











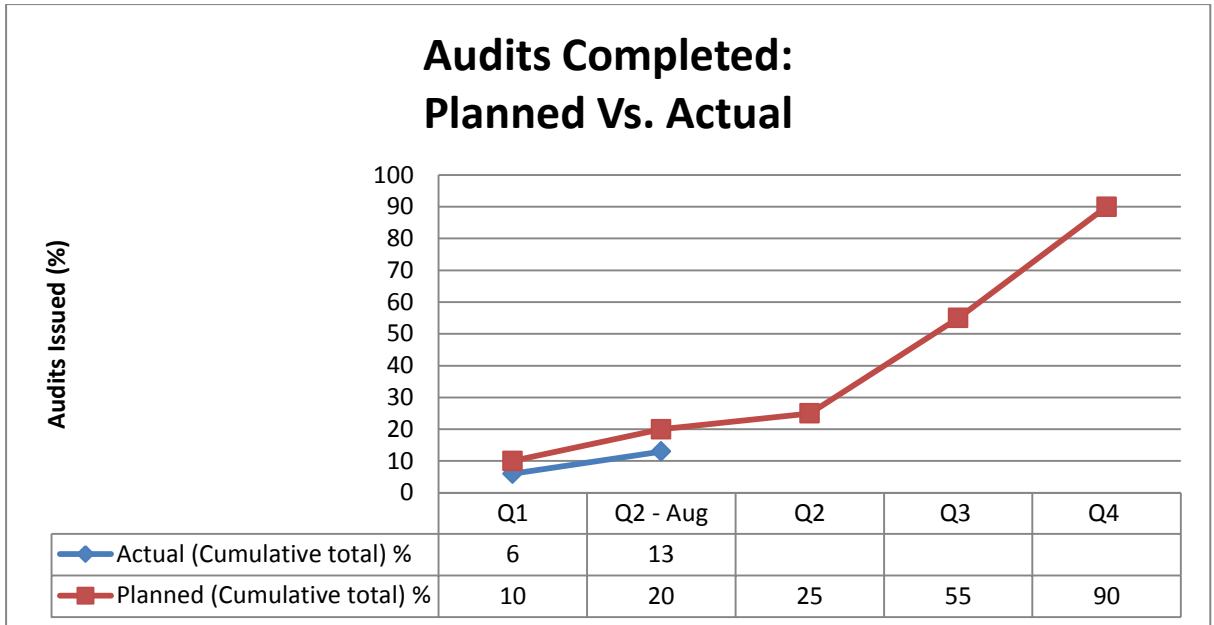


Review of Internal Audit Performance – August 2013

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	2013/14 Performance	Sept 13	Jun 13
Completion of audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 st March 2014)	13% - below target due to resources allocated to on-going investigation work		
% recommendations confirmed fully implemented at time of formal follow-up	Overall – 75% Red – 100% Amber – 80% Green – 70%	Overall – 66% Red – 100% Amber – 67% Green – 64%		
Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork	70% - below target		
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	65% - below target for period		
Customer satisfaction	Through key question on post audit surveys – target 90%	100% (plus see separate Committee report)		
% of audit section staff with relevant professional qualification	- target 75%	79%		

2. **Completion of audit plan** – 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 completion of the 2013/14 audit plan was at (at August 2013) which is 13%.



3. There has been a small reduction in audit resource availability because of a vacancy from the 1st April until the 17th June which has been filled with an audit apprentice. There was a larger than anticipated carry forward of audit work from 2012/13 due to one auditor vacancy, a higher level of investigation work and some audit reviews taking longer than their planned day allocations. Additional unplanned cash checks, taking an additional 40 auditor days, have been undertaken at a number of departments in the first part of 2013/14, and significant investigation activity is continuing with 219 days spent on this activity so far, only 5 months into the financial year compared to an estimated annual allocation of 239 days.
4. Whilst satisfactory progress has been made in finalising the 2012/13 audit reviews, there is still some work to complete. The impact of the additional work in the first part of 2013/14 has been assessed and audit plans for the remainder of the year have been re-prioritised in some areas.
5. Due to the impact of additional investigation work on delivery of the planned audit programme, an interim senior auditor will be recruited for an initial six month period to assist with the completion of planned internal audit work. The current internal audit plan was reviewed in August and a number of lower priority reviews identified for deferment or cancellation. Details of these are provided in **Appendix 2**.
6. **Implementation of Recommendations** – Overall implementation of audit recommendations as measured by formal follow-up reviews undertaken over the last year is currently at 62%. The Audit and Risk Management Committee has set out clear expectations that the timeliness of recommendation implementation needs to be improved. Further analysis of performance in this area is provided in the separate audit recommendations follow-up report along with action being taken to reinforce this performance expectation with chief officers.
7. **Timely production of draft report** – performance in issuing draft reports within four weeks of end of fieldwork is below target at 70%; this area will be subject to increased monitoring to ensure the level of performance improves.

8. **Timely agreement and issue of final report** – performance in finalising Internal Audit work has dropped below the target level. Although in the vast majority of the cases the delay beyond the target day is not excessive, this area will be closely monitored.
9. The timely reporting and agreement of audit reports are areas where the Committee has commented on the need to improve performance previously. Whilst performance had improved in this area during 2012/13, maintaining a consistent level of performance has not been achieved and therefore will require further focus. The internal audit section is currently introducing an updated internal audit reporting format. This shorter, exception style of reporting will enable draft audit reports to be produced and agreed with management more quickly.