



AUDIT COMMITTEE
30 SEPTEMBER 2004

**AGENDA
ITEM**

INTERNAL AUDIT: PERFORMANCE FOR THE 3 MONTHS ENDING 30 JUNE 2004

Ward(s) None affected directly by this report.

Portfolio: Cllr J O'Hare – Deputy leader of the council and finance & performance

Summary of report:

The report presents internal audit's performance against targets during the three months ending 30 June 2004.

Background papers:

Internal audit report: monitoring summary

Reason for scrutiny:

The audit committee's activities include ensuring an effective internal control environment is maintained and regular and ongoing scrutiny of internal audit's work.

Recommendation:

- 1. To note the service's high level of achievement against its performance indicator targets.**

Signed:

Executive Director: Carole Evans

Date: 20 September 2004

Resource and legal considerations:

Paragraph 6 of the Accounts and Audit Regulations 2003 requires councils to maintain an adequate and effective system of internal audit of accounting records and system of internal control in accordance with proper internal audit practices. Under section 151 of the Local Government Act 1972, the council has designated the executive director (finance, law and performance) as the chief finance officer; who is responsible for making arrangements for the proper administration of the council's financial affairs. The cost of providing internal audit is fully charged to services based on audit activity.

Citizen impact:

Internal audit work is intended to ensure that effective systems of internal control are in place. This offers protection to the council and its officers and provides an assurance to stakeholders regarding the security of the council's operations.

Environment impact:

None arising directly from this report

Performance management and risk management issues:

Many of the activities of the audit committee are an important and integral part of the council's performance management and corporate governance frameworks, and can challenge, review and advise on service delivery, council activity and policy and improve results. The internal audit strategic plan is risk assessed to ensure areas most at risk are examined as a priority.

Equality implications:

None arising from this report

Consultation:

The proposed annual work plan was discussed with relevant senior managers before the start of the financial year. Following completion of each piece of audit work, and before issuing the final version, the manager's agreement to implement recommendation(s) listed in the audit report action plan is sought.

Vision impact:

Internal audit work contributes towards the council's vision in ensuring services operate in a sound control environment and provide excellent customer services.

Contact Officer

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1. **PERFORMANCE MONITORING INFORMATION**

1.1 Reports on the service’s performance and progress are produced each quarter and submitted to this committee to enable monitoring and scrutiny to take place. A copy of each report is scrutinised by the section 151 officer to assist in satisfying her responsibilities under the Local Government Act 1972. The table summarises targets/ performance indicators for 2003/4 and for the first quarter of 2004/5.

Quality Targets/PI’s (e.g. Response Time)	% Target	% Achieved 2004/2005	% Achieved 2003/2004
Audits completed within planned time	95	100	98
Spending within budget	100	100	100
Productivity rate	65	Est 65	70.4
Audit plan achievement	90	Est 90	93.6
Report issued within 10 working days of exit meeting	80	83	90
Recommendations accepted/ implemented or agreed	95	98	97
Returned customer questionnaires to show satisfaction	95	100	98
Overall perception of quality of service from Council wide Internal Audit survey	95	-	-

1.2 The summary shows that the service has satisfied in all of its performance targets. The committee will be aware of the division’s high levels of achievement during 2003/04 and similar levels are anticipated during the current year.

1.3 The extent of unexpected staff absences, for sickness/vacancies and excess demand for unplanned/irregularity work will impact upon these achievement levels. To mitigate this situation, work, which would not otherwise be undertaken, will be allocated to our internal audit partner. Due to an officer’s unexpected sickness absence, some work has already been given to the partner.

1.4 Details are maintained by the service of a performance indicator ‘*recommendations confirmed as actually implemented at next audit visit*’. Following completion of an audit assignment, a recommendation action plan will be agreed with the relevant directorate manager who will then be responsible for ensuring its implementation.

1.5 The levels of achievement during the last 2 financial years are as follows:

Quality Targets/PI’s (e.g. Response Time)	% Target	% Achieved 2004/2005	% Achieved 2003/2004
Recommendations confirmed as actually implemented at next audit visit	95	69	73

Implementation of agreed recommendations is a directorate manager's responsibility but in order to improve performance in this area, robust action by internal audit officers is now in place, as follows:

- In arranging the audit visit, the directorate manager is advised that failure to implement agreed audit recommendations may result in their being called to the audit committee to provide explanation;
- Within a short period of completing the audit, formal confirmation is sought from the manager that agreed recommendations contained within the audit report action plan have been implemented as agreed;
- Should the manager not respond to the initial confirmation request, a follow up reminder is issued asking for a response by a specific date and advising that failure to so implement may result in their being asked to provide explanation to the committee;
- Failure by the manager to then respond results in a memorandum/letter advising that should their response not be received by a certain date (usually 7 days hence) it will be assumed that the recommendations are agreed and will be fully implemented.

1.6 The actions are proving successful with no exceptions being noted in managers' confirmation responses.

1.7 Return visits are now beginning to be made to directorates, following the introduction of the measures outlined in 1.5 above, where the auditor's first task will be to formally confirm that previously agreed recommendations have actually been implemented. Instances of a manager's failure to implement as agreed will be included within future monitoring reports to this committee.