates to a combined membership in excess of 75,000.	The audit found that the governance of the Surrey Pensions Fund had followed policy and had been robust. The fund is estimated to be 67% funded at 30 September 2012 although this figure will change when the re-valuation as at the 31 March 2013 has been completed. A more recent valuation of assets suggests a value of £2.3bn.	Effective	No High or Medium priority recommendation made.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Transfer Of Public Health	The transfer of public health functions from the Primary Care Trust (NHS Surrey) to Surrey County Council took effect on 1 April 2013 and SCC had established transitional arrangements from April 2012 to give itself time to prepare for the changes. As part of these transitional arrangements a team of public health colleagues relocated from their NHS offices to County Hall, Quadrant Court and Area Office 2 (AO2) on 16 April 2012.	The transfer of public health functions has been effective in terms of continuity of service and mitigation of risk. There were on-going issues surrounding the transfer of staff, particularly around the agreement of terms and conditions under the national transfer scheme, but evidence suggests that stakeholders within the council were abreast of the situation and taking appropriate action. A new Director of Public Health has been successfully appointed within the structure in the new financial year. An example of good practice within the overall governance of the transition was the early establishment of a shadow Health & Wellbeing Board well ahead of the required date for such a body to exist. This helped with clarification of health and well-being objectives and allowed early consultation with the local residents to set focused priorities. Minor issues with the IT provision during the transfer (particularly access to shared folders and access to email) have all been resolved.	Effective	No recommendations arising

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Pension Administration	Surrey County Council manages the Surrey Pension Fund for members of the Local Government Pension Scheme (LGPS) and is known as the 'administering authority'.	No significant issues have been identified during the course of this work. The controls over pension's administration, payment and accounting are evaluated as adequate, appropriate, and effective.	Effective	No recommendations
SAP Application Controls	The SAP Enterprise Resourcing Program (ERP) is Surrey County Council's key system for the input, processing and storage of Corporate data. The SAP system handles Financial Accounting, the purchase to payment process and the human resources payroll function to name a few of its key functions.	The key finding for this review is that the security model for the vast majority of users is appropriate and secure. There remains room for improvement in regards to applying the 'least privilege' security model to power users and administrators. There are 16 members of staff who are able to make changes to program and functions directly in production. Table logging in its most complete form is not active; therefore there may not be an audit trail for all changes to master records on SAP.	Some Improvement Needed	Access to the following should be secured/restricted as appropriate • e38 and Sa38 transactions • scc_crb_disc table • rainee Apprentice profiles **(H)** Developer actions should be totally removed from the production (live) environment. **(H)** Activate table logging or adapt the change document process to cover master tables in SAP. **(H)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Non Care Accounts Receivable (AR).	The AR team, in conjunction with the frontline services, undertake the debt management function whereby outstanding debts are followed up and recovered or recommended for write-off. To the end of quarter three 2012/13 the AR team had raised a total of £128.7m for both care and non care debt.	Audit testing of the AR system did not highlight any concerns for management. Monitoring and reporting of the levels of debt appears to be functioning satisfactorily and our review of a sample of accounts showed them to have been raised in both an accurate and timely manner. The authority continues to make provision for bad debts in line with the levels stated in the debt management policy contained within Financial Instructions.	Effective.	N/A
Treasury Management	Treasury Management in SCC is concerned with banking, cash flows, money and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.	Data security and business continuity arrangements for Treasury Management were found to be satisfactory. SCC complied with CIPFA's code for Treasury Management but may benefit from maintaining a final policy statement and a separate risk register in light of SCC's risk averse approach to Treasury Management.	Effective	No high priority recommendations were made.

