



AUDIT COMMITTEE – 21st JANUARY 2015

**INTERNAL AUDIT QUARTERLY REPORT 2014/15
QUARTER ENDED 31st DECEMBER 2014**

Executive Summary

1. Reports issued during the quarter included two fundamental recommendations both relating to Foster Care Payments; specifically relating to financial assessments and the accuracy of calculations. 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 10 recommendations followed-up, only 2 (20%) had been implemented by the original target date, 1 (10%) had been implemented after the original target date and a further 3 (30%) by a revised target date. A further 4 (40%) 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 decrease 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 – 21st JANUARY 2015

**INTERNAL AUDIT QUARTERLY REPORT 2014/15
QUARTER ENDED 31st DECEMBER 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 December 2014, being the third 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 third 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 third 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 December 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 December 2014; and**
- iv. **consider the performance of the Internal Audit Division for the third 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 31st December 2014

- 4.1 Reports issued during the quarter included two fundamental recommendations, both related to Foster Care Payments; specifically relating to financial assessments and the accuracy of calculations.
- 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 1st 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 10 recommendations followed-up, 2 (20%) had been implemented by the original target date, 1 (10%) had been implemented after the original target date and a further 3 (30%) by the revised target date. A further 4 (40%) had not been implemented and a future revised date has been agreed. In overall terms 60% of recommendations have been implemented.

In addition, a further 13 recommendations are awaiting evidence to confirm whether the action has been addressed. An update will be provided at the meeting.

- 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 continuing to find that management remain 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 The Head of Internal Audit has raised the concern regarding the implementation of recommendations with all senior management. The position will be monitored closely with the hope 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 | 8 |
| New jobs received during the quarter | 2 |
| Less completed jobs during the quarter | (3) |
| Jobs carried forward to Quarter 4 | 7 |

5.2 The three completed cases related to:

- A right to buy application which was subsequently withdrawn during preliminary investigations into concerns around the application;
- A personal injury claim was not pursued by the claimant following correspondence issued by the Council's claims handler stating that there was evidence that the claim was fraudulent;
- Concerns raised by Social Workers regarding allegations of the abuse of the finances of a client by third parties. The Office of Public Guardian is pursuing the third parties to recover monies.

- 5.3 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.
- 5.4 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 third 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, again, 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 continues. 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 December 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 up to the end of December 2014, 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 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:

| Directorate | Audit Assignment Title |
|--------------------------------------|--|
| Legal and Governance | Taxi Licence Fees |
| Development, Environment and Culture | Growth Point Grant (Leeds) |
| Development, Environment and Culture | Local Transport Plan Grant – Maintenance Block (c/f funding 2011/12) |
| Development, Environment and Culture | Green Deal Pioneer Place Fund |

| Directorate | Audit Assignment Title |
|--|--|
| Finance, Property and Information Services | ICT Strategy |
| Finance, Property and Information Services | Information Governance Framework |
| Finance, Property and Information Services | Information Security & Computer Use Policy |
| Finance, Property and Information Services | Financial Regulations |
| Adults and Communities | Social Care & Support Bill |
| Adults and Communities | Funding Transfer to the NHS |
| Development, Environment and Culture | Broadband |
| Development, Environment and Culture | Town Centre |
| Public Health | Clinical Governance Arrangements |
| Public Health | Contracts with Providers |
| HR, Performance and Comms. | Working Time Directive |

Unplanned Audit Assignments incorporated into the Internal Audit Plan:

| Directorate | Audit Assignment Title |
|-----------------------------|--|
| <i>Public Health</i> | Improving Access to Hard to Reach Groups Grant |
| <i>Legal and Governance</i> | Delegated Member & Officer Decisions |

- 7.7 The position at the end of the third quarter for the audit days allocated to BMBC shows 99 days below profile. This is attributable in the main to the unplanned time required to meet the corporate requirements of the Future Council process and recent tender submissions.

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 third 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 tenders 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 third quarter of the year, 2 feedback sheets have been received, both have been noted as 'very good'.

