

**AUDIT COMMITTEE – 19<sup>TH</sup> APRIL 2017**

**INTERNAL AUDIT QUARTERLY REPORT 2016/17  
QUARTER ENDED 31<sup>ST</sup> MARCH 2017**

**Executive Summary**

1. Issued reports and the Internal Audit work completed during the period raised one fundamental recommendation. This related to a data management issue (Para. 4.1).
2. The internal control assurance opinion overall however remains adequate based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 9 recommendations followed-up, 6 (67%) had been implemented by the original target date and 3 (33%) not implemented, with revised implementation dates agreed by management (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, actual days delivered were 97 or 7% below that planned at the end of the financial year (Para.7.7 & Appendix 2).
5. Quarterly and full year performance of the function is satisfactory with all PI's meeting or bettering target levels (Para. 8.2 and 8.3 & Appendices 3 & 4).
6. The annual report will be presented to the June Audit Committee meeting that will summarise all Internal Audit activity and performance for the year for consideration alongside the draft Annual Governance Statement.

**AUDIT COMMITTEE – 19<sup>TH</sup> APRIL 2017**

**INTERNAL AUDIT QUARTERLY REPORT 2016/17  
QUARTER ENDED 31<sup>ST</sup> MARCH 2017**

**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 covering the whole of the final quarter to ensure that the Audit Committee is provided with the most up to date position. 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 period (section 4 and Appendix 1);
  - ii. Matters that have required investigation (section 5);
  - iii. An opinion on the ongoing overall assurance Internal Audit is 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 up to the end of the final quarter of 2016/17 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 period 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 March 2017;**
- iii. **note the progress against the Internal Audit plan for 2016/17 for the period to the end of March 2017; and**
- iv. **Consider the performance of the Internal Audit Division for the final 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, risk and governance environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and risk. 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 Period Ended 31<sup>st</sup> March 2017**

- 4.1 Internal Audit work undertaken during the period identified one fundamental recommendation. This related to an information management issue (see appendix 1).
- 4.2 It should be noted, that in the process of agreeing a final report, senior officers respond to specific recommendations by identifying relevant actions and agreeing responsible managers and timescales for implementation.

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

- 4.3 The following protocol is applied to the follow-up of recommendations in audit reports:
- 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.
- 4.4 Table 1A 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 9 recommendations followed-up, 6 (67%) had been implemented by the

original target date with 3 (33%) not implemented, with revised implementation dates agreed by management.

- 4.5 Internal Audit continues to get very good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action. However, it should be noted that a relatively high number of recommendations followed-up had not been implemented and required a revised implementation date. 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. The SMT receive a quarterly performance report to highlight outstanding audit recommendations.

## **5. Fraud, Investigations and the Corporate Anti-Fraud Team**

- 5.1 An annual report will be provided to the Audit Committee covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and work plan of the Corporate Anti-Fraud Team over the year.
- 5.2 The overall assurance opinion takes into account any control issues arising from investigations or anti-fraud work. No issues are required to be brought to the Committee's attention at this time.

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

- 6.1 Based on the audits reported in the period, an overall **adequate** assurance opinion remains appropriate. However, Audit Committee Members should note the fundamental recommendations and the impact on the system of internal control in those areas.
- 6.2 As referred to above, the percentage of audit report recommendations not implemented, and requiring a revised implementation is relatively high at 33%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.
- 6.3 Where control weaknesses 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 Council'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 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.
- 6.7 A full summary and analysis of Internal Audit work undertaken during the year and completed as at end of May will be incorporated in the Annual Opinion Report.

## **7. Internal Audit Plan 2016/17 - Progress to the end of March 2017**

- 7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and 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 up to the end of March 2017, analysed by Directorate / Service.
- 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.
- 7.6 The following audits have been deferred, added to or deleted from the audit plan, as agreed in conjunction with management:

<b>Directorate / Service</b>	<b>Audit Assignment Title</b>	<b>Deferred / Added / Deleted</b>
People / Adult Assessment & Care Management	Court of Protection	Deferred to 2017/18 (reserve plan)
People / Children's Social Care & Safeguarding	DfE Test of Assurance	Deleted – Client no longer requires this review
Core Services / Council Governance	Register of Interests	Deferred to 2017/18

<b>Directorate / Service</b>	<b>Audit Assignment Title</b>	<b>Deferred / Added / Deleted</b>
Communities / Stronger, Safer & Healthier Communities	Community Safety	Deferred to 2017/18
Place / Environment & Transport	Process Re-Engineering Review – Highways, Local Roads	Deleted – Client no longer requires this review

- 7.7 The end of year position, as indicated in the last report shows days delivered against the Plan were 97 below planned (7%). A larger variance has occurred against the plans of the external clients of 270 or 16%. This equates across the Team to the vacancies that were held offset by additional time being worked by staff and internal efficiencies.

