

**AUDIT COMMITTEE – 5<sup>th</sup> November 2014**

**INTERNAL AUDIT QUARTERLY REPORT 2014/15  
QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2014**

**Executive Summary**

1. Reports issued during the quarter included one fundamental recommendation relating to the absence of personal recruitment information which is required in order to comply with the National Minimum Standards for Adoptions and Ofsted. The control weaknesses highlighted within the reports issued are not collectively sufficiently serious to jeopardise the overall positive assurance opinion. (Para 4.1 / Appendix 1)
2. Of the 19 recommendations followed-up, only 2 (11%) had been implemented by the target date, 3 (16%) had been implemented after the original target date, 2 (11%) by the revised target date and 1 (5%) after the revised target date. A further 11 (57%) had not been implemented and a future revised date has been agreed. (Para 4.5 & 4.6)
3. A number of matters requiring investigation are still in progress. Any control issues identified by Internal Audit have been highlighted for management attention. (Section 5)
4. The internal control assurance opinion remains adequate based upon the results of the work undertaken during the quarter. (Para. 6.1)
6. There is a slight increase in the number of BMBC audit days spent against the profile days at the end of the quarter. (Para.7.8 and Appendix 2)
7. Divisional quarterly performance is generally satisfactory. The PI's relating to customer feedback, chargeable time and issue of reports are slightly less than target. (Para. 8.2-8.4 & Appendices 3 & 4)

**AUDIT COMMITTEE – 5<sup>TH</sup> NOVEMBER 2014**

**INTERNAL AUDIT QUARTERLY REPORT 2014/15  
QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2014**

**1. Purpose of Report**

- 1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work to the end of September 2014, being the second quarter of the 2014/15 audit year. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).
- 1.2 The report covers:-
- i. The issues arising from completed Internal Audit work in the quarter and incorporating, where appropriate, management's response to recommendations made (section 4 and Appendix 1);
  - ii. Matters that have required investigation (section 5);
  - iii. An opinion on the ongoing overall assurance Internal Audit are able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
  - iv. Progress on the delivery of the Internal Audit Plan for the period to the end of the second quarter of 2014/15 year (section 7 and Appendix 2);
  - v. Details of Internal Audit's performance for the quarter utilising performance indicators (section 8 and Appendices 3 and 4).

**2. Recommendations**

**2.1 It is recommended that the Audit Committee:-**

- i. **consider the issues arising from completed Internal Audit work in the second quarter along with the responses received from management;**
- ii. **note the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of September 2014 of the 2014/15 audit year;**
- iii. **note the progress against the Internal Audit plan for 2014/15 for the period to the end of September 2014; and**
- iv. **consider the performance of the Internal Audit Division for the second quarter.**

### **3. Introduction / Background**

- 3.1 Internal Audit is a key contributor to the assurances the Audit Committee requires regarding the adequacy and effectiveness of the internal control environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and focus. It is important that all Internal Audit activities are undertaken with due regard to risk and the risk issues prevailing at the time.
- 3.2 In order to fulfil its responsibilities the Audit Committee needs to be satisfied that the Internal Audit Division is undertaking its work as planned, responding appropriately to client demands, operating to the required professional standards and obtaining the necessary responses from management following Internal Audit work.
- 3.3 In accordance with statutory best practice provided by the Public Sector Internal Audit Standards, there is a requirement that the Head of the Internal Audit function prepares an annual report to the appropriate member body. This requirement is best supported through regular reports during the year, providing, amongst other things, ongoing assurances on the adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.4 For the Authority, the appropriate member body is the Audit Committee.

### **4. Key Issues Arising From Internal Audit Work in the Quarter Ended 30<sup>th</sup> September 2014**

- 4.1 Reports issued during the quarter included one fundamental recommendation relating to the absence of personal recruitment information which is required in order to comply with the National Minimum Standards for Adoptions and Ofsted.
- 4.2 It should be noted, that in the process of agreeing a final report, operational managers respond to specific recommendations by identifying relevant actions, and agreeing responsible managers and timescales. The formal response required within two months is from a more senior manager (often an Executive or Assistant Director) to acknowledge that they are aware of the report and commit to seeing that the recommendations will be implemented.
- 4.3 In order to address some of the recurring themes within school audit reports, a representative from Internal Audit has continued to attend the bi-monthly School Bursar / Finance Officer meetings. Feedback continues to be positive.