- 8.5 A total number of 16 customer feedback questionnaires have been received in response to the issue of 26 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 31st December 2014
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31st December 2014
Appendix 4 - Analysis of Internal Audit feedback in the third 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: 9th January 2015

A: Completed Audits / Final Reports Issued During the Quarter Ending 31st December 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: Foster Care Payments | The review identified that variations to allowances and fee payments have not always been administered in accordance with approved policies and procedures, processed on a timely basis and payment adjustments had been inconsistently and inaccurately applied. In addition, control weaknesses have not been addressed in respect of the 2012/13 audit review in relation to the absence of an effective validation, approval and recovery process. | Limited | F - 2 S - 3 MA - 0 | 24.12.14 | Not yet due | N/A | To follow up the fundamental and significant recommendations |
| Children, Young People & Families: Out of Authority Placements | The current White Rose Framework Agreements in place, whilst naming Barnsley MBC as one of 'The Other Authorities' has not been signed and reviewed by the Council's Legal Services. Consequently, it is contravening the BMBC Contract Procedure Rules. | Substantial | F - 0 S - 1 MA - 0 | 10.12.14 | Not yet due | N/A | To follow up the significant recommendation |
| Finance, Property and Information Services: Local Council Tax Support Scheme | The audit concluded that in general there is an effective system of internal controls, although aspects of the procedures relating to the administration of the Local Council Tax Support Scheme could be strengthened. | Adequate | F - 0 S - 2 MA - 1 | 05.11.14 | Not yet due | N/A | To follow up the significant recommendations |
| Finance, Property and Information Services: Business Rate Retention Scheme | The audit concluded that the control environment within the Business Rates Retention Scheme is overall satisfactory with only an administrative error identified, which has been discussed with the Head to Taxation. | Substantial | F - 0 S - 0 MA - 0 | 02.12.14 | Not yet due | N/A | No further action required. |
| Other Completed Work Not Producing an Assurance Opinion | | | | | | | |
| Various Grant Audits | The audit certification of the following grant: Troubled Families (October submission). | N/A | N/A | N/A | N/A | N/A | N/A |
| Final Accounts | A total of 14 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 |

| 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 and Information Services: Cash Collection at Regent Street | The Assistant Director Finance requested Internal Audit reviewed the financial controls and the security of the premises relating to cash collection. A number of points were raised with Management to help strengthen the current control environment. | N/A | N/A | N/A | N/A | N/A | N/A |
| Finance, Property and Information Services: Carbon Energy Efficiency Scheme and Evidence Pack | Internal Audit reviewed the accuracy of the Carbon Energy Efficiency Scheme submission and supporting evidence pack. There were no significant issues identified. | N/A | N/A | N/A | N/A | N/A | N/A |
| Legal and Governance: Charity Park Accounts | Internal Audit provides an independent review of all charity park accounts over £25,000 prior to the submission to the Charities Commission. Four sets of accounts were reviewed and passed for certification. | N/A | N/A | N/A | N/A | N/A | N/A |
| Development, Environment and Culture: Dearne Valley Play House | The Council is currently the only remaining Trustee of the DVPH, the organisation is currently in the process of becoming an Incorporated Charitable Organisation, but prior to this IA was asked to review the governance arrangements and make suggestions for improvement so that the new ICO would start on a sound footing. IA undertook a review of the controls and governance arrangements in place and made a number of suggestions to improve the governance framework, which the Steering Group overseeing the conversion to an ICO accepted. | 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%) | 1 (13%) | 2 (50%) | | 12 (46%) |
| Adequate | 5 (36%) | 5 (62%) | 1 (25%) | | 11 (42%) |
| Limited | 0 (0%) | 2 (25%) | 1 (25%) | | 3 (12%) |
| None | 0 (0%) | 0 (0%) | 0 (0%) | | 0 (0%) |
| TOTAL REPORTS | 14 | 8 | 4 | | 26 |
| Opinion Not Applicable | 6 | 5 | 6 | | 17 |

Total Recommendations

| Number of Recommendations | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Cumulative |
|---------------------------|-----------|-----------|-----------|-----------|------------|
| Fundamental | 0 (0%) | 1 (2%) | 2 (22%) | | 3 (3%) |
| Significant | 15 (30%) | 24 (59%) | 6 (67%) | | 45 (45%) |
| Merits Attention | 35 (70%) | 16 (39%) | 1 (11%) | | 52 (52%) |
| TOTAL | 50 | 41 | 9 | | 100 |

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 |
| TOTAL | 6 | 2 | 2 | 0 | 2 | 0 |

| 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 |
| TOTAL | 19 | 2 | 3 | 2 | 1 | 11 |

