

AUDIT COMMITTEE – 18TH JANUARY 2017

**INTERNAL AUDIT QUARTERLY REPORT 2016/17
QUARTER ENDED 31ST DECEMBER 2016**

Executive Summary

1. Issued reports and the Internal Audit work completed during the period raised two fundamental recommendations. These related to a human resource governance issue regarding absence management information and a financial management issue concerning the management of service budgets (Para. 4.1).
2. The internal control assurance opinion overall however remains adequate based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 25 recommendations followed-up, 16 (64%) had been implemented by the original target date with a further 6 (24%) implemented after the original target date and 3 (12%) not implemented, with revised implementation dates agreed by management (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, actual days delivered are broadly in line with the profiled days at the end of the third quarter (Para.7.7 & Appendix 2).
5. Quarterly performance of the function is generally satisfactory and all PI's are either on or exceed target levels (Para. 8.2 and 8.3 & Appendices 3 & 4).

AUDIT COMMITTEE – 18TH JANUARY 2017

**INTERNAL AUDIT QUARTERLY REPORT 2016/17
QUARTER ENDED 31ST DECEMBER 2016**

1. Purpose of Report

1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work covering the whole of the third quarter, together with additional details of audits completed up to the end of December 2016, in order to ensure that the Audit Committee is provided with the most up to date position. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).

1.2 The report covers:-

- i. The issues arising from completed Internal Audit work in the period (section 4 and Appendix 1);
- ii. Matters that have required investigation (section 5);
- iii. An opinion on the ongoing overall assurance Internal Audit is able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
- iv. Progress on the delivery of the Internal Audit Plan for the period to the end of the third quarter of 2016/17 year (section 7 and Appendix 2);
- v. Details of Internal Audit's performance for the quarter utilising performance indicators (section 8 and Appendices 3 and 4).

2. Recommendations

2.1 It is recommended that the Audit Committee:-

- i. consider the issues arising from completed Internal Audit work in the period along with the responses received from management;**
- ii. note the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of December 2016;**
- iii. note the progress against the Internal Audit plan for 2016/17 for the period to the end of December 2016; 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, risk and governance environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and risk. It is important that all Internal Audit activities are undertaken with due regard to risk and the risk issues prevailing at the time.
- 3.2 In order to fulfil its responsibilities the Audit Committee needs to be satisfied that the Internal Audit Division is undertaking its work as planned, responding appropriately to client demands, operating to the required professional standards and obtaining the necessary responses from management following Internal Audit work.
- 3.3 In accordance with statutory best practice provided by the Public Sector Internal Audit Standards, there is a requirement that the Head of the Internal Audit function prepares an annual report to the appropriate member body. This requirement is best supported through regular reports during the year, providing, amongst other things, ongoing assurances on the adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.4 For the Authority, the appropriate member body is the Audit Committee.

4. Key Issues Arising From Internal Audit Work in the Period Ended 31st December 2016

- 4.1 Internal Audit work undertaken during the period identified two fundamental recommendations. These related to a human resource governance issue regarding absence management information and a financial management issue concerning the management of service budgets (see appendix 1).
- 4.2 It should be noted, that in the process of agreeing a final report, senior officers respond to specific recommendations by identifying relevant actions and agreeing responsible managers and timescales for implementation.

Follow-Up of Report Recommendations

- 4.3 The following protocol is applied to the follow-up of recommendations in audit reports:
- all fundamental and significant recommendations irrespective of the assurance opinion;
 - all recommendations contained within the annual core financial system audit reports and;
 - reports containing a significant number of merits attention recommendations giving rise to a negative assurance opinion.
- 4.4 Table 1A identifies the total number of reports analysed by the assurance opinion given and the total number of recommendations made.

Table 1B shows the number of recommendations followed-up in the quarter. Of the 25 recommendations followed-up, 16 (64%) had been implemented by the original target date with a further 6 (24%) implemented after the original target date and 3 (12%) not implemented, with revised implementation dates agreed by management.

- 4.5 Internal Audit continues to get very good co-operation from management including the Senior Management Team and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action. However, it should be noted that a relatively high number of recommendations followed-up had not been implemented and required a revised implementation date. Internal Audit is working closely with management to monitor this situation and will report to the Audit Committee should any concerns be raised due to any change of implementation date.
- 4.6 As part of 2017/18 audit planning the criteria and process in respect of the follow-up of audit report recommendations is currently being reviewed and the Audit Committee will receive information in this regard at a future meeting.

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

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

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

- 6.1 Based on the audits reported in the period, an overall adequate assurance opinion remains appropriate. However, Audit Committee Members should note the fundamental recommendations and the impact on the system of internal control in those areas.
- 6.2 As referred to above, the percentage of audit report recommendations not implemented, and requiring a revised implementation is relatively high at 24%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.
- 6.3 Where control weaknesses have been identified within procedures or in the provision of advice or 'consultancy' services, these have either been resolved with management through the issue of an audit report and/or correspondence or addressed at the time of the audit.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.

- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Council's Financial Regulations, various codes of practice, procedures and other financial governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.
- 6.6 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.

7. Internal Audit Plan 2016/17 - Progress to the end of December 2016

- 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 December 2016, analysed by Directorate / Service.
- 7.4 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.
- 7.5 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.
- 7.6 The following audits have either been deferred or added to the audit plan, as agreed in conjunction with management:

Directorate / Service	Audit Assignment Title	Deferred / Added
Finance, Assets & IT	Treasury Management	Added – As per the agreed Core Systems Audit plan of work for 2016/17.
Finance, Assets & IT	Housing Benefits	Added – As per the agreed Core Systems Audit plan of work for 2016/17.

Directorate / Service	Audit Assignment Title	Deferred / Added
Finance, Assets & IT	Data Retention, Archiving & Disposal	Deferred at the request of management – Audit work to be undertaken prior to implementation of new Data Protection Regulations.
Finance, Assets & IT	Financial Regulations	Deferred at the request of management – Revised Financial Regulations not yet implemented.
Legal & Governance	Whistleblowing Procedures	Deferred at the request of management – Revised policy not yet implemented.

- 7.7 The position at the end of the third quarter for the audit days allocated to BMBC shows just 5 days below profile.
- 7.8 The Committee should note that the first three quarters of the year audit resources have been directed / prioritised to undertake work for the Council. This has been necessary to ensure a smooth allocation of work to staff but also to accommodate unplanned slippage in some of the external client plans. The final quarter will see this prioritisation reversed with resources being directed to deliver more work for non-Council clients.

8. Internal Audit Function and Performance

- 8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the performance indicators (PIs) for 2016/17 is attached at Appendix 3.
- 8.2 Quarterly performance of the function is satisfactory and all PI's are either on or exceed target levels.
- 8.3 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the third quarter of the year, at the point of preparing this report 3 feedbacks sheets have been received out of the 7 final reports issued. All have been noted as very good or good.
- 8.4 A new structure for the Internal Audit and Corporate Anti-Fraud Team has been approved and is currently being implemented. This achieves the required savings for 2017/18.
- 8.5 The net effect of the changes is a reduction of 2 posts. This has the effect of reducing available days by approximately 380, or just over 10%. In view of this reduction for the Council, the 2017/18 planning process is taking a particular focus on ensuring coverage will be sufficiently broad and detailed to enable a sound basis upon which to provide the Audit Committee with an overall assurance opinion.
- 8.6 The restructure has resulted in two vacancies, one at Audit Manager and the other at Principal Auditor. The aim will be to have these posts filled for 1st April 2017.

8.7 Details of the 2017/18 audit plan and how the implications of the reduced resources have been mitigated will be provided in the Audit Plan Report to the March Committee meeting.

9. Local Area Implications

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

10. Consultations

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

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

11. Compatibility with European Convention on Human Rights

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

12. Reduction of Crime and Disorder

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

13. Risk Management Considerations

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

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

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

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

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

14. Employee Implications

14.1 There are no employee implications arising from this report.

15. Financial Implications

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

16. Appendices

- 16.1 Appendix 1 - Key issues arising from completed Internal Audit work
Appendix 2 - Internal Audit Plan 2016/17 – Position as at 31st December 2016
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31st December 2016
Appendix 4 - Analysis of Internal Audit feedback for the third quarter of 2016/17

17. Background Papers

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

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Date: 9th January 2017

A: Completed Audits / Final Reports Issued During the Period Ending 31st December 2016

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	Other Action
Human Resources: E-Enabled Leave	The key issues identified relate to the absence of effective procedural instructions and outstanding technical and/or training issues preventing the use of FIORI by specific groups of employees. Consequently the FIORI system is not currently adopted for use by all employees resulting in inconsistencies and lack of clarity with regard to employee responsibilities when booking / authorising leave. A formal post-implementation review of the system has not yet been undertaken which may have more readily identified and addressed these issues.	Limited	F - 1 S - 1 MA - 3	16.12.16	To follow-up the fundamental and significant report recommendations.
Human Resources: Management Attendance Policy	The review identified a number of concerns with regards to the application of the required procedures which has impacted upon the accuracy of absence management information. In addition, Absence Monitoring Meetings had not always been conducted in respect of employees incurring sporadic periods of absence and appearing on trigger reports. The audit also highlighted that the inconsistent procedures are being applied in respect of the submission, storage and retention of absence documentation.	Limited	F - 0 S - 3 MA - 6	16.12.16	To follow-up the fundamental and significant report recommendations.
Place: Right to Buy	The audit concluded that the Right to Buy system was well controlled and managed and the audit did not make any recommendations.	Substantial	F - 0 S - 0 MA - 0	13.12.16	None.
Place: Receipt & Banking of income – Smithies Depot & Parking Services	The audit identified a number of issues in relation to the management of cash and banking arrangements which need to be improved in order to provided assurance that all income due has been receipted and banked promptly and correctly.	Limited	F - 0 S - 4 MA - 6	20.12.16	To follow-up the significant report recommendations.
People: Safeguarding Overview &	The audit identified a number of areas where the control framework could be improved, having particular regard for the need to ensure clarity and definition of those processes relating to the work of the	Adequate	F - 0 S - 4 MA - 2	16.11.16	To follow-up the significant report recommendations.

