

17 February 2025

Internal Audit Key Performance Indicators (KPI) Quarter Three 2024/25

Ward(s): All

Portfolios: All

Purpose: For Information / review

1. Aim

- 1.1 The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance. This function is provided by Forvis Mazars through a contractual arrangement.
- 1.2 The Internal Audit contract contains key performance indicators (KPI's) against which performance is measured. This report provides performance data as at quarter 3 for 2024/25 to provide assurance to Audit Committee that work has been delivered in accordance with the contract requirements.

2. Summary

- 2.1 This report provides an update to Audit Committee on Internal Audit's performance against key performance indicators for the third quarter (October - December) of 2024/25 and confirms that performance broadly in line with targets. Where performance isn't as expected the council has been satisfied by the explanations provided.

3. Recommendations

- 3.1 That Audit Committee notes the contents of this report and comments accordingly.

4. Report detail – know

- 4.1 Part of Internal Audit's role is to provide assurance on the council's performance and risk management arrangements. Internal Audit's programme of work is risk assessed to ensure areas most at risk are examined as a priority.
- 4.2 Key performance indicator (KPI) performance for 2024/25 is detailed below and performance is broadly on target. There has been a slip in the KPI

'Effective completion of audit work' to 84%. This relates to a member of the audit team being absent unexpectedly immediately prior to retirement. This short-term reduction in capacity and the impact of the absence on a handover delayed the issuing of some draft audit reports.

Standard	Target	Actual as at 31/12/2024
Achieve the Annual Audit Plan	>95% audits in the annual plan to be completed to draft report stage within 15 working days of the 31 March of each year.	End of Year Measure
Produce annual report which includes an overall assurance opinion for the Council for the year and provides assurance that the system of risk management and identification is suitable and sufficient for the purposes of the Annual Governance Statement.	To be produced and issued to the Chief Finance Officer in accordance with the Audit Committee Work Programme & Timetable, or within 30 working days from 31 March each year (whichever is shorter).	End of Year Measure
Annual review and report on the effectiveness of the risk management strategy and its application with comments and recommendations for changes.	To be produced and issued to the Chief Finance Officer in accordance with the Audit Committee Work Programme & Timetable.	Review of Strategy carried out in May 2024 - next review due April 2026
Effective completion of audit work.	>95% draft reports, which include relevant recommendations, are issued within 6 weeks (30 working days) of the commencement of work.	21/25 84% Exceptions: Bereavement Services (46 days), Apprenticeships (89 days), Main Accounting (43 days), Leisure Services (47 days)
Produce quarterly progress report in accordance with the specification.	To be produced and issued to the Chief Finance Officer within 15 working days of the end of each quarter.	Monitoring meetings set up - last meeting held January 2025.
Produce a six monthly risk management update report	To be produced and issued to the Chief Finance Officer in accordance with the CMT and Audit Committee Work Programme & Timetable, or within 30 working days of the end of each half year period (whichever is shorter).	Strategic Risk Register updates regularly presented to CMT and Audit Committee.
Six month review of Strategic Risk Register (SRR) and report for Corporate Management Team and Audit Committee	To be produced and issued to the Chief Finance Officer in accordance with the CMT and Audit Committee Work Programme & Timetable, or within 30 working days of the end of each half year period (whichever is shorter).	Strategic Risk Register updates presented to CMT and Audit Committee. Next update to Audit Committee February 2025

4.3 The following table sets out the Performance Standards against which the success of the contract is measured. Key performance indicator (KPI) performance for 2024/25 is detailed below and performance was broadly on target, the two exceptions are:

- Produce draft report, which reflects the agreed brief – performance of 88% (22 out of 25) being under the target of >95% and down from 94% reported at end of quarter 2. This has been impacted by the issues outlined in 4.2.
- Produce final report within the time period agreed with the secondary client (>95%) – performance of 94% (15 out of 16) being under the target of 100%. This is a slight improvement on quarter 2 performance which was 93%.