Table 1B

Recommendations Followed-up by Internal Audit (continued)

| Quarter 3 | | | | | | |
|-------------------------------|-------------|-----------------------|-----------------------------|----------------------------------|-------------------------------------|---|
| 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 | 1 | 0 | 0 | 0 | 0 | 1 |
| Significant | 8 | 2 | 1 | 3 | 0 | 2 |
| Merits Attention | 1 | 0 | 0 | 0 | 0 | 1 |
| TOTAL | 10 | 2 | 1 | 3 | 0 | 4* |

* A further 13 recommendations are in the process of being followed up with Management and Information is awaited to confirm whether the recommendation has been implemented or not.

Trend Analysis – Third 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 | 50 | | |
| 36 | 62 | 25 | | |
| 0 | 25 | 25 | | |
| 0 | 0 | 0 | | |
| 100 | 100 | 100 | | |

| Cumulative | | |
|------------|---------|---|
| 2013/14 | 2014/15 | |
| % | % | % |

| | | |
|-----|-----|--|
| 25 | 46 | |
| 63 | 42 | |
| 12 | 12 | |
| 0 | 0 | |
| 100 | 100 | |

Implementation of Recommendations

| 2013/14 | | | | |
|---------|-----|-----|-----|-----|
| Q1 | Q2 | Q3 | Q4 | |
| No. | 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. | No. |

| | | | | |
|---|----|----|--|--|
| 2 | 2 | 2 | | |
| 2 | 3 | 1 | | |
| 0 | 2 | 3 | | |
| 2 | 1 | 0 | | |
| 0 | 11 | 4 | | |
| 6 | 19 | 10 | | |

| Cumulative | | |
|------------|---------|---|
| 2013/14 | 2014/15 | |
| % | % | % |

| | | |
|-----|-----|--|
| 68 | 17 | |
| 17 | 17 | |
| 5 | 14 | |
| 10 | 9 | |
| 0 | 43 | |
| 100 | 100 | |

| | | | | |
|----------------------------|-----|-----|-----|-----|
| % Completed by Target Date | 56% | 73% | 64% | 84% |
|----------------------------|-----|-----|-----|-----|

| | | | |
|-----|-----|-----|--|
| 34% | 11% | 20% | |
|-----|-----|-----|--|

INTERNAL AUDIT PLAN 2014/15 – Position as at 31st December 2014

| Directorate | Original 2014/15 Plan | Revised 2014/15 Plan | Actual Days |
|---|-----------------------------|----------------------------|----------------|
| Adults and Communities | 135 | 69 | 43 |
| <i>Corporate Services:</i> | | | |
| ➤ HR, Performance & Partnerships & Comms. | 110 | 134 | 16 |
| ➤ Legal & Governance | 105 | 126 | 47 |
| ➤ Finance, Property & Information Services | 723 | 689 | 471 |
| Children, Young People & Family Services | 182 | 289 | 261 |
| Development, Environment & Culture | 166 | 174 | 147 |
| Public Health | 23 | 11 | 6 |
| Council Wide (incl. Corp. Governance Support) | 299 | 467 | 411 |
| Contingency | 267 | 37 | N/A |
| Barneslai Homes | 133 | 133 | 93 |
| South Yorkshire Joint Secretariat | 30 | 44 | 36 |
| Total Internal Audit | 2,173 | 2,173 | 1,531 |

Quarterly profile
Variance to date

1,630 Days
-99 Days

| | | | |
|---|--------------|--------------|------------|
| External Clients | | | |
| South Yorkshire Police Authority | 454 | 454 | 333 |
| South Yorkshire Police & Crime Commissioner | 300 | 300 | 212 |
| South Yorkshire Fire & Rescue Authority | 281 | 281 | 199 |
| South Yorkshire Pensions Authority | 280 | 280 | 140 |
| Combined Authority | 50 | 50 | 39 |
| Total Internal Audit | 1,365 | 1,365 | 923 |

| | | | |
|--------------------------------------|--------------|--------------|--------------|
| Total Chargeable Planned Days | 3,538 | 3,538 | 2,454 |
|--------------------------------------|--------------|--------------|--------------|

INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2014/15

| Ref. | Indicator | Frequency of Report | Target 2014/15 | This Period | Year to Date |
|-----------|---|---------------------|----------------|---------------|---------------|
| 1. | <u>Customer Perspective:</u> | | | | |
| 1.1 | Percentage of questionnaire received noted "good" or "very good" relating to work concluding with an audit report. (12 very good, 3 good, 1 acceptable, none poor) | Quarterly | 95% | 100% | 94% |
| 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 |
| 2. | <u>Business Process Perspective:</u> | | | | |
| 2.1 | Percentage of final audit reports issued within a further 10 working days of completion and agreement of the draft audit report. (Cumulative 20/26) | Quarterly | 80% | 75% | 77% |
| 2.2 | Percentage of chargeable time against total available. | Quarterly | 73% | 69% | 67% |
| 2.3 | Average number of days lost through sickness per FTE (Cumulative 66 days) | Quarterly | 6 days | 3 days | 4 days |
| 3. | <u>Continuous Improvement Perspective:</u> | | | | |
| 3.1 | Personal development plans for staff completed within the prescribed timetable. | Annual | 100% | 100% | 100% |
| 4. | <u>Financial Perspective:</u> | | | | |
| 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 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. |
| 2.3 | Average number of days lost through sickness per FTE. | This PI will reflect the % chargeable time of staff in post, net of vacancies. |
| 3.1 | Personal development plans for staff completed within the prescribed timetable. | A corporate PI to measure the effectiveness of good absence / attendance management. |
| 4.1 | Total Internal Audit costs v budget. | 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 17.2

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

Number of ticks shown against each area of quality

| | | Very Good | Good | Acceptable | Poor |
|----------|--|-------------|-----------|------------|----------|
| A | Audit Planning | | | | |
| 1 | Relevance of the audit objectives | 13 (2) | 2 (0) | 1 (0) | 0 (0) |
| B | Communication | | | | |
| 1 | Consultation on scope and objectives of the audit | 13 (2) | 3 (0) | 0 (0) | 0 (0) |
| 2 | Communication during all aspects of the audit | 12 (2) | 3 (0) | 1 (0) | 0 (0) |
| 3 | Helpfulness co-operation of the auditor(s) | 15 (2) | 1 (0) | 0 (0) | 0 (0) |
| 4 | Professionalism of the auditor(s) | 15 (2) | 1 (0) | 0 (0) | 0 (0) |
| 5 | The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity | 9 (2) | 6 (0) | 0 (0) | 0 (0) |
| C | Timing | | | | |
| 1 | Duration of the audit | 12 (2) | 4 (0) | 0 (0) | 0 (0) |
| 2 | Timeliness of the audit report | 13 (2) | 3 (0) | 0 (0) | 0 (0) |
| D | Quality of the audit report | | | | |
| 1 | Format and clarity of audit report | 14 (2) | 2 (0) | 0 (0) | 0 (0) |
| 2 | Accuracy of the findings | 13 (2) | 3 (0) | 1 (0) | 0 (0) |
| 3 | Relevance of recommendations | 13 (2) | 2 (0) | 1 (0) | 0 (0) |
| 4 | Overall quality of the report | 13 (2) | 3 (0) | 0 (0) | 0 (0) |
| E | Value of the audit | | | | |
| 1 | Basic controls assurance the audit has provided | 12 (2) | 3 (0) | 1 (0) | 0 (0) |
| 2 | Added value given beyond basic controls assurance | 10 (2) | 5 (0) | 1 (0) | 0 (0) |
| 3 | Overall value of the audit | 12 (2) | 3 (0) | 1 (0) | 0 (0) |
| | | 75 | 19 | 6 | 0 |
| | | 100% | | | |
| | Total Number of 'ticks' (A – E) | 189 | 44 | 7 | 0 |
| | Percentage | 79 | 18 | 3 | 0 |
| | | 100% | | | |

Returned Questionnaires:-

| | |
|--------------|-----------|
| Quarter 1 | 5 |
| Quarter 2 | 9 |
| Quarter 3 | 2 |
| Quarter 4 | |
| Total | 16 |

Auditee Comments (where given) received in the quarter:

[Auditor's name]'s knowledge of systems and procedures is always a benefit, she is always considerate and the various part time working arrangements in our team and is happy to work around them accordingly.

Really helpful that [Auditors name] was prepared to support the group in designing the system to ensure that it is robust and addresses the issues raised in the audit.