Service / Directorate / Audit Title	Key Issues	Assurance Opinion	No. of Recs.	Date Report Issued	Other Action
Scrutiny	<p>Council's Overview and Scrutiny Committee and ensuring all safeguarding risks are reviewed in a timely manner.</p> <p>It should be acknowledged that with the exception of one significant recommendation, all recommendations had been addressed at the time of the post audit discussion.</p>				
Finance: Payroll Overtime and Expenses	<p>The key issue related to the adequacy of the expenses and overtime policy / procedures and the need for clarity in order to better support users / managers when completing claims. The results of sample transactional testing reinforced this issue.</p> <p>The revised electronic mileage and general expenses form has improved the efficiency of the payment system. However, the audit identified several system issues that will need to be addressed in order to improve the correct application of procedures by claimants and managers.</p>	Adequate	F - 0 S - 4 MA - 1	05.01.17	To follow-up the significant report recommendations.
Finance: Budget Monitoring & Reporting and Service & Financial Planning	<p>The review concluded that Budget Managers for the service areas reviewed did not proactively monitor and performance manage budgets for which they are accountable. Managers are not always complying with revised business processes introduced as part of Future Council arrangements which reinforced the need for managers to have the tools and expertise to manage budgets, make informed decisions and ultimately to remove the necessity for the provision of direct financial support moving forward.</p>	Limited	F - 1 S - 3 MA - 3	19.11.16	To follow-up the fundamental and significant report recommendations.

Details and Outcome of other Audit Activities Not Producing a specific Assurance Opinion		
Audit Work Completed	Details	Contribution to Assurance
Information Services – IT Assets	Advisory piece of work relating to a review of arrangements at Mount Osborne Business Units for the receipt, storage, issue, disposal and physical security of IT assets.	The work contributes to assurance in respect of asset management.
Commercial Services – Financial Procedures	Advice Provided to Commercial Services re the security of Bankline Smartcards and PINS along with the retention of original receipts for debit card payments.	The work contributes to assurance in respect of financial management.
People – Financial Procedures	Advice provided to Early Start Prevention & Sufficiency regarding the legalities of name / titles recorded on a new vendor creation form.	The work contributes to assurance in respect of financial management.
Information Services – IT Stores / Procurement	Advice provided regarding procedures for stores and purchasing.	The work contributes to assurance in respect of financial management.
Human Resources – Business Support Service	Advice required by Business Support regarding the relocation of a safe.	The work contributes to assurance in respect of anti-fraud and corruption.
Finance - Procurement Cards	Advice provided to the Business Support Services Manager regarding the absence of procedures on the BMBC Intranet site in respect of procurement cards / petty cash.	The work contributes to assurance in respect of financial management.
Information Services - Personal Records	Advisory piece of work relating to the security and storage of personal files and the receipt, storage, examination, disposal and physical security of employee sickness documentation and disciplinary correspondence	The work contributes to assurance in respect of information governance.
Human Resource - Business Support Services – Petty Cash	Advisory piece of work for the HR Business Support Service Manager relating to the review of the Business Support procedures for issuing and reconciling Petty Cash at various premises.	The work contributes to assurance in respect of financial management.
People - Dearne ALC – Financial Governance Review	Advisory piece of work in the form of a financial governance review requested by Dearne ALC.	The work contributes to assurance in respect of financial management within schools.
People - Early Years Register Audits	Advisory piece of work regarding compilation of a risk based programme of register audits for 2016/17 for the School Access Manager, Early Start, Prevention and Sufficiency.	The work contributes to assurance in respect of performance management.
Human Resources - P&DR Process	Through a process of selected interviews, feedback received was analysed and conclusions drawn in respect of the current corporate personal development and review process.	The work contributes to assurance in respect of human resource management.
Information Services - Records Management Policy	Advice was provided in relation to proposed amendments to the Records Management Policy.	The work contributes to assurance in respect of information governance.
Information Services - Sharepoint Access	Advice was provided in relation to the management of access permissions regarding the new Sharepoint document management system.	The work contributes to assurance in respect of information governance.

