



AUDIT COMMITTEE – 16th July 2014

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

**Executive Summary**

1. Reports issued during the quarter did not include any fundamental recommendations. 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 6 recommendations followed-up, 2 (34%) had been implemented by the target date. Of the remaining 4, 2 (33%) had been implemented after the original target date and 2 (33%) after the revised target date. (Para 4.5)
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.7.6 and Appendix 2)
7. Divisional quarterly performance is satisfactory with only the chargeable time performance indicator being slightly less than target. (Para. 8.2 and Appendix 3)

# Report of the Head of Internal Audit & Risk Management

## AUDIT COMMITTEE – 16TH JULY 2014

### INTERNAL AUDIT QUARTERLY REPORT 2014/15 QUARTER ENDED 30<sup>TH</sup> JUNE 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 June 2014, being the first 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 first 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 first 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 June 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 June 2014; and**
- iv. **consider the performance of the Internal Audit Division for the first 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> June 2014**

- 4.1 Reports issued during the quarter did not include any fundamental recommendations. The majority of final audit reports issued during the quarter related to the core financial system reviews which were previously reported within the 2013/14 Annual Internal Audit Report.
- 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 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 6 recommendations followed-up, 2 (34%) had been implemented by target date. Of the remaining 4, 2 (33%) had been implemented after the original target date and 2 (33%) after the revised target date.

- 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 and are having to prioritise their efforts. In some cases this is meaning that the implementation dates originally set have 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 because of any change of implementation date.

## **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	8
New jobs received during the quarter	4
Less completed jobs during the quarter	0
Jobs carried forward to Quarter 2	12

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

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

- 5.4 In all cases recommendations are made to the departments concerned to address weaknesses where irregularities have occurred.
- 5.5 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.
- 5.6 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 first quarter, an **adequate** assurance opinion is felt appropriate.
- 6.2 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.
- 6.3 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.
- 6.4 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.
- 6.5 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 June 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 quarter 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. Details of adjustments in respect of deleted, deferred and unplanned audit work, as agreed in conjunction with management are as follows:-

<b>Directorate</b>	<b>Audit Assignment Title</b>	<b>Deleted / Deferred / Unplanned</b>
Council Wide	Future Council – Audit Risk & Governance	Unplanned
Corporate Services: HR	SVER / VS Process	Unplanned
Children Young People & Families	Residence Order Overpayment	Unplanned
Children Young People & Families	Assessed & Supported Year in Employment	Unplanned
Children Young People & Families	Moorland Plastics	Unplanned
Children Young People & Families	DNCS Contract Irregularity	Unplanned
Development, Environment & Culture	Grant: LSTF Key Components	Unplanned
Development, Environment & Culture	Grant: Clusters of Empty Homes Funding	Unplanned
Development, Environment & Culture	Grant: Local Sustainable Transport Fund	Unplanned
Development, Environment & Culture	Markets Licensing System	Unplanned
Corporate Services: Legal & Governance	Alleged Tendering Irregularity	Unplanned

- 7.6 The position at the end of the first quarter for BMBC audit days shows is 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. Resources have been prioritised on the BMBC Plan in this first period.

## **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. A fundamental review of the Division's performance measures has been undertaken. Notable changes include the performance indicators which measure delivery of audit work to auditees and a focus in maintaining a reasonable elapsed time regarding the discussion and issue of audit reports.
- 8.2 The performance indicators for the first quarter are overall positive with actual performance exceeding the target in most cases. The chargeable time indicator

is slightly less than target which has been mainly due to an increase against profile in respect of annual and other leave.

- 8.3 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the first quarter of the year, five feedback sheets have been received which have all been denoted as either 'very good' or 'good'.

## **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 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> June 2014  
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 30<sup>th</sup> June 2014  
Appendix 4 - Analysis of Internal Audit feedback in the first quarter of 2014/15

**17. Background Papers**

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

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**Telephone No:** 01226 773241

**Date:** 7th July 2014



A: Completed Audits / Final Reports Issued During the Quarter Ending 30th June 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
Corporate Services: Finance, Property & IS - Payroll & Employee Admin	The audit did not identify any significant issues.	Substantial	F - 0 S - 0 MA - 2	11.04.14	Y	Y	To follow up the merits attention recommendations
Corporate Services: Finance, Property & IS - Income	The key issues raised related to the adequacy of the debt monitoring information and the frequency debtor reports were being produced and monitored by services.	Adequate	F - 0 S - 1 MA - 4	28.05.14	Y	Y	To follow up the report recommendations
Corporate Services: Finance, Property & IS - Treasury Management	The audit did not identify any issues.	Substantial	F - 0 S - 0 MA - 0	28.04.14	Y	Y	None.
Corporate Services: Finance Property & IS - Purchase to Pay	The audit identified issues with regards to the adequacy and consistent application of the key controls covering vendor master data, interface payments and payment performance.	Adequate	F - 0 S - 3 MA - 4	05.06.14	Y	Y	To follow up the report recommendations
Corporate Services: Finance, Property & IS - Fixed Assets	The audit identified an issue in relation to the depreciation calculation.	Adequate	F - 0 S - 1 MA - 4	04.06.14	Y	Y	To follow up the report recommendations
Corporate Services: Finance, Property & IS - Housing Benefits	The audit did not identify any issues.	Substantial	F - 0 S - 0 MA - 0	29.04.14	Y	Y	None.