#### **Follow-Up of Report Recommendations**

- 4.4 The following protocol has been applied to the follow-up of recommendations in audit reports issued from the 1<sup>st</sup> April 2009:
- all fundamental and significant recommendations irrespective of the assurance opinion;
  - all recommendations contained within the annual core financial system audit reports and;

- reports containing a significant number of merits attention recommendations giving rise to a negative assurance opinion.

4.5 Table 1A at the end of Appendix 1 of the report identifies the total number of reports analysed by the assurance opinion given and the total number of recommendations made.

Table 1B shows the number of recommendations followed-up in the quarter. Of the 19 recommendations followed-up, 2 (11%) had been implemented by the target date, 3 (16%) had been implemented after the original target date, 2 (11%) by the revised target date and 1 (5%) after the revised target date. A further 11 (57%) had not been implemented and a future revised date has been agreed.

In addition, a further 19 recommendations are awaiting evidence to confirm whether the action has been addressed.

4.6 Internal Audit continues to get very good co-operation from management and as such is able to closely monitor any implications that may arise from a delay in implementation. However, it should be acknowledged that Internal Audit is finding that management generally are under increasing pressure in respect of Future Council matters and are having to prioritise their efforts. In some cases this is meaning delays in obtaining the required evidence to confirm whether the action has been addressed and also implementation dates originally set having to be reviewed and put back. Internal Audit is working closely with management to monitor this situation and will report to the Audit Committee should any concerns be raised due to any change of implementation date.

4.7 Whilst acknowledging the implications of the Future Council initiative on senior managers, the drop in the percentage of recommendations implemented either by or after the original agreed date is concerning. The Head of Internal Audit has raised this concern to all senior management. It is hoped that the position will improve in the next quarters. (see para. 6.2 below)

## 5. Matters that have required Investigation

5.1 The workload position for this aspect of work is as follows:-

Jobs brought forward from previous quarter	12
New jobs received during the quarter	2
Less completed jobs during the quarter	(6)
Jobs carried forward to Quarter 3	8

5.2 The six completed cases related to:

- Two referrals were not pursued due to a lack of supporting evidence;
- One case relating to a residence order overpayment did not identify any evidence of fraud. However, recommendations were made to management to improve internal controls and prevent future overpayments;
- An employee who admitted committing housing benefit fraud received a final written warning;
- A non-Council employee was dismissed from his employment for theft from the Council;
- An employee who falsified a number of timesheets was dismissed.

- 5.3 Departmental management continue to undertake their own investigations with Internal Audit providing an advisory/supervising role. Three of the remaining ongoing cases remain with management.
- 5.4 Details of all cases/matters will be given as they are resolved.

#### **General Points to Note in Respect of Investigations and Fraud Prevention Work**

- 5.5 In all cases recommendations are made to the departments concerned to address weaknesses where irregularities have occurred.
- 5.6 Internal Audit cannot report in detail on any ongoing investigation or where disciplinary proceedings have not been completed, as to disclose this information could prejudice the outcome of this work. Details are provided, as above, as cases are finalised. It should also be noted that where issues are investigated and found not to warrant disciplinary action or referral to the Police, details are not publicised.
- 5.7 The majority of investigations / irregularities involve administrative errors, omissions or anomalies, whilst others represent opportunistic minor thefts and small-scale frauds. However, the Police are informed as a matter of routine where a theft is suspected.

#### **6. Head of Internal Audit & Risk Management's Internal Control Assurance Opinion**

- 6.1 As stated in the annual report, the core financial systems are an important factor in the overall assurance opinion. With that position in mind, plus the results of the other audits reported in the second quarter, an **adequate** assurance opinion is felt appropriate.
- 6.2 As referred to above, the number of audit report recommendations which have not been implemented by the due date and the difficulties obtaining the required evidence to confirm implementation has been an issue during the quarter. The overall assurances regarding the effectiveness of the control, risk and governance framework will be undermined should this trend continue. The situation will be monitored closely over the current quarter.
- 6.3 Where control deficiencies have been identified within procedures or in the provision of advice or 'consultancy' services, these have either been resolved with management through the issue of an audit report and/or correspondence or addressed at the time of the audit.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.
- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Authority's Financial Regulations, various codes of practice, procedures and other financial

governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.

