



AUDIT COMMITTEE – 22nd APRIL 2015

**INTERNAL AUDIT QUARTERLY REPORT 2014/15
QUARTER ENDED 31st MARCH 2015**

Executive Summary

1. Issued reports and the Internal Audit work completed 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 9 recommendations followed-up, 6 (68%) had been implemented by the original target date, 2 (22%) had been implemented after the original target date and 1 (10%) by the revised target date. In addition, a further 35 recommendations are awaiting evidence to confirm whether the action has been addressed. An update will be provided at the meeting (Para. 4.4 & 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 decrease in the number of BMBC audit days spent against the total number of planned audit days as at the end of the year (Para.7.7 and Appendix 2).
7. Divisional quarterly performance is generally satisfactory. The PI's relating to chargeable time and issue of reports are slightly less than target (Para. 8.2 and 8.3 & Appendices 3 & 4).

AUDIT COMMITTEE – 22ND APRIL 2015

**INTERNAL AUDIT QUARTERLY REPORT 2014/15
QUARTER ENDED 31st MARCH 2015**

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 March 2015, being the fourth 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 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 to the end of the fourth 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 fourth 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 March 2015 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 March 2015; and**
- iv. **consider the performance of the Internal Audit Division for the fourth 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 March 2015

- 4.1 Internal Audit work undertaken during the quarter did not result in the issuing of any fundamental recommendations.
- 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. The one outstanding report response is currently being followed-up with the responsible officer.

Follow-Up of Report Recommendations

- 4.3 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.
- 4.4 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 9 recommendations followed-up, 6 (68%) had been implemented by the original target date, 2 (22%) had been implemented after the original target date and 1 (10%) by the revised target date. In addition, a further 35 recommendations are awaiting evidence to confirm whether the action has been addressed. An update will be provided at the meeting.

4.5 Of the four recommendations outstanding as reported in the January progress report (see Quarter 3 Table 1B), 2 have now been implemented. One recommendation has been given a revised implementation date and the remaining 1 is currently being followed-up.

4.6 A total of 35 recommendations are currently being followed-up with management. A significant number of recommendations have had the 31st March 2015 as the implementation date and due to the timing of the Audit Committee is has not been possible to obtain updates from management in all cases..

4.7 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 that the original implementation dates 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.

4.8 As is common in the final quarter of the audit year, there are a number of pieces of work that have been carried-over into the new audit year (2015/16). These will be incorporated in the Head of Internal Audit's annual report and subsequent progress reports.

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	7
New jobs received during the quarter	4
Less completed jobs during the quarter	(4)
Jobs carried forward to Quarter 4	7

5.2 The four completed cases related to:

- Two referrals were not pursued due to a lack of supporting evidence
- 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;
- Investigations into allegations that four employees were submitting fraudulent claims for external funding on behalf of the Authority did not identify evidence of any fraud for personal gain. However, a number of irregular procedural practices were identified concerning the claims. This has resulted in the funding provider clawing-back £10,080. Three of the four

officers tendered their resignations during the investigation process. No evidence of irregular practice was found against the fourth member of staff.

5.3 Departmental management continue to undertake their own investigations with Internal Audit providing an advisory/supervising role. Three of the remaining ongoing cases remain with management.

5.4 Details of all cases/matters will be given as they are resolved.

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

5.5 In all cases recommendations are made to the departments concerned to address weaknesses where irregularities have occurred.

5.6 Internal Audit cannot report in detail on any ongoing investigation or where disciplinary proceedings have not been completed, as to disclose this information could prejudice the outcome of this work. Details are provided, as above, as cases are finalised. It should also be noted that where issues are investigated and found not to warrant disciplinary action or referral to the Police, details are not publicised.

5.7 The majority of investigations / irregularities involve administrative errors, omissions or anomalies, whilst others represent opportunistic minor thefts and small-scale frauds. However, the Police are informed as a matter of routine where a theft is suspected.

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

6.1 As stated in the annual report, the core financial systems are an important factor in the overall assurance opinion. With that position in mind, plus the results of the other audits reported in the fourth 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 March 2015

- 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 March 2015, 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.

- 7.6 Details of adjustments in respect of deleted audit work, as agreed in conjunction with management are as follows:

Audit Assignments Deleted from the Internal Audit Plan:

Directorate	Audit Assignment Title	Deleted / Deferred
Development, Environment and Culture	Markets New Licensing System	Deleted at the request of management
Council Wide	Assurance Mapping	Deferred until 2015/16

- 7.7 The position at the end of the fourth quarter for the audit days allocated to BMBC shows 97 days below profile (4.4%).