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

Summary Activity

All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	0 (0%)	0 (0%)	1 (14%)		1 (8%)
Adequate	3 (75%)	2 (100%)	2 (29%)		7 (54%)
Limited	1 (25%)	0 (0%)	4 (57%)		5 (38%)
None	0 (0%)	0 (0%)	0 (0%)		0 (0%)
TOTAL REPORTS	4	2	7		13
Opinion Not Applicable	12	9	13		34

Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	1 (4%)	0 (0%)	2 (5%)		3 (4%)
Significant	12 (50%)	6 (60%)	19 (45%)		37 (49%)
Merits Attention	11 (46%)	4 (40%)	21 (50%)		36 (47%)
TOTAL	24	10	42		76

Table 1B

Recommendations Followed-up by Internal Audit

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

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

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

Trend Analysis – Third Quarter 2016/17

Assurance Opinions

	2015/16				2016/17				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015/16	2016/17
	%	%	%	%	%	%	%	%	%	%
Substantial	24	0	0	0	0	0	14		7	8
Adequate	38	40	43	50	75	100	29		41	54
Limited	38	60	57	50	25	0	57		52	38
None	0	0	0	0	0	0	0		0	0
	100	100	100	100	100	100	100		100	100

Implementation of Recommendations

	2015/16				2016/17				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015/16	2016/17
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	7	13	14	3	1	10	16		35	45
Completed after target date	5	6	21	15	0	15	6		45	34
Not yet completed – revised date agreed	2	2	6	11	5	5	3		20	21
Total followed up	14	21	41	29	6	30	25		100	100
% Completed by Original Target Date	50%	62%	34%	10%	17%	33%	64%			
% Completed at time of Follow-up	86%	90%	86%	62%	0%	83%	88%			

INTERNAL AUDIT PLAN 2016/17 – Position as at 31st December 2016

Directorate	Original 2016/17 Plan	Revised 2016/17 Plan	Actual Days
Communities	50	35	9
People	165	203	198
Place	139	176	147
Public Health	10	5	3
Corporate Services:			
➤ HR, Performance & Communications	122	140	116
➤ Legal & Governance	105	82	13
➤ Finance, Assets & Information Services	430	304	264
Council Wide	265	255	261
Contingency	50	136	0
Berneslai Homes	133	133	86
Sub Total	1,469	1,469	1,097
Corporate Anti-Fraud Unit	581	581	435
Sub Total	2,050	2,050	1,532
		Profile	1,537
		Variance	-5
External Clients	1,653	1,653	934
Total Chargeable Planned Days	3,703	3,703	2,466

INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2016/17

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. (Cumulative 7 very good or good)	Quarterly	95%	100%	100%
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 12/13 reports)	Quarterly	80%	86%	92%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	76%	73%
2.3	Average number of days lost through sickness per FTE (Cumulative 29 days in total)	Quarterly	6 days	3 days	<2 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.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of senior Internal Audit staff to clear the report and any issues the Division's quality assessment process highlights along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the 'productivity' of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Division's expenditure for the year has been kept within the budget.

Appendix 4

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

Number of ticks shown against each question

		Very Good	Good	Acceptable	Poor
A	Audit Planning				
1	Relevance of the audit objectives	1	2	0	0
B	Communication				
1	Consultation on scope and objectives of the audit	2	1	0	0
2	Communication during all aspects of the audit	2	1	0	0
3	Helpfulness co-operation of the auditor(s)	2	1	0	0
4	Professionalism of the auditor(s)	2	1	0	0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	2	1	0	0
C	Timing				
1	Duration of the audit	1	2	0	0
2	Timeliness of the audit report	1	2	0	0
D	Quality of the audit report				
1	Format and clarity of audit report	1	2	0	0
2	Accuracy of the findings	1	2	0	0
3	Relevance of recommendations	1	2	0	0
4	Overall quality of the report	2	1	0	0
E	Value of the audit				
1	Basic controls assurance the audit has provided	2	1	0	0
2	Added value given beyond basic controls assurance	2	1	0	0
3	Overall value of the audit	2	1	0	0
		100%			
Total Number of 'ticks' (A – E)		24	21	0	0
Percentage		54%	46%	0%	0%
		100%			

Returned Questionnaires:-

Quarter 1	3
Quarter 2	1
Quarter 3	3
Quarter 4	
Total	7

Comments noted on Feedback Sheets

The conduct, value and timeliness of the audit were very good. The scope/coverage was also very good, however even greater value could have been added by suggestions from the audit team around any additional processes which could be put in place to counter potentially fraudulent RTB applications.

Excellent audit and report as usual from this Auditor.