## **8. Internal Audit Function and Performance**

- 8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the performance indicators (PIs) for 2016/17 is attached at Appendix 3.
- 8.2 Quarterly performance of the function is satisfactory and all PI's for the year are either on or exceed target levels.
- 8.3 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the fourth quarter of the year, at the point of preparing this report 2 feedbacks sheets have been received out of the 4 final reports issued. All have been noted as very good or good.
- 8.4 The new structure for the Internal Audit and Corporate Anti-Fraud Team came into effect on 1<sup>st</sup> April. The restructure resulted in two vacancies, one at Audit Manager and the other at Principal Auditor. New members of staff to these posts start on 2<sup>nd</sup> May.

## **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 Executive Director and/or Service 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 2016/17 – Position as at 31<sup>st</sup> March 2017  
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31<sup>st</sup> March 2017

Appendix 4 - Analysis of Internal Audit feedback for the fourth quarter of 2016/17

**17. Background Papers**

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

**Officer Contact:** Head of Internal Audit & Corporate Anti-Fraud

**Telephone No:** 01226 773241

**Date:** 10<sup>th</sup> April 2017



**A: Completed Audits / Final Reports Issued During the Period Ending 31<sup>st</sup> March 2017**

**Appendix 1**

**KEY – Recommendations - Fundamental ‘F’ Significant ‘S’ Merits Attention ‘MA’**

<b>Service / Directorate / Audit Title</b>	<b>Key Issues</b>	<b>Assurance Opinion</b>	<b>No. of Recs.</b>	<b>Date Report Issued</b>	<b>Other Action</b>
Place: Receipt & Banking of Income	The key issues identified relate to: <ul style="list-style-type: none"> <li>the incorrect configuration of the E-Return Template which has resulted in the incorrect allocation of VAT</li> <li>the omission of VAT on the ‘Sale of Crafts’</li> <li>merchant copy receipts retained by Cannon Hall Museum for debit/credit card payments including the full 16 digit Primary Account Number</li> <li>the absence of independent checks at both sites to confirm that income is banked in full and correctly</li> <li>the incorrect use of ‘ZZ’ readings from the till at Elsecar Heritage Centre increasing the risk that income received is improperly accounted for</li> <li>financial documentation not being retained securely at Elsecar Heritage Centre</li> </ul>	<b>Limited</b>	F - 0 S - 7 MA - 6	04.01.2017	To follow-up the significant report recommendations.
Finance: Corporate Risk Management	The key issue identified relates to the need to ensure that risks are reviewed by Business Units in accordance with the established corporate risk management process and that risk mitigating actions are similarly reviewed / progressed in accordance with corresponding timescales.	<b>Adequate</b>	F - 0 S - 1 MA - 4	10.02.2017	To follow-up the significant report recommendations.
People: Management of Personal & Confidential Information	The key issue raised relates to the use of ‘H’ drives for business information purposes. The use of this means of data storage adversely impacts upon the accessibility of information for the purpose of management reporting and decision making. In addition, the Children’s Case Management System may not always contain complete and up to date information. This gives rise to implications in terms of compliance with the Data Protection Act.	<b>Limited</b>	F - 1 S - 3 MA - 8	09.03.2017	To follow-up the fundamental and significant report recommendations.
Place: Town Centre Regeneration - Development Management Organisation	The key issues identified relate to the need to ensure that the Project Execution Plan (PEP) is appropriately approved in accordance with the defined governance requirements and key financial / project risks are effectively managed.	<b>Adequate</b>	F - 0 S - 3 MA - 8	27.03.2017	To follow-up the significant report recommendations.

