

AUDIT & GOVERNANCE COMMITTEE

26th SEPTEMBER 2013

Report of the Head of Internal Audit Services

INTERNAL AUDIT PERFORMANCE MEASURES REPORT

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's customer survey and define a basket of performance indicators for Internal Audit.

RECOMMENDATIONS

That Members

1. Endorse the results of the Internal Audit customer satisfaction survey.
2. Endorse a small basket of performance indicators for Internal Audit.

Executive Summary

Currently, Internal Audit's performance is reported on a quarterly basis within the quarterly update report to this Committee. At the last meeting held by this Committee, it was recommended that a basket of Internal Audit indicators be presented to the Committee so that they can decide on the appropriate indicators for Internal Audit.

The current quarterly performance indicators reported on and the rationale behind them are:

1. Percentage of the audit plan completed – this ensures that Internal Audit activity is working efficiently and effectively
2. Number of draft reports issued within 15 days – this ensures that reports are issued on a timely basis.
3. Number of audit recommendations accepted by management – this ensures that the recommendations made are reasonable and realistic taking into account the risks being controlled by the introduction of the control.

4. Number of audit recommendations implemented by management – this ensure that management have taken appropriate action to ensure that their systems are working effectively.

In addition, an annual customer satisfaction survey is completed (reported in this report).

Having reviewed the Internal Audit performance indicators within the Staffordshire authorities, the indicators currently used are in line with the other authorities. However, due to new ways of working, Internal Audit consistently issue draft reports within 15 days, so it is felt that this indicator is of no value to report. If still required as an indicator, this could be reported by exception – ie if we fail to issue a report within 15 days this will be reported.

The Chartered Institute of Internal Auditors (IIA) have provided guidance on the measurement of internal audit effectiveness and efficiency which states that a small number of key measures should be used that focus internal audit on adding value and improving operations.

One of the requirements of the Public Sector Internal Audit Standards (PSIAS) is that the Head of Internal Audit Services is required to report on compliance with the PSIAS annually, and where there are areas of non-compliance. This is an important indicator as we need to comply with the standards.

Internal Audit completes Benchmarking through the CIPFA Benchmarking Club but only every 3 to 4 years due to the cost involved and the declining number of participants. A new shorter benchmarking exercise through CIPFA has commenced. This gives a reasonable indicator on how we perform cost wise. Benchmarking has been completed between the Staffordshire authorities in the past, but again, through service changes and different ways of working, it is becoming increasingly difficult to benchmark effectively.

Suggested Performance Areas for Internal Audit are:

Cost	Productive time Cost per audit day Comparison to local market rates Cost of service compared to others
Audit Coverage	Actual days against planned days Percentage of plan completed
Audit Plans	Timeliness of preparing the audit plan
Audit Reports	Draft reports issued by target date Final reports issued by target date
Recommendations made	Number of high priority recommendations made

	Number of recommendations agreed by management Number of recommendations implemented by target date
Satisfaction	Results of management satisfaction surveys Additional work completed as requested by management
Staffing and Training	Number of professionally qualified staff Training sessions attended Completion of Continuing Professional Development Use of specialist staff Number of vacant posts
Compliance with Standards	Annual self assessment of compliance to the Public Sector Internal Audit Standards (PSIAS) External assessment of compliance to the PSIAS

One other performance indicator used is customer satisfaction. We have sent out an annual survey but have had little response to the survey request. The results arising from the surveys completed are detailed in **Appendix 1**. Questionnaires had previously been issued at the end of each audit but were discontinued due to very small number completed and returned. We are currently looking to devise a very short electronic questionnaire to be delivered at the end of each audit to measure customer satisfaction on an on-going basis.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 : Internal Audit Customer Satisfaction Survey 2013/14