

26 June 2023

Internal Audit Key Performance Indicators (KPI) 2022/23: Quarter 4

Ward(s): All

Portfolios: All

Purpose: For comment / 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 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 4 for 2022/23 to provide assurance to Audit Committee that work is being 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 2022/23.

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. All Internal Audits were completed within the plan apart from Connected Gateway project assurance and the Partnerships audit in Childrens which have both moved to the 2023/24 plan.
- 4.2 Key performance indicator (KPI) performance for quarter 4 of 2022/23 is detailed below and performance was broadly on target, with 2 exceptions:
 - Effective completion of audit work – the target for draft reports to be issued is that over 95% will be issued within 6 weeks of the commencement of work. Performance was slightly under at 93%. This KPI was standing at 90% as at quarter 3 due to capacity issues during leave periods during the summer but is now back on track.

- Head of Internal Audit Opinion report was produced later than the specified target, but in time for reporting to CMT and Audit Committee.

Standard	Target	Actual as at 31/03/2023
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.	38/41 93% Exceptions: Commissioning of Barristers, Procurement, Cross Council Collaboration for Savings Plans
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).	Completed, outside of 30 days.
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 2022 and considered by Audit Committee in November and Director Group in February. Strategy updated.
Effective completion of audit work.	>95% draft reports, which include relevant recommendations, are issued within 6 weeks (30 days) of the commencement of work.	36/41 88% Exceptions: Domiciliary Care (45 days), Palfrey Junior School (38 days), Accounts Payable (53 days), Accounts Receivable (43 days), Main Accounting (54 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.	Last monitoring meeting held in April 2023.
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 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.

4.3 The following table sets out the Performance Standards against which the success of the contract is measured. Performance for 2022/23 was on target, apart from 2 exceptions:

- Produce draft report, which reflects the agreed brief - the target for draft reports to be issued is that over 95% will be issued within ten working days of the exit meeting. This KPI was standing at 79% as at quarter 3 with 6 reports not meeting that target. Performance improved to 80%, with 8 reports not meeting that target.
- Produce final report within the time period agreed with the secondary client - the target for final reports to be issued is that over 95% will be issued within five working days of receipt of management's response to the draft report. Performance has improved slightly for quarter 4 to 86% from 85% at quarter 3,, with 5 (4 at quarter 3) reports not meeting that target.
- The drop in performance arose from capacity issues during leave periods (and a change in leave year period end dates this summer) and Internal Audit have now confirmed that performance is improving.

Standard	Target	Actual as at 31/03/2023
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).	41/41 100%
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).	41/41 100%
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.	41/41 100%
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.	33/41 80% Exceptions: Domiciliary Care (20 days), Palfrey Junior School (20 days), Rushall Primary School (15 days), Butts Primary School (17 days), St John's Primary (13 days), Information Rights (18 days), Lower Farm Primary School (25 days), Main Accounting (20 days).
Produce final report within the time period agreed with the secondary client (>95%).	95% to be produced and issued with 5 working days of receipt of management response to draft report.	30/35 86% Exceptions: Castle School (7 days), Jane Lane (7 days), Holy Trinity Primary School (14 days), Palfrey Infant School (11 days), Budgetary Control (11 days).

Standard	Target	Actual as at 31/03/2023
Complete National Fraud Initiative (NFI) data matching exercise.	Ensure that all data matches are reviewed and investigated in accordance with the timetables provided.	Matches with no issues have been closed. Review of matches requiring further investigation is underway.
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.	See revised 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.
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.
Provision of audit helpline and confidential reporting hotline answer phone facility, and provision of summary of advice provided within the agreed time period.	Summary of audit advice provided, and summary of confidential reports received, and action taken to be submitted to chief Finance Officer prior to discussion at quarterly meetings.	Completed as part of monitoring information.
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.	External Assessment completed in 2019 and results shared with Chief Finance Officer.
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.

5. Financial information

5.1 There are no direct financial implications 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 was on target apart from in three areas and members may wish to comment on this.

8. Respond

8.1 Performance is as set out in the report.

9. Review

9.1 KPI Performance is reported quarterly to Audit Committee.

Background papers

Internal Audit plan 2022/23

Internal Audit reports

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