<b>Service / Directorate / Audit Title</b>	<b>Key Issues</b>	<b>Assurance Opinion</b>	<b>No. of Recs.</b>	<b>Date Report Issued</b>	<b>Other Action</b>
(DMO)					

<b>Details and Outcome of other Audit Activities Not Producing a specific Assurance Opinion</b>		
<b>Audit Work Completed</b>	<b>Details</b>	<b>Contribution to Assurance</b>
Legal: Charity Accounts	Completion of Charity Commission's Independent Examiner's Report return.	The work contributes to assurance in respect of financial management.
Legal: Strategic Commissioning & Procurement Forum - Documentation Sub Group	Documentation sub group role to design a suite of procedural guidance and hosting platform (SharePoint) that provides a step by step guide to procuring officers when administering procurement events whilst ensuring compliance with EU Regulations, Public Contract Regulations 2015 and the Council's Contract Procedure Rules.	The work contributes to assurance in respect of contracts / procurement / commissioning management.
Place: Public Road Network 2016/17 Schemes	Advice provided to the Interim Head of Highways and Engineering re approach for the completion of PRN schemes and completion of CPR waiver to allow completion by Rotherham Council via a collaborative arrangement. Included detailed review of rationale and identification of risk considerations to inform management decision.	The work contributes to assurance in respect of contracts / procurement / commissioning management.
Commercial Services: Purchase Order Signatories	Advice provided to Commercial Services with regard to signatories that should be included on the Council's purchase orders.	The work contributes to assurance in respect of financial management.
Finance: Procurement Cards - Future Directions	Advice provided to Finance colleagues re revised procurement card process and application by Future Directions Service.	The work contributes to assurance in respect of financial management.
Superfast South Yorkshire Broadband	Advice provided to Superfast South Yorkshire Broadband Programme Manager and Procurement colleagues re procurement of print materials.	The work contributes to assurance in respect of contracts / procurement / commissioning management.
Commercial Services: Revised cash / cheque collection process	Advice provided to Commercial Services re revised cash / cheque collection contract and associated processes.	The work contributes to assurance in respect of financial management.
Place: Property Investment Fund	Advice provided to the Senior Major Projects Officer, Economic Regeneration regarding the Property Investment Fund and the profit sharing arrangements as outlined within the external funding agreement.	The work contributes to assurance in respect of asset management.
People: Bursar - Mapplewell Primary School - Payroll	Advice provided to the School Bursar regarding the authorisation process re payroll variations / new starters forms.	The work contributes to assurance in respect of financial management within schools.
Place: Revised Final Account Process	Advice to Engineering & Highway Services re revised final account process.	The work contributes to assurance in respect of contracts / procurement / commissioning management.
Human Resources: HR Policies	Review of the Guidance Note for the scanning of documentation to personal files and examples of information to be placed on an employee's file. Reference made to the HR Employee Personal Files Policy and the BMBC Human Resources Retention Schedule dated 02/07/2013.	The work contributes to assurance in respect of human resource management.
Place: URBACT Project TechTown Phase 2 - Grant Claim Certification	Grant Claim Audit Certification.	The work contributes to assurance in respect of financial management.

<b>Other Work Undertaken</b>	
Follow-up of Recommendations	Regular work undertaken to follow-up recommendations made.
Attendance at Steering / Working Group	Information Governance Board, Commissioning, Procurement & Contracts Working Group.
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters. Such work often does not require formal reporting but occasionally will escalate into a specific piece of audit work for which a new job will be created.
Audit Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

Table 1A

## Summary Activity

## All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	0 (0%)	0 (0%)	1 (14%)	0 (0%)	1 (6%)
Adequate	3 (75%)	2 (100%)	2 (29%)	2 (50%)	9 (53%)
Limited	1 (25%)	0 (0%)	4 (57%)	2 (50%)	7 (41%)
None	0 (0%)	0 (0%)	0 (0%)	0	0 (0%)
<b>TOTAL REPORTS</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>4</b>	<b>17</b>
Opinion Not Applicable	12	9	13	12	46

## Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	1 (4%)	0 (0%)	2 (5%)	1 (3%)	4 (3%)
Significant	12 (50%)	6 (60%)	19 (45%)	14 (34%)	51 (44%)
Merits Attention	11 (46%)	4 (40%)	21 (50%)	26 (63%)	62 (53%)
<b>TOTAL</b>	<b>24</b>	<b>10</b>	<b>42</b>	<b>41</b>	<b>117</b>

Table 1B

## Recommendations Followed-up by Internal Audit

Quarter 1				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	1	1	0	0
Significant	1	0	0	1
Merits Attention	4	0	0	4
<b>TOTAL</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>5</b>

Quarter 2				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	3	0	2	1
Significant	23	9	10	4
Merits Attention	4	1	3	0
<b>TOTAL</b>	<b>30</b>	<b>10</b>	<b>15</b>	<b>5</b>

