

AUDIT COMMITTEE – 22nd JULY 2015

INTERNAL AUDIT QUARTERLY REPORT 2015/16
QUARTER ENDED 30th JUNE 2015



Executive Summary

1. Issued reports and the Internal Audit work completed during the quarter raised two fundamental recommendations. These were both in relation to the absence of up to date business continuity plans following the restructure of the Council and specifically within the IT Service.
2. The internal control assurance opinion overall remains adequate based upon the results of the work undertaken during the quarter (Para. 6.1). Three audit reviews have however produced limited assurance opinions. These were regarding Corporate Business Continuity Planning, IT Security Controls and the Accounts Receivable system (Para 4.1 / Appendix 1).
3. Of the 14 recommendations followed-up, 7 (50%) had been implemented by the original target date and 5 (36%) had been implemented after the original target date. Two recommendations remained not implemented and have been given a revised implementation date by management (Para. 4.4).
4. 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).
5. In relation to the Barnsley MBC audit plan, more days than profile have been delivered in the first quarter (Para.7.7 and Appendix 2).
6. Quarterly performance of the function is generally satisfactory. The PI relating to chargeable time is below profile but this is due in the main to the incidence of annual, statutory and special leave, training days and time necessary in populating the audit management system as part of the annual planning process. At this stage in the year no major issues are expected (Para. 8.2 and 8.3 & Appendices 3 & 4).

AUDIT COMMITTEE – 22ND JULY 2015

**INTERNAL AUDIT QUARTERLY REPORT 2015/16
QUARTER ENDED 30TH JUNE 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 June 2015, being the first quarter of the 2015/16 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 first quarter of 2015/16 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 2015 of the 2015/16 audit year;
- iii. note the progress against the Internal Audit plan for 2015/16 for the period to the end of June 2015; 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, risk and governance environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and risk. It is important that all Internal Audit activities are undertaken with due regard to risk and the risk issues prevailing at the time.
- 3.2 In order to fulfil its responsibilities the Audit Committee needs to be satisfied that the Internal Audit Division is undertaking its work as planned, responding appropriately to client demands, operating to the required professional standards and obtaining the necessary responses from management following Internal Audit work.
- 3.3 In accordance with statutory best practice provided by the Public Sector Internal Audit Standards, there is a requirement that the Head of the Internal Audit function prepares an annual report to the appropriate member body. This requirement is best supported through regular reports during the year, providing, amongst other things, ongoing assurances on the adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.4 For the Authority, the appropriate member body is the Audit Committee.

4. Key Issues Arising From Internal Audit Work in the Quarter Ended 30th June 2015

- 4.1 Internal Audit work undertaken during the quarter identified two fundamental recommendations both relating to business continuity arrangements, being the absence of up to date business continuity plans following the restructure of the Council and specifically for the IT Service.
- 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 Service Director) to acknowledge that they accept the report and commit to ensuring that the recommendations will be implemented.

Follow-Up of Report Recommendations

- 4.3 The following protocol is applied to the follow-up of recommendations in audit reports:
- all fundamental and significant recommendations irrespective of the assurance opinion;
 - all recommendations contained within the annual core financial system audit reports and;
 - reports containing a significant number of merits attention recommendations giving rise to a negative assurance opinion.
- 4.4 Table 1A 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 14 recommendations followed-up, 7 (50%) had been implemented by the original target date and a further 5 (36%) had been implemented after the original target date. Therefore 2 (14%) recommendations remain not implemented and have received revised implementation dates by management.

4.5 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 workload pressure and are naturally 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.

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	3
Less completed jobs during the quarter	(6)
Jobs carried forward to Quarter 2	4

5.2 The six completed cases related to:

- Enquiries from a neighbouring Police Authority concerning allegations of fictitious tenancies being created by a private landlord. Initial checks identified that BMBC had made in excess of £200K housing benefit payments to the landlord concerned, however, further investigations by the Corporate Anti-Fraud Team have verified that all of the housing benefit claims were genuine and bona fide;
- Two cases were not pursued due to lack of supporting evidence;
- A management investigation into a suspected theft resulted in the dismissal of an employee; however, the employee concerned was subsequently reinstated upon appeal.
- An employee suspected of fraudulently claiming a council tax single person discount resigned prior to a disciplinary hearing;
- Allegations that an employee had failed to notify management of a council tax discount change in circumstance were dealt with informally.

5.3 Departmental management continue to undertake their own investigations with Internal Audit providing an advisory/supervising role. Two 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.

