













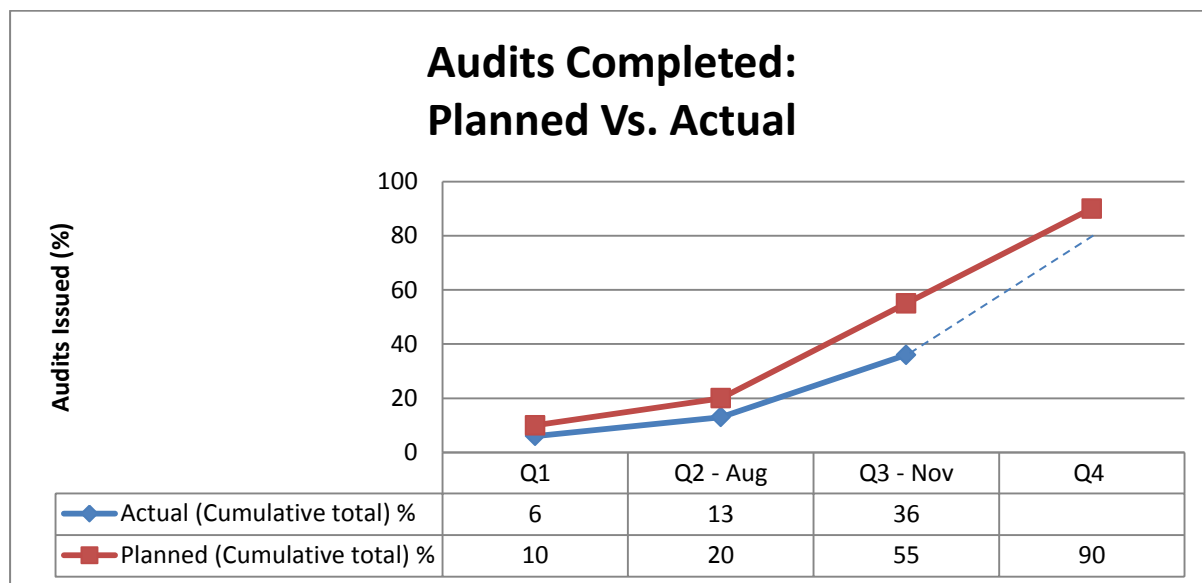
Review of Internal Audit Performance – November 2013

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	Dec 13	Sept 13
Completion of audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 st March 2014)	36% - below target due to resources allocated to substantial investigation work and recruitment delay, extra two temps now in place		
% recommendations confirmed fully implemented at time of formal follow-up	Overall – 75% Red – 100% Amber – 80% Green – 70%	Overall – 87% Red – 100% Amber – 92% Green – 84%		
Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork	79%		
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	70% - some delays in issuing final report, following receipt of management response.		
Customer satisfaction	Through key question on post audit surveys – target 90%	100%		
% of audit section staff with relevant professional qualification	- target 75%	77%		

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 36% at November 2013.



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 has continued with 256 days spent on this activity so far, 8 months into the financial year compared to an estimated annual allocation of 239 days.
4. As reported in the last internal audit update report, 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, and 2 senior auditor vacancies that have arisen in the last 2 months, two interim senior auditors have been recruited to work until the end of the financial year. There has also been a successful recruitment campaign run for two permanent senior auditors, who are expected to start work at the beginning of the new year once final reference checks are cleared. This will significantly increase the internal audit resource available to deliver the remainder of the audit plan over the remaining part of the financial year.
6. The current internal audit plan was reviewed in August and a number of lower priority reviews identified for deferment or cancellation. A few further adjustments to the plan have been made in the Autumn which are provided in **Appendix 2**.
7. **Implementation of Recommendations** – Overall implementation of audit recommendations as measured by formal follow-up reviews undertaken over the last year is now at 87%. Recent formal follow-up activity is showing a

much improved implementation rate which is now being reflected in this performance measure. 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.

8. **Timely production of draft report** – performance in issuing draft reports within four weeks of end of fieldwork is just below target at 79%; performance in this area has improved since last Quarter.
9. **Timely agreement and issue of final report** – as reported in the last quarter, performance in finalising Internal Audit work within 5 weeks of the issue of the Draft report continues to be below the target level (70% this quarter, previous quarters performance was 65%). Although in the vast majority of the cases the delay beyond the target days is not excessive, this area will continue to be closely monitored.
10. The timely reporting and agreement of audit reports are areas where the Committee has commented on the need to improve performance previously. Whilst performance has improved on both indicators since the last quarter, maintaining a consistent level of performance requires on-going focus. The internal audit section has recently introduced an updated internal audit reporting format. This shorter, exception style of reporting should enable draft audit reports to be produced and agreed with management more quickly.