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 fourth quarter are generally satisfactory. The chargeable time indicator is below target. The reduced number of days delivered has been due to a combination of additional time required to deal with the restructure of the service (meeting the requirements of the Future Council programme), changes to the Audit Management system, the submission of tenders for Internal Audit services, additional professional training and general administration time to meet corporate requirements for document management and the relocation of the Section.
- 8.3 The cumulative position in respect of the issue of final 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 fourth quarter of the year, 1 feedback sheet has been received which has been noted as 'very good'. A total number of 17 customer feedback questionnaires have been received in response to the issue of 27 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 March 2015
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31st March 2015
Appendix 4 - Analysis of Internal Audit feedback in the fourth 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

Telephone No: 01226 773241

Date: 13th April 2015

A: Completed Audits / Final Reports Issued During the Quarter Ending 31st March 2015

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: Nursery Education Funding	The audit work identified the absence of adequate Public Indemnity Insurance and evidence to support a child's date of birth which are both required in support of the Nursery Education Funding Conditions of Grant Agreement.	Adequate	F – 0 S – 2 MA - 2	06.01.15	No (Reminder issued)	N/A	To follow up the significant report recommendations
Other Completed Work Not Producing an Assurance Opinion							
Finance, Assets & Information Services	Review and update of the Council's Financial Regulations in respect of key financial systems.	N/A	N/A	N/A	N/A	N/A	N/A
Finance, Assets & Information Services	Advice and support provided regarding trial implementation of table to allow for posting of invoices with unknown quantities that do not require purchase orders.	N/A	N/A	N/A	N/A	N/A	N/A
Finance, Assets & Information Services	Advice and support provided for the creation of composite roles within Commercial Services.	N/A	N/A	N/A	N/A	N/A	N/A
Development, Environment & Culture	Advice and support provided regarding the recording and banking of income from Museums.	N/A	N/A	N/A	N/A	N/A	N/A
Development, Environment & Culture	Advice provided regarding the issue of car parking tickets.	N/A	N/A	N/A	N/A	N/A	N/A
Development, Environment & Culture	Advice provided in respect of lease agreements and the provision of invoices for payment.	N/A	N/A	N/A	N/A	N/A	N/A
Children, Young People & Families	The audit certification of the following grant: Troubled Families (January submission).	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
Children, Young People & Families: Financial Planning	A themed review of the financial planning arrangements across five schools identified the following: The need to prepare a three year projected budget and have an up to date financial procedure manual. In addition, the need to undertake a skills audit of all Governors across maintained schools to ensure Committees operate effectively.	N/A	N/A	N/A	N/A	N/A	N/A
Final Accounts	A total of 13 final accounts submitted by NPS Barnsley Ltd have been audited and returned in order for the final certificates to be issued or with queries that need to be resolved.	N/A	N/A	N/A	N/A	N/A	N/A
Development, Environment & Culture	Advice and support provided for the creation of the facility to utilise E-BAY to sell obsolete Council assets within Development Directorate.	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%)	0 (0%)	12 (44%)
Adequate	5 (36%)	5 (62%)	1 (25%)	1 (100%)	12 (44%)
Limited	0 (0%)	2 (25%)	1 (25%)	0 (0%)	3 (12%)
None	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
TOTAL REPORTS	14	8	4	1	27
Opinion Not Applicable	6	5	6	10	27

Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	0 (0%)	1 (2%)	2 (22%)	0 (0%)	3 (3%)
Significant	15 (30%)	24 (59%)	6 (67%)	2 (50%)	47 (45%)
Merits Attention	35 (70%)	16 (39%)	1 (11%)	2 (50%)	54 (52%)
TOTAL	50	41	9	4	104

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)

Recommendation Classification	Quarter 3						Not yet completed – Revised date agreed
	Followed-up	Completed by due date	Completed after target date	Completed by revised target date	Completed after revised target date	Completed after revised target date	
Fundamental	1	0	0	0	0	0	1
Significant	8	2	1	3	0	0	2
Merits Attention	1	0	0	0	0	0	1
TOTAL	10	2	1	3	0	0	4

Recommendation Classification	Quarter 4						Not yet completed – Revised date agreed
	Followed-up	Completed by due date	Completed after target date	Completed by revised target date	Completed after revised target date	Completed after revised target date	
Fundamental	1	1	0	0	0	0	0
Significant	8	5	2	1	0	0	0
Merits Attention	0	0	0	0	0	0	0
TOTAL	9 *	6	2	1	0	0	0

* In total 35 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 – Fourth Quarter 2014/15

Assurance Opinions

	2013/14							
	Q1		Q2		Q3		Q4	
	No.	%	No.	%	No.	%	No.	%
Substantial	43	12	0	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	
	No.	%	No.	%	No.	%	No.	%
Substantial	64	13	50	0				
Adequate	36	62	25	100				
Limited	0	25	25	0				
None	0	0	0	0				
	100	100	100	100				

	Cumulative			
	2013/14		2014/15	
	No.	%	No.	%
Substantial	25		44	
Adequate	63		44	
Limited	12		12	
None	0		0	
	100		100	