National Fraud Initiative

- 5.8 The Corporate Anti-Fraud Team co-ordinates the Council's involvement in the National Fraud Initiative (NFI), which is the Audit Commission's biennial data matching exercise designed to identify fraud and error across the public sector.
- 5.9 The 2014/15 exercise commenced on 6th October 2014 when all datasets were uploaded to the Audit Commission website. Data matches have now been received and investigated as follows:
- 930 cases have been investigated and closed as at the beginning of July;
 - 20 housing benefit datamatches cases have been referred to the DWP for SFIS investigation and 35 cases are in the process of being transferred;
 - 23 national insurance numbers have been corrected on the relevant Council databases;

Council Tax

- 5.10 Investigations to date have identified total savings of £2,336. A further 61 referrals have not been pursued due to poor intelligence e.g. no benefit/discount in payment or have been forwarded to the DWP for SFIS investigation.

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 audit assurance opinion. With that position in mind, plus the results of the other audits reported in the first quarter, an **adequate** assurance opinion remains appropriate.
- 6.2 As referred to above, the number of audit report recommendations implemented at the time of follow-up was relatively high at 86%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.

- 6.3 Where control weaknesses have been identified within procedures or in the provision of advice or 'consultancy' services, these have either been resolved with management through the issue of an audit report and/or correspondence or addressed at the time of the audit.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.
- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the 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 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.

7. Internal Audit Plan 2015/16 - Progress to the end of June 2015

- 7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.
- 7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many 'external' factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the Division's computerised management system.
- 7.3 Appendix 2 shows the progress of the plan up to the end of June 2015, analysed by Directorate / Service.
- 7.4 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.
- 7.5 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.
- 7.6 Details of adjustments in respect of unplanned audit work, as agreed in conjunction with management are as follows:

Directorate / Service	Audit Assignment Title
Legal and Governance	Brierley Town Council - Smaller Body Annual Return
Finance, Assets and Information Governance	Benefits and Taxation E-Forms

7.7 The position at the end of the first quarter for the audit days allocated to BMBC shows 53 days above profile (10%).

8. Internal Audit Function and Performance

8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the performance indicators (PIs) for 2015/16 is attached at Appendix 3.

8.2 The performance indicators for the first quarter are generally satisfactory at this point of the year. The chargeable time indicator is below target but this is due in the main to the profile of annual, statutory and special leave, training days and the and time necessary in populating the audit management system as part of the annual planning process.

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, at the point of preparing this report 6 feedback sheets have been received out of the 8 final reports issued.

8.4 One member of the Team has tendered her resignation with effect from 31st July. Consideration is being taken as to how best deal with this taking into account potential future savings requirements and the need to deliver the audit plan for the Council and external clients.

9. Local Area Implications

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

10. Consultations

10.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.

10.2 No specific consultation has been necessary in the preparation of this quarterly report.

11. Compatibility with European Convention on Human Rights

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

12. Reduction of Crime and Disorder

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

13. Risk Management Considerations

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

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

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

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

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

14. Employee Implications

- 14.1 There are no employee implications arising from this report.

15. Financial Implications

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

16. Appendices

- 16.1 Appendix 1 - Key issues arising from completed Internal Audit work
Appendix 2 - Internal Audit Plan 2015/16 – Position as at 30th June 2015
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 30th June 2015
Appendix 4 - Analysis of Internal Audit feedback in the first quarter of 2015/16

17. Background Papers

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

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Telephone No: 01226 773241

Date: 9th July 2015

A: Completed Audits / Final Reports Issued During the Quarter Ending 30th June 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
Finance, Assets & Information Services: IT Security Controls	The key issues arising from the review related to the absence of a business continuity plan and an information governance issue relating to the need to ensure that staff access permissions are removed on a timely basis when leaving or changing roles. The review did not identify any significant issues.	Limited	F - 1 S - 4 MA - 1	14.04.15	Y	Y	To follow-up the report recommendations
Finance, Assets & Information Services: Payroll & Employee Administration	The review did not identify any significant issues.	Substantial	F - 0 S - 0 MA - 2	15.05.15	Y	Y	To follow-up the report recommendations
Finance, Assets & Information Services: Income	The review identified issues in respect of the timeliness of monitoring and recovery of debt and the inconsistent application of procedures. This has resulted in some debts having little or no action taken to progress the debt to the next recovery stage.	Limited	F - 0 S - 9 MA - 3	03.06.15	Not Yet Due	N/A	To follow-up the report recommendations
Finance, Assets & Information Services: Cash Receipting & Banking	This review identified that income had not always been banked within the required timescales. In addition, the Payment Card Industry Data Security Standard self-assessment questionnaire / on-site security assessments had not been fully completed due to recent IT staff restructures / workload pressures. Issues were identified in relation to the incorrect treatment of VAT in respect of an invoice under the EU Reverse Charge Provision, the application of early payment rebates impacting upon the maximisation of income and interface payment files which had not always been password protected.	Adequate	F - 0 S - 3 MA - 5	07.05.15	Not Yet Due	N/A	To follow-up the report recommendations
Finance, Assets & Information Services: Purchase to Pay	Issues were identified in relation to the incorrect treatment of VAT in respect of an invoice under the EU Reverse Charge Provision, the application of early payment rebates impacting upon the maximisation of income and interface payment files which had not always been password protected.	Adequate	F - 0 S - 4 MA - 3	04.06.15	Not Yet Due	N/A	To follow-up the report recommendations
HR, Performance & Communications: Agency Workers	The audit identified that the appointment of agency workers did not always comply with the Council's guidance regarding the employment of agency workers.	Adequate	F - 0 S - 4 MA - 2	11.05.15	Not Yet Due	N/A	To follow-up the significant report recommendations