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Schools Financial Value Standard (SFVS) Process	Maintained schools are required by the Department For Education (DfE) to submit an annual self assessment to the authority. This is part of the information that enables the s151 Officer to complete a declaration of assurance of financial management in schools	Schools completed the submission of the self assessments as required (a few late ones had genuine excuses). In addition the support processes and information required to support school financial management as defined by the DfE for the role and responsibility for the authority are in place.	Effective	One medium priority recommendation to share learning points from analysis of returns with Babcock 4S and schools. (This is the first year that all maintained schools had to make a submission)
Accounts Payable	Accounts Payable is a high volume, high value function and as a key financial system is deemed to have sufficient residual risk to be reviewed every year.	No significant findings in terms of control weaknesses. The auditor was able to give reasonable assurance that specific fraud scenarios are not attacking the Accounts Payable function	Effective	Library interim account payable processes to be migrated into the central corporate Accounts Payable function **(M)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Capital Monitoring	The Council approved an original capital budget of £141.7m for 2012/13, which formed part of SCC's Medium-Term Capital Programme of £681m. The delivery of the capital programme is key to ensuring the delivery of many services to residents. The 2012/13 capital programme budget was revised to £153.1m during the year.	The provisional capital outturn presented to the Cabinet for 2012/13 showed an initial forecast underspend of £11.5m, but with committed expenditure added, the outturn was an overspend of £6m on a revised budget of £153.1m. The new Chief Officer Capital Working Group (CWG) is operating as an effective capital programme management forum. The CWG has been able to help facilitate opportunistic property purchases ahead of the agreement of an investment strategy. These purchases aim to regenerate local town centres, provide service relocation options and enhance SCC's property portfolio to generate future resources. Assets acquired solely for investment purposes need to be procured through specific legal means. The departmental systems for monitoring capital expenditure were generally found to be appropriate and there was a marked improvement in the robustness of forecasting in the cases examined compared to the previous year.	Some Improvement Needed	The Head of Property Services should prepare business cases for planned acquisitions that clearly identify specific economic development aims and service needs for these properties, which closely align with a planned investment strategy and a set of investment criteria agreed by Members. Consideration should also be given for the need for a special purpose vehicle (company, etc) to acquire any property assets purchased with an investment purposes. **(H)**

Audit	Background to review	Key findings	Audit opinion (1)	Recommendations for improvement (Priority) (2)
Highways Contract Lot 3 – Highway Construction and Surface Works	Lot 3 of the contract was awarded to Tarmac and commenced in April 2011. A programme of works had been produced for 2012/13 with an estimated cost of £4.758m. As there were reported problems in the first year of the contract this audit was scheduled in an effort to ensure that these problems had been addressed and that SCC was now receiving the desired level of service.	The position had significantly improved in the second year. Discussions with indicated that the contractor was working well with a good relationship between the parties. Going forward, the 'New Carriageway Investment Plan' as part of 'Operation Horizon' will see a move to five year work programme with Tarmac operating all year round. Prior to 1980 the majority of roads were built using coal tar which is now classified as hazardous waste by the Environment Agency. Materials containing more than 0.1% of tar can only be disposed of at a limited number of specialist facilities. It is estimated that the total cost to SCC for disposal of this waste in 2012/13 was in the region of £0.8m which had to be met from the Lot 3 budget and led to the deferment of some programmed schemes. Testing showed that a particular rate was continually charged at £1.80 per unit instead of £1.42. This information was passed to the Senior Design Engineer who subsequently reviewed the actual costs with the contractor's representative and identified an overpayment of £887.98 will now be recovered.	Some Improvement Needed	Management should continue to actively liaise with the contractor to ensure that programme slippage is minimised. (**M**) Management should continue to explore avenues available to minimise the costs associated with both general and hazardous waste materials. Consideration should also be given to the inclusion of a contingency sum within each scheme budget to cover the possibility that hazardous material will be encountered. (**M**) Management should remind staff of the need to scrutinise rates used in applications for payment to ensure that they are correct. The contractor should also be required to check the rates held on their systems and to confirm that they are in accordance with the agreed 'Schedule of Rates'. (**H**)

[1] **Audit Opinions**

Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

[2] **Audit Recommendations**

Priority High (H) - major control weakness requiring immediate implementation of recommendation
Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources
Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control