- 6.6 As a result of the impact of the significant savings and service changes aimed at meeting budget savings targets, it should be noted that the risk of controls being ignored or removed may result in weaknesses being identified.

## **7. Internal Audit Plan 2014/15 - Progress to the end of September 2014**

- 7.1 Internal Audit utilise a risk-based approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.
- 7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many 'external' factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the Division's computerised management system.
- 7.3 Appendix 2 shows the progress of the plan for the first half of the year, analysed by Directorate / Department.
- 7.4 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.
- 7.5 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. More recently, there has been a notable increase in the number of these adjustments which is indicative of the rapidly changing control and organisational environment arising from the Future Council Programme.
- 7.6 A number of core financial reviews have been removed from the 2014/15 audit plan – refer to para 7.7 below. Each core financial system has been in place for a number of years and, in the main, has been given high levels of control assurance. A risk based approach will therefore be used to determine annually whether a review is required. In the absence of any significant risks the intention is to audit each system on a three year cyclical basis. The timing of each review and identification of the significant risks will be informed by the Section 151 Officer along with the Assistant Director, Finance.
- 7.7 Details of adjustments in respect of deleted and unplanned audit work, as agreed in conjunction with management are as follows:-

**Audit Assignments Deleted from the Internal Audit Plan:**

<b>Directorate</b>	<b>Audit Assignment Title</b>
HR, Performance & Comms	Absence Management Policy
HR, Performance & Comms	Service Delivery Planning
HR, Performance & Comms	IIP Assessor Role
Children Young People & Families	Adoption Reform Grant Part B
Children Young People & Families	Ofsted Evidence Bank
Adults & Communities	Community Capacity Grant
Adults & Communities	Better Care Fund
Adults & Communities	Stronger Barnsley Together
Finance, Property & IS	IS - Change Management
Finance, Property & IS	Council Tax
Finance, Property & IS	NDR
Finance, Property & IS	Housing Benefits
Finance, Property & IS	Main Accounting
Finance, Property & IS	Fixed Assets
Finance, Property & IS	Treasury Management

**Unplanned Audit Assignments incorporated into the Internal Audit Plan:**

<b>Directorate</b>	<b>Audit Assignment Title</b>
HR, Performance & Comms	Agency Workers – Compliance Review
HR, Performance & Comms	Working Time Directive
HR, Performance & Comms	Data Quality
HR, Performance & Comms	Business Continuity & Resilience Planning
Development, Environment & Culture	Highways Section 278 Payments
Development, Environment & Culture	Rogue Landlord Grant Funding
Development, Environment & Culture	HCA Peer to Peer Review
Finance, Property & IS	Cash Collection Regent Street
Finance, Property & IS	SAP Security & Civica ICON
Finance, Property & IS	Asset Management
Finance, Property & IS	Debt Recovery – Process Re-engineering

7.8 The position at the end of the second quarter for the audit days allocated to BMBC show a slight increase of 43 days above profile. This is attributable in the main to the unplanned time required to meet the corporate requirements of the Future Council process.

**8. Internal Audit Performance**

8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the performance indicators (PIs) for 2014/15 is attached at Appendix 3.

- 8.2 The performance indicators for the second quarter are generally satisfactory. The chargeable time indicator is slightly less than target which has been mainly due to an increase against profile in respect of leave, management time required to deal with the restructure of the service, submission of a tender for Internal Audit services and general administration matters.
- 8.3 The issue and discussion of draft reports indicator is slightly less than target which has been primarily due to delays in obtaining details required to finalise the audit report.
- 8.4 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the second quarter of the year, 9 feedback sheets have been received of which the majority have been denoted as either 'very good' or 'good'. The return of one customer satisfaction feedback sheet with an overall 'acceptable' response resulted in the performance target not being achieved.
- 8.5 A total number of 14 customer feedback questionnaires have been received in response to the issue of 22 reports.