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Response received Y / N	Satisfactory response Y / N	Other Action
HR, Performance & Communications: Business Continuity	<p>Testing of the Corporate BCP and service BCPs identified that most plans were incomplete and out of date. The review also identified that the service BCPs and therefore by default the Corporate BCP had not been aligned to Future Council arrangements with regard to service functions and key personnel named and accountable within the plan.</p> <p>The audit did not identify any issues.</p>	Limited	F - 1 S - 5 MA - 3	17.06.15	Not Yet Due	N/A	To follow-up the fundamental and significant report recommendations
HR, Performance & Communications: SVERVS		Substantial	F - 0 S - 0 MA - 0	26.06.15	Not Yet Due	N/A	None.

Other Completed Work Not Producing a specific Assurance Opinion	
Finance: BACS Process	Advice provided to Commercial Services with regard to potential revisions to streamline the BACS process and printing cost savings.
Finance: Grants	Audit certification of the following grant claims: Rogue Landlords Grant; Community Capacity Grant; Care Bill Implementation Grant.
Place: Sale of Electrical Assets / Use of E-Bay	Advice provided with regard to the Council's approach to the sale of redundant electrical assets, creation of an e-bay account and use of an auctioneer service.
Place: South Yorkshire Mining Advisory Service	Completion of the Smaller Bodies Annual Return in respect of the SYMAS Accounts.
Place: Trans Pennine Trail	Completion of the Smaller Bodies annual Return in respect of the Trans Pennine Trail Accounts.
Communities: Troubled Families	Audit certification of the Troubled Families claim (March 2015 submission).
Final Accounts	A total of 16 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.
Other Work Undertaken	
Barneslai Homes: Housing Rents 2014/15	Details of the audit have been reported to the Barneslai Homes Audit Committee meeting held on the 11th June 2015.
Barneslai Homes: Shared Core Systems	Details of the audit have been reported to the Barneslai Homes Audit Committee meeting held on the 11th June 2015.
Follow-up of Recommendations	Regular work undertaken to follow-up recommendations made.
Attendance at Steering / Working Group	Information Governance Board, Contract Procedure Rules Working Group,
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters. Such work often does not require formal reporting but occasionally will escalate into a specific piece of audit work for which a new job will be created.
Audit Committee Support	Time taken in the preparation of audit committee reports, audit committee member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, accommodation moves, service business continuity and health and safety.

Table 1A

Summary Activity

All Audit Reports	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Assurance Opinion	2 (24%)				2 (24%)
Substantial	3 (38%)				3 (38%)
Adequate	3 (38%)				3 (38%)
Limited	0 (0%)				0 (0%)
None	8				8
TOTAL REPORTS	9				9
Opinion Not Applicable					

Total Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Number of Recommendations	2 (4%)				2 (4%)
Fundamental	29 (58%)				29 (58%)
Significant	19 (38%)				19 (38%)
Merits Attention	50				50
TOTAL					

Recommendations Followed-up by Internal Audit

Table 1B

Recommendation Classification	Quarter 1				Completed after target date	Not yet completed – Revised date agreed
	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed		
Fundamental	3	2	0	1		
Significant	7	5	2	0		
Merits Attention	4	0	3	1		
TOTAL	14	7	5	2		

Trend Analysis – First Quarter 2015/16

Assurance Opinions

	2014/15				2015/16				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014/15	2015/16
	%	%	%	%	%	%	%	%	%	%
Substantial	64	13	50	0	24				44	24
Adequate	36	62	25	100	38				44	38
Limited	0	25	25	0	38				12	38
None	0	0	0	0	0				0	0
	100	100	100	100	100				100	100