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Response received Y / N	Satisfactory response Y / N	Other Action
Corporate Services: Finance, Property & IS, Council Tax	A small number of Academy users have been granted 'super user' permissions, some of which may not necessarily be connected to their current job role.	<b>Substantial</b>	F - 0 S - 1 MA - 3	05.06.14	Y	Y	To follow up the report recommendations
Corporate Services: Finance, Property & IS - Cash Receiving & Banking	The Council has not yet acquired Payment Card Industry Data Security Standard accreditation. In addition, access permissions in respect of employees with access to Civica Icon / Web Pay Staff who ceased employment with the Authority are not promptly removed from the system and reliance is placed on disabling accounts following the six monthly review carried out by Application Support.	<b>Adequate</b>	F - 0 S - 4 MA - 6	08.05.14	Y	Y	To follow-up the report recommendations
Corporate Services: Finance, Property & IS - Main Accounting	The audit did not identify any issues.	<b>Substantial</b>	F - 0 S - 0 MA - 0	07.04.14	Y	Y	None.
Corporate Services: Finance, Property & IS - NDR	The audit did not identify any issues.	<b>Substantial</b>	F - 0 S - 0 MA - 0	14.05.14	Y	Y	None.
Corporate Services: Finance, Property & IS - Corporate Risk Management	The audit did not identify any significant issues.	<b>Substantial</b>	F - 0 S - 0 MA - 5	02.07.14	Y	Y	None.
Adults & Communities: Welfare Social Fund Arrangements	An agreement / SLA has not been formulated with the South Yorkshire Credit Union to ensure both parties are aware of responsibilities. The current LWA partners have not all been vetted by the Council prior to formulating the partnerships.	<b>Adequate</b>	F - 0 S - 4 MA - 7	11.04.14	Y	Y	To follow up the report recommendations
Development, Environment & Culture: Trans Pennine Trail	The audit did not identify any issues.	<b>Substantial</b>	F - 0 S - 0 MA - 0	05.06.14	Y	Y	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
Development, Environment & Culture: SYMAS	The agreement for the provision of the service to Bradford, Rotherham and Doncaster has yet to be signed.	Substantial	F - 0 S - 1 MA - 0	19.06.14	Y	Y	To follow up the significant recommendation
<b>Other Completed Work not producing an assurance opinion</b>							
Development, Environment & Culture: Cash Accountability - Experience Barnsley	The review identified that the banking of cash had not taken place since the opening of Experience Barnsley in July 2013. The situation had developed due systems not being created to enable income from Experience Barnsley to be banked via E-returns.	N/A	N/A	N/A	N/A	N/A	N/A
Development, Environment & Culture: Taxi Licence Review	The audit work concluded that the fee methodology and the expenditure included were reasonable.	N/A	N/A	N/A	N/A	N/A	N/A
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
Barneslai Homes: Risk Management Review	The details of the report will be reported to the Barneslai Homes Audit Committee on the 9th October 2014.	N/A	N/A	N/A	N/A	N/A	N/A
Barneslai Homes: Shared Core System	The details of the report will be reported to the Barneslai Homes Audit Committee on the 12th June 2014.	N/A	N/A	N/A	N/A	N/A	N/A
Final Accounts	A total of 22 final accounts submitted by NPS Barnsley 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

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	9 (64%)				9 (64%)
Adequate	5 (36%)				5 (36%)
Limited	0 (0%)				0 (0%)
None	0 (0%)				0 (0%)
<b>TOTAL REPORTS</b>	<b>14</b>				<b>14</b>
Opinion Not Applicable	6				6

Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	0 (0%)				0 (0%)
Significant	15 (30%)				15 (30%)
Merits Attention	35 (70%)				35 (70%)
<b>TOTAL</b>	<b>50</b>				<b>50</b>

Recommendations Followed-up by Internal Audit

Table 1B

Recommendation Classification	Followed-up	Quarter 1					Not yet completed – Revised date agreed
		Completed by due date	Completed after target date	Completed by revised target date	Completed after revised target date		
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>	

## Trend Analysis – First Quarter 2014/15

### Assurance Opinions

	2013/14				2014/15				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2013/14	2014/15
	%	%	%	%	%	%	%	%	%	%
Substantial	43	12	0	34	64				25	64
Adequate	50	88	71	33	36				63	36
Limited	7	0	29	33	0				12	0
None	0	0	0	0	0				0	0
	100	100	100	100	100				100	100