Standard	Target	Actual as at 31/12/2024
Notification of planned audits to Secondary Clients (not surprise visits) within the time period agreed with them.	Secondary Clients to be notified of the start date of each audit (100%) within the time period agreed with them (up to a maximum of 15 days).	33/33 100%
Issue audit brief within the time period agree with the Secondary Client.	100% of audit briefs to be submitted to the Secondary Client for comment and approval within the time period agreed with them prior to commencement date of each audit (up to a maximum of 10 days).	33/33 100%
Conduct exit meetings within the time period agreed with the Secondary Client.	100% to be carried out with Secondary client or their representative, within the time period agreed with them, from completion of all audit work at a mutually agreed time.	25/25 100%
Produce draft report, which reflects the agreed brief.	>95% to be produced and issued by the date set out in the terms of reference and within 10 working days of the exit meeting.	22/25 88% Exceptions: New Invention Junior (18 days), St Anne's Catholic Primary School (18 days), Main Accounting (16 days)
Produce final report within the time period agreed with the secondary client (>95%)	100% to be produced and issued with 5 working days of receipt of management response to draft report.	15/16 94% Exception: Abbey Primary (7 days)
Complete National Fraud Initiative (NFI) data matching exercise.	Ensure that all data matches are reviewed and investigated in accordance with the timetables provided.	Data submitted to NFI by deadline of 25th October 2024. Matches released 20th December. Review of matches ongoing.
Counter fraud work	To maintain and update counter fraud policies, the counter fraud toolkit, training and other counter fraud work as agreed in advance with the Chief Finance Officer.	Ongoing as required - see Fraud Strategy
Follow up on all high priority actions	Reports produced in accordance with timetables set out in the Specification.	Ongoing and progress reported to each Audit Committee
Specialist IT / risk audits	Quarterly report detailing percentage of time of qualified or specialist staff utilised in delivery of the audit and risk work undertaken during the quarter	Completed as part of monitoring information

Respond to unsatisfactory client satisfaction questionnaires/CMT feedback	To be provided to the Chief Finance Officer within 10 working days of the feedback being received.	N/A
Attendance at planned meetings with both the Chief Finance Officer and external audit as detailed throughout this specification.	Meetings attended by Contract Manager	Ongoing
Standard	Target	Actual as at 31/12/2024
Attend the Audit Committee meetings in accordance with the Audit Committee Work Programme and Timetable	Meetings attended by Partner or Director or Contract Manager	Ongoing
Quality control system	Copy to be provided to Chief Finance Officer on an annual basis	Provided
Compliance with the PSIAS via external accreditation	To provide evidence of the external accreditation	Forvis Mazars currently awaiting results of External Quality Assessment carried out in December 2024.
Provide training, as agreed with the Chief Finance Officer, for Council Officers, Project Managers and Members in the principles and practices of Audit and Risk Management.	Provision of training as agreed by the Chief Finance Officer	Member training scheduled in Audit Committee work programme.

Control Environment

- 4.4 Internal Audit's work programme is risk assessed to ensure that areas most at risk are examined as a priority.

Assurance of Controls

- 4.5 Part of the role of Internal Audit is to provide assurance on the council's performance and risk management arrangements. Monitoring the delivery of the Internal Audit Plan provides assurance that the work programme is being delivered.

Strategic Risks

- 4.6 This report does not relate to any specific strategic risks. The Strategic Risk Register informs the development of the annual audit plan.

Annual Statements

- 4.7 The work of Internal Audit and in particular the annual audit plan forms part of the review of effectiveness of internal controls and the Annual Governance Statement.

5. Financial information

- 5.1 There are no direct financial implications directly arising from this report.

6. Reducing Inequalities

6.1 Effective governance arrangements ensure a focus on delivering of Council Plan objectives, a key driver of which is reducing inequalities.

7. Decide

7.1 Performance for 2024/25 is broadly on target.

8. Respond

8.1 Performance for quarter three of 2024/25 is set out in the report.

9. Review

9.1 KPI performance is reported on a quarterly basis to Audit Committee. The final report for 2024/25 will be scheduled for Audit Committee review at the first meeting of the new municipal year.

Background papers –
Internal Audit Plan 2024/25
Internal Audit reports

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