Quarter 3				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	1	1	0	0
Significant	17	9	5	3
Merits Attention	7	6	1	0
<b>TOTAL</b>	<b>25</b>	<b>16</b>	<b>6</b>	<b>3</b>

Quarter 4				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	0	0	0	0
Significant	8	5	0	3
Merits Attention	1	1	0	0
<b>TOTAL</b>	<b>9</b>	<b>6</b>	<b>0</b>	<b>3</b>

## Trend Analysis – Fourth Quarter 2016/17

### Assurance Opinions

	2015/16				2016/17				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015/16	2016/17
	%	%	%	%	%	%	%	%	%	%
Substantial	24	0	0	0	0	0	14	0	7	6
Adequate	38	40	43	50	75	100	29	50	41	53
Limited	38	60	57	50	25	0	57	50	52	41
None	0	0	0	0	0	0	0	0	0	0
	100	100	100	100	100	100	100	100	100	100

### Implementation of Recommendations

	2015/16				2016/17				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015/16	2016/17
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	7	13	14	3	1	10	16	6	35	47
Completed after target date	5	6	21	15	0	15	6	0	45	30
Not yet completed – revised date agreed	2	2	6	11	5	5	3	3	20	23
Total followed up	14	21	41	29	6	30	25	9	100	100

  

% Completed by Original Target Date	50%	62%	34%	10%	17%	33%	64%	67%		
% Completed at time of Follow-up	86%	90%	86%	62%	17%	83%	88%	67%		



INTERNAL AUDIT PLAN 2016/17 – Position as at 31<sup>st</sup> March 2017

Directorate	Original 2016/17 Plan	Revised 2016/17 Plan	Actual Days
Communities	50	18	15
People	165	225	240
Place	139	171	188
Public Health	10	2	4
Corporate Services:			
➤ HR, Performance & Communications	122	163	119
➤ Legal & Governance	105	45	20
➤ Finance, Assets & Information Services	430	285	313
Council Wide	265	276	340
Contingency	50	159	0
Berneslai Homes	133	133	133
<b>Sub Total</b>	<b>1,469</b>	1,469	1,372
Corporate Anti-Fraud Unit	581	578	588
<b>Sub Total</b>	<b>2,050</b>	2,050	1,960
<b>External Clients</b>	<b>1,653</b>	1,653	1,383
<b>Total Chargeable Planned Days</b>	<b>3,703</b>	3,703	3,344

## INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2016/17

Ref.	Indicator	Frequency of Report	Target 2016/17	This Period	Year to Date
1.	<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. (Cumulative 9 very good or good)	Quarterly	95%	100%	100%
2.	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 14/17 reports)	Quarterly	80%	100%	82%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	72%	73%
2.3	Average number of days lost through sickness per FTE (Cumulative 45 days in total)	Quarterly	6 days	1 day	3 days
3.	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<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 on 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.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. 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 along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the ‘productivity’ of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	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.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Division’s expenditure for the year has been kept within the budget.

## Appendix 4

### Analysis of Internal Audit Feedback Received in the Fourth Quarter of 2016/17

Number of ticks shown against each question

		Very Good	Good	Acceptable	Poor
<b>A</b>	<b>Audit Planning</b>				
1	Relevance of the audit objectives	1	1	0	0
<b>B</b>	<b>Communication</b>				
1	Consultation on scope and objectives of the audit	1	1	0	0
2	Communication during all aspects of the audit	1	1	0	0
3	Helpfulness co-operation of the auditor(s)	1	1	0	0
4	Professionalism of the auditor(s)	1	1	0	0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	1	1	0	0
<b>C</b>	<b>Timing</b>				
1	Duration of the audit	1	1	0	0
2	Timeliness of the audit report	1	1	0	0
<b>D</b>	<b>Quality of the audit report</b>				
1	Format and clarity of audit report	1	1	0	0
2	Accuracy of the findings	1	1	0	0
3	Relevance of recommendations	1	1	0	0
4	Overall quality of the report	1	1	0	0
<b>E</b>	<b>Value of the audit</b>				
1	Basic controls assurance the audit has provided	1	1	0	0
2	Added value given beyond basic controls assurance	1	1	0	0
3	<b>Overall value of the audit</b>	1	1	0	0
		100%			
	<b>Total Number of 'ticks' (A – E)</b>	15	15	0	0
	<b>Percentage</b>	50%	50%	0%	0%
		100%			

#### Returned Questionnaires:-

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