### Implementation of Recommendations

	2013/14				2014/15				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2013/14	2014/15
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	15	19	7	11	2				68	34
Completed after target date	9	4	0	0	2				17	33
Completed by revised target date	2	0	1	1	0				5	0
Completed after revised target date	1	3	3	1	2				10	33
Not yet completed—Revised date agreed	0	0	0	0	0				0	0
Total followed up	27	26	11	13	6				100	100
<b>% Completed by Due Date</b>	<b>56%</b>	<b>73%</b>	<b>64%</b>	<b>84%</b>	<b>34%</b>					

INTERNAL AUDIT PLAN 2014/15 – Position as at 30<sup>th</sup> June 2014

Directorate	Original 2014/15 Plan	Revised 2014/15 Plan	Actual Days
Adults and Communities	135	137	20
<i>Corporate Services:</i>			
➤ HR, Performance & Partnerships & Comms.	110	130	2
➤ Legal & Governance	105	115	19
➤ Finance, Property & Information Services	723	728	215
Children, Young People & Family Services	182	230	53
Development, Environment & Culture	166	176	51
Public Health	23	23	2
Council Wide (incl. Corp. Governance Support)	299	329	179
Contingency	267	142	N/A
Berneslai Homes	133	133	32
South Yorkshire Joint Secretariat	30	30	13
<b>Total Internal Audit</b>	<b>2,173</b>	<b>2,173</b>	<b>586</b>

Quarterly profile  
Variance to date

543 Days  
43 Days

<b>External Clients</b>			
South Yorkshire Police Authority	454	454	96
South Yorkshire Police & Crime Commissioner	300	300	23
South Yorkshire Fire & Rescue Authority	281	281	52
South Yorkshire Pensions Authority	280	280	32
Combined Authority	50	50	2
<b>Total Internal Audit</b>	<b>1,365</b>	<b>1,365</b>	<b>205</b>

<b>Total Chargeable Planned Days</b>	<b>3,538</b>	<b>3,538</b>	<b>791</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. (4 very good, 1 good, none acceptable or poor)	Quarterly	95%	100%	100%
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 14/14)	Quarterly	95%	100%	100%
2.2	Percentage of final audit reports issued within a further 10 working days of completion and agreement of the draft audit report. (Cumulative /)	Quarterly	80%	93%	93%
2.3	Percentage of chargeable time against total available.	Quarterly	73%	65%	65%
2.4	Average number of days lost through sickness per FTE (Cumulative 10 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%	Due in Qu.2	N/A
<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 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.
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. 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.
2.3	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.
2.4	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.

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 First Quarter of 2014/15

Number ticks shown against each 'score' given

		Very Good	Good	Acceptable	Poor
<b>A Audit Planning</b>					
1	Relevance of the audit objectives	3	2	0	0
<b>B Communication</b>					
1	Consultation on scope and objectives of the audit	3	2	0	0
2	Communication during all aspects of the audit	3	2	0	0
3	Helpfulness co-operation of the auditor(s)	5	0	0	0
4	Professionalism of the auditor(s)	5	0	0	0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	3	2	0	0
<b>C Timing</b>					
1	Duration of the audit	3	2	0	0
2	Timeliness of the audit report	3	2	0	0
<b>D Quality of the audit report</b>					
1	Format and clarity of audit report	4	1	0	0
2	Accuracy of the findings	4	1	0	0
3	Relevance of recommendations	4	1	0	0
4	Overall quality of the report	4	1	0	0
<b>E Value of the audit</b>					
1	Basic controls assurance the audit has provided	2	3	0	0
2	Added value given beyond basic controls assurance	2	3	0	0
3	<b>Overall value of the audit</b>	3	2	0	0
		<b>60</b>	<b>40</b>	<b>0</b>	<b>0</b>
		<b>100%</b>			
<b>Total Number of 'ticks' (A – E)</b>		<b>51</b>	<b>24</b>	<b>0</b>	<b>0</b>
<b>Percentage</b>		<b>68</b>	<b>32</b>	<b>0</b>	<b>0</b>
		<b>100%</b>			

**Returned Questionnaires:-**

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

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

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I am very grateful for the assistance provided by Internal Audit in this matter, All of the suggestions have been progressed.

The Audit also helped to raise the issue of staff capacity and the additional time being required to undertake tasks due to poor IT support systems, for example the Council has purchased an EPOS Till system a year ago and the service is still waiting for IT to install it. We have been advised by IT that our service is not a priority and we have recently been subject to yet a further delay. The new system would save a considerable amount of staff time in reconciliation and in stock management.

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Met with Audit since report issued to discuss potential improvements / efficiencies to payments system. Audit input has been valuable and dialogue is ongoing.

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