Implementation of Recommendations

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

	2014/15							
	Q1		Q2		Q3		Q4	
	No.	%	No.	%	No.	%	No.	%
Completed by target date	2	2	2	6				
Completed after target date	2	3	1	2				
Completed by revised target date	0	2	3	1				
Completed after revised target date	2	1	0	0				
Not yet completed-Revised date agreed	0	11	4	0				
Total followed up	6	19	10	9				

	Cumulative			
	2013/14		2014/15	
	No.	%	No.	%
Completed by target date	68		27	
Completed after target date	17		18	
Completed by revised target date	5		14	
Completed after revised target date	10		7	
Not yet completed-Revised date agreed	0		34	
Total followed up	100		100	

% Completed by Target Date	56%	73%	64%	84%
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% Completed by Target Date	34%	11%	20%	68%
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INTERNAL AUDIT PLAN 2014/15 – Position as at 31st March 2015

Directorate	Original 2014/15 Plan	Revised 2014/15 Plan	Actual Days
Adults and Communities	135	43	57
<i>Corporate Services:</i>			
➤ HR, Performance & Partnerships & Comms.	110	101	69
➤ Legal & Governance	105	116	81
➤ Finance, Property & Information Services	723	684	661
Children, Young People & Family Services	182	269	282
Development, Environment & Culture	166	186	167
Public Health	23	8	7
Council Wide (incl. Corp. Governance Support)	299	578	579
Contingency	267	21	N/A
Berneslai Homes	133	133	131
South Yorkshire Joint Secretariat	30	34	42
Total Internal Audit	2,173	2,173	2,076

Variance

-97 Days

External Clients	Original 2014/15 Plan	Revised 2014/15 Plan	Actual Days
South Yorkshire Police Authority	454	454	445
South Yorkshire Police & Crime Commissioner	300	300	240
South Yorkshire Fire & Rescue Authority	281	281	239
South Yorkshire Pensions Authority	280	280	219
Sheffield City Region Combined Authority	50	50	53
Total Internal Audit	1,365	1,365	1,196

Total Planned Days	3,538	3,538	3,272
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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. (13 very good, 3 good, 1 acceptable, none poor)	Quarterly	95%	100%	95%
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%	TBC	TBC
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 21/27)	Quarterly	80%	100%	77%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	68%	67%
2.3	Average number of days lost through sickness per FTE (Cumulative 102 days)	Quarterly	6 days	2 days	6 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 of each audit job resulting in a formal report. The questionnaire asks 14 specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report. An overall assessment is sought as to the overall value of the audit. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
1.2	Percentage of favourable auditee questionnaire responses received (noted "good" or "very good") relating to the provision of advice, special investigations, support to steering groups and project boards.	This performance indicator is based on obtaining feedback on the effectiveness of Internal Audit's input to the provision of advice, special investigations, and support to steering groups and project boards. Feedback is obtained on an annual basis from Directors and Assistant Directors. The responses will be analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of 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 Fourth 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 (0)	3 (1)	1 (0)	0 (0)
B	Communication				
1	Consultation on scope and objectives of the audit	13 (0)	4 (1)	0 (0)	0 (0)
2	Communication during all aspects of the audit	13 (1)	3 (0)	1 (0)	0 (0)
3	Helpfulness co-operation of the auditor(s)	16 (1)	1 (0)	0 (0)	0 (0)
4	Professionalism of the auditor(s)	16 (1)	1 (0)	0 (0)	0 (0)
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	9 (0)	7 (1)	0 (0)	0 (0)
C	Timing				
1	Duration of the audit	13 (1)	4 (0)	0 (0)	0 (0)
2	Timeliness of the audit report	14 (1)	3 (0)	0 (0)	0 (0)
D	Quality of the audit report				
1	Format and clarity of audit report	15 (1)	2 (0)	0 (0)	0 (0)
2	Accuracy of the findings	14 (1)	3 (0)	1 (0)	0 (0)
3	Relevance of recommendations	13 (0)	3 (1)	1 (0)	0 (0)
4	Overall quality of the report	14 (1)	3 (0)	0 (0)	0 (0)
E	Value of the audit				
1	Basic controls assurance the audit has provided	13 (1)	3 (0)	1 (0)	0 (0)
2	Added value given beyond basic controls assurance	11 (1)	5 (0)	1 (0)	0 (0)
3	Overall value of the audit	13 (1)	3 (0)	1 (0)	0 (0)
		73	22	5	0
		100%			
	Total Number of 'ticks' (A – E)	200	48	7	0
	Percentage	18	19	3	0
		100%			

Returned Questionnaires:-

Quarter 1	5
Quarter 2	9
Quarter 3	2
Quarter 4	1
Total	17

Auditee Comments (where given) received in the quarter:

Very good planning at the initial meeting, however some misunderstanding prior to the meeting re purpose as ideally [Auditee's name] was more relevant person.

I agree with the all the conclusions made by the Auditors. I would like to take this opportunity to thank the Auditor for a well organised and informative visit.
