

Review of Internal Audit Performance – August 2014

1. The following Key Performance Indicators are used for monitoring the Internal Audit section. Performance against these indicators is set out in the table below. Where targets have not been achieved, further comments on corrective action are provided after the table.

| Performance Measure | Target | 2014/15 Performance | Aug 14 | May 14 |
|---|--|---|---------------|---------------|
| Completion of audit plan | 90% of planned audits completed to draft report stage by end of plan review period (31 st March 2015) | 16% to date – in line with expected profile of audit work completion., extra two temps remain in place till October 14 | ☺ | ☹ |
| % recommendations confirmed fully implemented at time of formal follow-up | Overall – 75% Red – 100% Amber – 80% Green – 70% | Overall – 88% Red – 100% Amber – 95% Green – 85% | ☺ | ☺ |
| Timely production of draft report | 80% of draft reports issued within 4 weeks of end of fieldwork | 66% - some delays in issuing draft reports due to significant volume of carry forward work being concluded in first 3 months of year. | ☹ | ☺ |
| Timely agreement and issue of final report | 80% of final reports (including agreed management action plan) issued within 5 weeks of issue of draft report | 83% - | ☺ | ☺ |
| Customer satisfaction | Through key question on post audit surveys – target 90% | 95% | ☺ | ☺ |
| % of audit section staff with relevant professional qualification | - target 75% | 87.5% | ☺ | ☺ |

Completion of audit plan

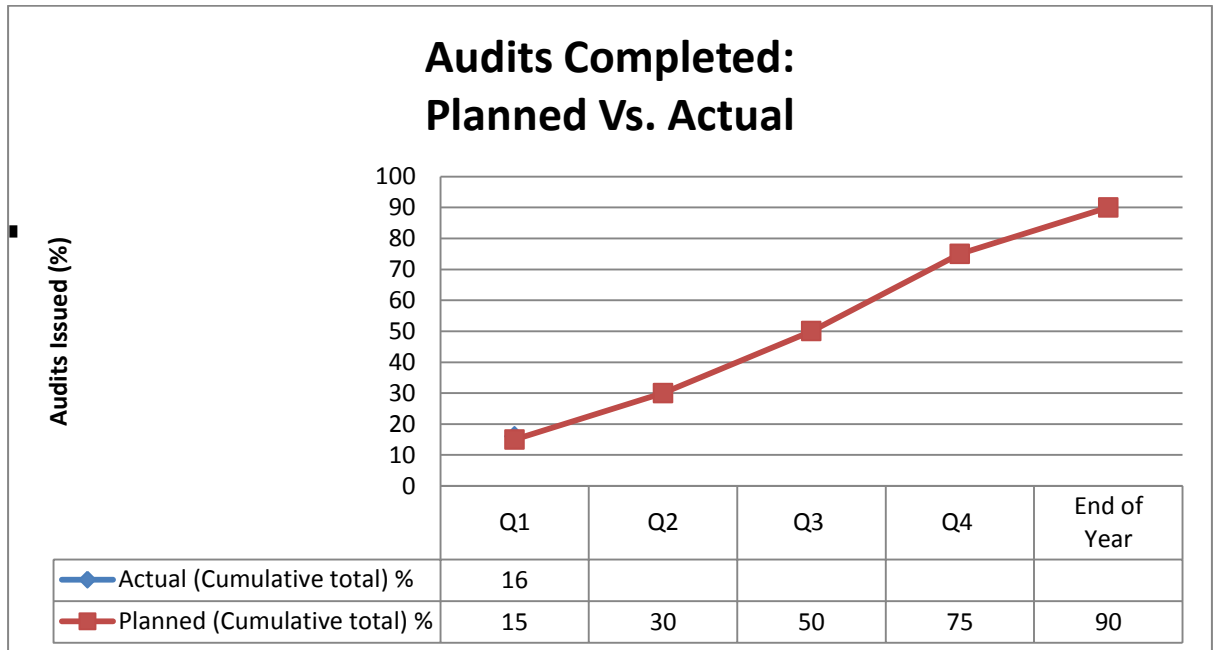
2. Delivery of the 2014/15 plan, as at the end of July 2014, is set out in **Table 3** below.

Table 3 - Committee Report

| | Current Plan | Not Started | Planning | Fieldwork | Draft Report | Final / Complete | % Complete |
|--------------------------------------|--------------|-------------|-----------|-----------|--------------|------------------|------------|
| Full Reviews | 94 | 66 | 6 | 11 | 3 | 8 | 12% |
| Spot checks & Mini Assurance Reviews | 80 | 48 | 6 | 11 | 7 | 8 | 19% |
| Irregularity Investigations | 2 | 0 | 0 | 1 | 0 | 1 | 0% |
| A&I/support reviews | 3 | 1 | 0 | 1 | 0 | 1 | 33% |
| TOTAL | 179 | 115 | 12 | 24 | 10 | 18 | 16% |

| | |
|----------------------------|-----|
| KPI 1 (% completed) | 16% |
|----------------------------|-----|

3. A graph is provided below to show delivery of the internal audit plan against the assumed profile of completion anticipated at the start of year. Performance in completion of the 2014/15 audit plan was 16% at 31st July 2014, marginally above the 15% completion rate projected for this period of the audit plan year.



4. A senior auditor left the audit section at the beginning of May 2014. This position was filled through internal promotion of an existing auditor. The resulting auditor vacancy is being filled through an external recruitment exercise.

5. Two temporary senior auditors have been retained for the first part of 2014/15 to ensure the timely completion of the 2013/14 carry forward work and cover the auditor vacancy. This temporary resource will be in place until October 2014.
6. **Implementation of Recommendations** – Overall implementation of audit recommendations as measured by formal follow-up reviews undertaken over the last year is now at 88%. Good performance in this area is being sustained. Further analysis of performance in this area is provided in the separate audit recommendations follow-up report.
7. **Timely production of draft report** – performance in issuing draft reports within four weeks of end of fieldwork is at 66%. Performance in this area is proving to be volatile. Delays in issuing draft reports over the last 3 months was due to an unusually high volume of audit work concluding in a short period causing backlogs in the Quality Assurance process.
8. **Timely agreement and issue of final report** – performance in this area has improved from the 77% reported in the last quarter and is now exceeding meeting the expected target.
9. The timely reporting and agreement of audit reports are areas where the Committee has commented on the need to improve performance previously. Maintaining a consistent level of performance requires on-going focus.
10. **% of audit section staff with relevant professional qualification** – following the appointment of two professional qualified senior auditors at the beginning of January 2014, the % of audit section staff with relevant professional qualifications is now increased to 87.5%.