## **9. Local Area Implications**

- 9.1 There are no Local Area Implications arising from this report.

## **10. Consultations**

- 10.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Director and/or Assistant Director to apprise him/her of key issues raised and remedial actions agreed.
- 10.2 No specific consultation has been necessary in the preparation of this quarterly report.

## **11. Compatibility with European Convention on Human Rights**

- 11.1 In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

## **12. Reduction of Crime and Disorder**

- 12.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

## **13. Risk Management Considerations**

- 13.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.



13.2 The Division's operational risk register includes the following risks which are relevant to this report:

- Inappropriate use of and management of, information to inform and direct service activities;
- Inability to provide a flexible, high performing and innovative service; and
- Poor levels of customer satisfaction.

All of these risks have been assessed and remain within the tolerance of the Division.

An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

#### **14. Employee Implications**

14.1 There are no employee implications arising from this report.

#### **15. Financial Implications**

15.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

#### **16. Appendices**

- 16.1 Appendix 1 - Key issues arising from completed Internal Audit work  
Appendix 2 - Internal Audit Plan 2014/15 – Position as at 30<sup>th</sup> September 2014  
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 30<sup>th</sup> September 2014  
Appendix 4 - Analysis of Internal Audit feedback in the second quarter of 2014/15

#### **17. Background Papers**

17.1 Various Internal and External Audit reports, files and working papers.

**Officer Contact:** Head of Internal Audit & Risk Management

**Telephone No:** 01226 773241

**Date:** 24th October 2014

A: Completed Audits / Final Reports Issued During the Quarter Ending 30th September 2014

Appendix 1

KEY – Recommendations - Fundamental 'F' Significant 'S' Merits Attention 'MA'

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Response received Y / N	Satisfactory response Y / N	Other Action
Children, Young People & Families: Safer Recruitment	Supporting documentary evidence was not always placed on the employee's personal file. Consequently, a number of concerns were raised regarding compliance with the National Minimum Standards for Adoptions in respect of recruitment. In addition, no guidance was available for managers detailing the action to be taken should a DBS Certificate be returned showing a conviction since the last renewal.	Limited	F - 1 S - 2 MA - 2	27.08.14	Not yet due	N/A	To follow up the fundamental and significant recommendations
Adults & Communities: Care Package and Payment System	Concerns were identified with regards to the accuracy and timeliness of care package information, impacting on the timing of processing financial assessments and accuracy issues. Review and sign off of the revised Terms and Conditions for the Residential Homes Care Provision is also awaited from Legal Services, and this has implications in terms of the information required from Care Providers and recovery of overpayments made to them.	Limited	F - 0 S - 8 MA - 4	02.09.14	Y	Y	To follow up the fundamental and significant recommendations
Finance, Property and Information Services: Cash Procurement Cards - Worsborough Mill	The internal control framework required improvement in order to ensure that the retention of payment card information complied with industry data security standards.	Substantial	F - 0 S - 1 MA - 2	08.09.14	Not yet due	N/A	To follow up the significant recommendation
Public Health: Service Delivery Arrangements	At the time of the audit, Service Level Agreements were not in place between Public Health, Council Services and other partners to enable the adequacy of the use of the switch funding to be assessed in line with the grant conditions and to determine the compliance with expected outcomes as per the Public Health Outcomes Framework.	Adequate	F - 0 S - 1 MA - 0	12.09.14	Y	Y	To follow up the significant recommendation