	2015/16				Cumulative	
	Q1	Q2	Q3	Q4	2014/15	2015/16
	%	%	%	%	%	%
Substantial	24				44	24
Adequate	38				44	38
Limited	38				12	38
None	0				0	0
	100				100	100

Implementation of Recommendations

	2014/15				2015/16				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014/15	2015/16
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	2	2	2	6	7				27	50
Completed after target date	4	6	4	3	5				39	36
Not yet completed—Revised date agreed	0	11	4	0	2				34	14
Total followed up	6	19	10	9	14				100	100
% Completed by Original Target Date	34%	11%	20%	68%	50%					
% Completed at time of Follow-up	100%	42%	60%	100%	86%					

	2015/16				Cumulative	
	Q1	Q2	Q3	Q4	2014/15	2015/16
	No.	No.	No.	No.	%	%
Completed by target date	7				27	50
Completed after target date	5				39	36
Not yet completed—Revised date agreed	2				34	14
Total followed up	14				100	100
% Completed by Original Target Date	50%					
% Completed at time of Follow-up	86%					

INTERNAL AUDIT PLAN 2015/16 – Position as at 30th June 2015

Appendix 2

Directorate	Original 2015/16 Plan	Revised 2015/16 Plan	Actual Days
Communities	65	71	30
People	175	158	35
Place	112	112	38
Public Health	39	39	3
Corporate Services:			
➤ HR, Performance & Communications	80	80	32
➤ Legal & Governance	77	82	49
➤ Finance, Assets & Information Services	469	492	135
Council Wide	220	225	102
Contingency	80	58	N/A
Berneslai Homes	133	133	17
Sub Total	1,450	1450	441

Corporate Anti-Fraud Unit	580	580	120
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Sub Total	2,030	2,030	561
		Profile	507.5
		Variance	+53.5

External Clients:-			
South Yorkshire Police Chief Constable	472	472	67
South Yorkshire Police and Crime Commissioner	259	250	28
South Yorkshire Fire and Rescue Authority	284	284	54
Sheffield City Region Combined Authority	60	60	12
South Yorkshire Passenger Transport Executive	200	208	20
South Yorkshire Pensions Authority	273	273	66
Sub Total	1,548	1,547	247

Total Chargeable Planned Days	3,578	3,577	808
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INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2015/16

Ref.	Indicator	Frequency of Report	Target 2015/16	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. (2 very good, 3 good, 1 acceptable, none poor)	Quarterly	95%	84%	84%
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 7/8)	Quarterly	80%	88%	88%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	66%	66%
2.3	Average number of days lost through sickness per FTE (Cumulative 4 days in total)	Quarterly	4 days	<1 day	<1 day
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.
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.

Analysis of Internal Audit Feedback Received in the First Quarter of 2015/16

Number of ticks shown against each question

		Very Good	Good	Acceptable	Poor
A Audit Planning					
1	Relevance of the audit objectives	1	5	0	0
B Communication					
1	Consultation on scope and objectives of the audit	3	3	0	0
2	Communication during all aspects of the audit	3	3	0	0
3	Helpfulness co-operation of the auditor(s)	4	2	0	0
4	Professionalism of the auditor(s)	4	2	0	0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	4	1	0	0
C Timing					
1	Duration of the audit	2	4	0	0
2	Timeliness of the audit report	2	3	1	0
D Quality of the audit report					
1	Format and clarity of audit report	3	3	0	0
2	Accuracy of the findings	3	3	0	0
3	Relevance of recommendations	3	2	1	0
4	Overall quality of the report	3	3	0	0
E Value of the audit					
1	Basic controls assurance the audit has provided	3	2	1	0
2	Added value given beyond basic controls assurance	2	2	1	0
3	Overall value of the audit	2	3	1	0
		84%		16%	0%
Total Number of 'ticks' (A – E)		42	41	5	0
Percentage		48%	47%	5%	0%
		95%			

Returned Questionnaires:-

Quarter 1	6
Quarter 2	
Quarter 3	
Quarter 4	
Total	6

Auditee Comments (where given) received in the quarter:

Timeliness – It is difficult to ensure the audit is actioned within the timescale set by the external auditors combined with the need for Internal Audit to liaise with Finance throughout the process. TPT would like to express thanks to all concerned for ensuring deadlines are met.

From April 2015 the Audit Commission has been decommissioned. Confirmation paperwork has been supplied to both Finance and Internal Audit. Discussion needed to assess if further year end audits for the TPT will be necessary.