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Response received Y/N	Satisfactory response Y/N	Other Action
Finance, Property & Information Services: Pension Data	The review identified that the revised processes, procedures and resources being utilised to administer and manage pension data had resulted in improvements in terms of timeliness and accuracy of information. A concern was identified with regards to the retention and accessibility of documentation.	Adequate	F - 0 S - 1 MA - 3	15.10.14	Y	Y	To follow up the significant recommendation
Finance, Property & Information Services: Annual Governance Statement Review	The majority of returns submitted by senior officers had either been submitted late or remained outstanding. Information recorded on the self assessments had not been checked / challenged against other known sources of assurance to verify its accuracy.	Adequate	F - 0 S - 2 MA - 1	11.07.14	Y	Y	System subject to fundamental review as part of Future Council
Development, Environment & Culture: Wentworth Castle & Stainborough Park Trust	Attendance and working time arrangements had not been managed on a consistent basis. In addition, guidance for employees explaining the correct time management procedures to follow was not up to date.	Adequate	F - 0 S - 5 MA - 2	11.08.14	Y	Y	To follow up the significant recommendations
Legal & Governance: Brierley Town Council	No formal arrangements existed in order to manage risks. An inadequate segregation of duties existed in respect of the Acting Town Clerk who also undertakes the role of Administration Officer. In addition, staff job descriptions had not been finalised, approved and issued.	Adequate	F - 0 S - 4 MA - 2	08.08.14	Y	Y	To follow up the significant recommendations
<b>Other Completed Work Not Producing an Assurance Opinion</b>							
Various Grant Audits	The audit certification of the following grants: Community Capacity; Clusters of Empty Homes Funding; Strategic Priorities and Intelligence for SCR Business; Adoption Reform	N/A	N/A	N/A	N/A	N/A	N/A
Berneslai Homes: Risk Management Review	The details of the report were reported to the Berneslai Homes Audit Committee on the 9th October 2014.	N/A	N/A	N/A	N/A	N/A	N/A
Berneslai Homes: Construction Industry Tax Scheme	The details of the report were reported to the Berneslai Homes Audit Committee on the 9th October 2014.	N/A	N/A	N/A	N/A	N/A	N/A

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Response received Y / N	Satisfactory response Y / N	Other Action
Berneslai Homes: Register of Interests and Gifts / Hospitality	The details of the report were reported to the Berneslai Homes Audit Committee on the 9th October 2014.	N/A	N/A	N/A	N/A	N/A	N/A
Final Accounts	A total of 13 final accounts submitted by NPS Barnsley Ltd have been audited and returned in order for the final certificates to be issued or with queries that need to be resolved.	N/A	N/A	N/A	N/A	N/A	N/A

**Table 1A**

**Summary Activity**

**All Audit Reports**

<b>Assurance Opinion</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Cumulative</b>
<b>Substantial</b>	9 (64%)	1 (13%)			10 (45%)
<b>Adequate</b>	5 (36%)	5 (62%)			10 (45%)
<b>Limited</b>	0 (0%)	2 (25%)			2 (10%)
<b>None</b>	0 (0%)	0 (0%)			0 (0%)
<b>TOTAL REPORTS</b>	<b>14</b>	<b>8</b>			<b>22</b>
<b>Opinion Not Applicable</b>	6	5			11

**Total Recommendations**

<b>Number of Recommendations</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Cumulative</b>
<b>Fundamental</b>	0 (0%)	1 (2%)			1 (1%)
<b>Significant</b>	15 (30%)	24 (59%)			39 (43%)
<b>Merits Attention</b>	35 (70%)	16 (39%)			51 (56%)
<b>TOTAL</b>	<b>50</b>	<b>41</b>			<b>91</b>

Table 1B

Recommendations Followed-up by Internal Audit

Quarter 1						
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Completed by revised target date	Completed after revised target date	Not yet completed – Revised date agreed
Fundamental	0	0	0	0	0	0
Significant	6	2	2	0	2	0
Merits Attention	0	0	0	0	0	0
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

Quarter 2						
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Completed by revised target date	Completed after revised target date	Not yet completed – Revised date agreed
Fundamental	0	0	0	0	0	0
Significant	12	1	2	2	1	6
Merits Attention	7	1	1	0	0	5
<b>TOTAL</b>	<b>19</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>11</b>

## Trend Analysis – Second Quarter 2014/15

### Assurance Opinions

	2013/14			
	Q1	Q2	Q3	Q4
	%	%	%	%
Substantial	43	12	0	34
Adequate	50	88	71	33
Limited	7	0	29	33
None	0	0	0	0
	100	100	100	100

	2014/15			
	Q1	Q2	Q3	Q4
	%	%	%	%
	64	13		
	36	62		
	0	25		
	0	0		
	100	100		

	Cumulative	
	2013/14	2014/15
	%	%
	25	45
	63	45
	12	10
	0	0
	100	100

### Implementation of Recommendations

	2013/14			
	Q1	Q2	Q3	Q4
	No.	No.	No.	No.
Completed by target date	15	19	7	11
Completed after target date	9	4	0	0
Completed by revised target date	2	0	1	1
Completed after revised target date	1	3	3	1
Not yet completed-Revised date agreed	0	0	0	0
Total followed up	27	26	11	13

	2014/15			
	Q1	Q2	Q3	Q4
	No.	No.	No.	No.
	2	2		
	2	3		
	0	2		
	2	1		
	0	11		
	6	19		

	Cumulative	
	2013/14	2014/15
	%	%
	68	16
	17	20
	5	8
	10	12
	0	44
	100	100

<b>% Completed by Target Date</b>	<b>56%</b>	<b>73%</b>	<b>64%</b>	<b>84%</b>
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	<b>34%</b>	<b>11%</b>	
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INTERNAL AUDIT PLAN 2014/15 – Position as at 30<sup>th</sup> September 2014

Directorate	Original 2014/15 Plan	Revised 2014/15 Plan	Actual Days
Adults and Communities	135	108	35
<i>Corporate Services:</i>			
➤ HR, Performance & Partnerships & Comms.	110	125	37
➤ Legal & Governance	105	119	33
➤ Finance, Property & Information Services	723	651	346
Children, Young People & Family Services	182	251	171
Development, Environment & Culture	166	195	100
Public Health	23	23	4
Council Wide (incl. Corp. Governance Support)	299	448	308
Contingency	267	90	N/A
Berneslai Homes	133	133	64
South Yorkshire Joint Secretariat	30	30	31
<b>Total Internal Audit</b>	<b>2,173</b>	<b>2,173</b>	<b>1,129</b>

Quarterly profile  
Variance to date

1,086 Days  
43 Days

<b>External Clients</b>			
South Yorkshire Police Authority	454	454	169
South Yorkshire Police & Crime Commissioner	300	300	113
South Yorkshire Fire & Rescue Authority	281	281	118
South Yorkshire Pensions Authority	280	280	86
Combined Authority	50	50	16
<b>Total Internal Audit</b>	<b>1,365</b>	<b>1,365</b>	<b>502</b>

<b>Total Chargeable Planned Days</b>	<b>3,538</b>	<b>3,538</b>	<b>1,631</b>
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**INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2014/15**

Ref.	Indicator	Frequency of Report	Target 2014/15	This Period	Year to Date
<b>1.</b>	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaire received noted "good" or "very good" relating to work concluding with an audit report. (10 very good, 3 good, 1 acceptable, none poor)	Quarterly	95%	89%	93%
1.2	Percentage of questionnaires received (noted "good" or "very good") relating to the provision of advice, investigations, support to steering groups and project boards.	Annual	95%	N/A	N/A
<b>2.</b>	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of draft audit reports issued and discussed within 15 working days of completion of audit work. (Cumulative 18/22)	Quarterly	95%	50%	82%
2.2	Percentage of final audit reports issued within a further 10 working days of completion and agreement of the draft audit report. (Cumulative 17/22)	Quarterly	80%	50%	77%
2.3	Percentage of chargeable time against total available.	Quarterly	73%	66%	66%
2.4	Average number of days lost through sickness per FTE (Cumulative 20 days)	Quarterly	6 days	1 day	1 day
<b>3.</b>	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
<b>4.</b>	<b><u>Financial Perspective:</u></b>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Within Budget	Within Budget

Performance Indicator Definitions and Supporting Information

PI Ref	Indicator	Comments
1.1	Percentage of favourable auditee questionnaire responses received (noted "good" or "very good") relating to work concluding with an audit report.	Questionnaires are left at the end of each audit job resulting in a formal report. The questionnaire asks 14 specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report. An overall assessment is sought as to the overall value of the audit. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
1.2	Percentage of favourable auditee questionnaire responses received (noted "good" or "very good") relating to the provision of advice, special investigations, support to steering groups and project boards.	This performance indicator is based on obtaining feedback on the effectiveness of Internal Audit's input to the provision of advice, special investigations, and support to steering groups and project boards. Feedback is obtained on an annual basis from Directors and Assistant Directors. The responses will be analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of draft audit reports issued and discussed within 15 working days of completion of audit work.	This is an operational PI to ensure the timely issue of draft reports following the completion of audit work 'on-site'. Many audits involve a considerable amount of information and analysis and so can take up to the 15 days to prepare a draft report. This PI is also influenced by the availability of client staff.
2.2	Percentage of final audit reports issued within a further 10 working days of completion and agreement of the draft audit report where delays have not occurred due to the auditee.	This is an operational PI to ensure the timely issue of final reports.
2.3	Percentage of chargeable time against total available.	This PI is influenced by the availability of senior Internal Audit staff to clear the report and any issues the Division's quality assessment process highlights.
2.4	Average number of days lost through sickness per FTE.	A key operational measure of the 'productivity' of Audit staff taking into account allowances for administration, general management, training and other absences.
3.1	Personal development plans for staff completed within the prescribed timetable.	This PI will reflect the % chargeable time of staff in post, net of vacancies.
4.1	Total Internal Audit costs v budget.	A corporate PI to measure the effectiveness of good absence / attendance management. IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process. This is a simple overall measure to note whether the Division's expenditure for the year has been kept within the budget.

Staff Numbers – Internal Audit Service (Excluding the Head of Internal Audit & Risk Management)  
 Number of Full Time Equivalents 20.6

## Analysis of Internal Audit Feedback Received in the Second Quarter of 2014/15

Number of ticks shown against each area of quality

		Very Good	Good	Acceptable	Poor
<b>A Audit Planning</b>					
1	Relevance of the audit objectives	11 (8)	2 (0)	1 (1)	0 (0)
<b>B Communication</b>					
1	Consultation on scope and objectives of the audit	11 (8)	3 (1)	0 (0)	0 (0)
2	Communication during all aspects of the audit	10 (7)	3 (1)	1 (1)	0 (0)
3	Helpfulness co-operation of the auditor(s)	13 (8)	1 (1)	0 (0)	0 (0)
4	Professionalism of the auditor(s)	13 (8)	1 (1)	0 (0)	0 (0)
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	7 (4)	6 (4)	0 (0)	0 (0)
<b>C Timing</b>					
1	Duration of the audit	10 (7)	4 (2)	0 (0)	0 (0)
2	Timeliness of the audit report	11 (8)	3 (1)	0 (0)	0 (0)
<b>D Quality of the audit report</b>					
1	Format and clarity of audit report	12 (8)	2 (1)	0 (0)	0 (0)
2	Accuracy of the findings	11 (7)	3 (2)	1 (1)	0 (0)
3	Relevance of recommendations	11 (7)	2 (1)	1 (1)	0 (0)
4	Overall quality of the report	11 (7)	3 (2)	0 (0)	0 (0)
<b>E Value of the audit</b>					
1	Basic controls assurance the audit has provided	10 (8)	3 (0)	1 (1)	0 (0)
2	Added value given beyond basic controls assurance	8 (6)	5 (2)	1 (1)	0 (0)
3	<b>Overall value of the audit</b>	10 (7)	3 (1)	1 (1)	0 (0)
		<b>72</b>	<b>21</b>	<b>7</b>	<b>0</b>
		<b>100%</b>			
<b>Total Number of 'ticks' (A – E)</b>		<b>159</b>	<b>44</b>	<b>7</b>	<b>0</b>
<b>Percentage</b>		<b>76</b>	<b>21</b>	<b>3</b>	<b>0</b>
		<b>100%</b>			

**Returned Questionnaires:-**

Quarter 1	5
Quarter 2	9
Quarter 3	
Quarter 4	
<b>Total</b>	<b>14</b>

**Auditee Comments (where given) :- (received in the quarter)**

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This audit was extremely valuable. It was a challenging task for the auditor to unpick the various working time arrangements and identify weaknesses and this was done with great attention to detail and thoroughness.

The audit findings were communicated professionally and sensitively in a way which has enabled us to identify practical steps to address deficiencies in current practices.

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Challenge of governance assurances was limited in this audit review. Internal Audit explained that this was due to the time available for the audit and the limited availability of management within the services chosen for sample testing.

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