

APPENDIX 1 – PERFORMANCE MEASURES 2014/15

<i>Indicator</i>	<i>Target</i>	<i>Measurement</i>	<i>Current Performance</i>
1) Percentage completion of the agreed annual audit plan	100%	Complete = draft report or other deliverable issued by 30 April 2015.	15%
2) To achieve an average customer satisfaction survey score	3.5	4 is the highest possible score.	3.71 – current average based on 19 surveys returned for 13/14 audits.
3) % of recommendations agreed/accepted at draft stage	95%	To make more meaningful, this indicator now measures the accuracy of the auditor's findings at draft stage by monitoring the number of recommendations removed/amended following draft report discussions.	No finals have been issued as yet for 14/15.
4) % of draft reports issued within 15 days of the end of fieldwork	85%	Target increased from the previous target (as included in SLA with Redcar due to actual performance exceeding target).	92% (based on 13/14)
5) % Auditor productivity	Senior – 85% Auditor – 90%	% of time that individual is at work which is allocated to productive audit work (as opposed to training and admin codes).	Seniors average 86% Auditors average 88% Please also see table below.
6) Time taken to complete an assignment	Audit start date to final report issued date	Target will be set by each audit lead and agreed with auditor at the start of each assignment. Performance is calculated as the average time in months.	Average length of time to date (based on 13/14 completed assignments) is 4.28 months.

7) Number of audits completed within the budgeted time allocation	100%	Each assignment has a set number of days which should be adhered to. If an auditor requires additional time then a case has to be approved by Audit Team Leader/Manager.	72% assignments are currently being delivered either within budget or only a day in excess. Overruns are continually managed via 121s and appraisals. Some overruns are required due to the extended scope of an assignment.
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Auditor Productivity

	31/07/11	31/07/12	31/07/13	31/07/14
Average number of productive days per member of audit team	50	56	59	57
% Productivity (based on working days available after annual leave and public holidays)	74%	78%	86%	84%
% Productivity (based on working days available after annual leave, public holidays, sickness and authorised absence)	78%	78%	87%	85%

The slight decrease in productivity between 31/07/13 and 31/07/14 is due to the implementation of a new audit management software system which has a temporary impact upon productivity whilst staff adjust to the new system.

APPENDIX 2 – SUMMARY OF FINAL AUDIT REPORTS ISSUED SINCE JUNE 2014

Audit Title	Directorate	Opinion	Recommendations			Comments
			P1	P2	P3	
Payroll	Corporate and Commercial Services	Satisfactory	0	3	1	An effective system of internal control is in operation and is applied consistently. Some recommendations were made to further strengthen existing controls in place for the payroll system. Recommended actions related to authorised signatories, exception parameters and access controls.
Income and Cash Handling	Neighbourhood and Communities	Satisfactory	0	4	3	Effective controls were found to be in place in the areas of receipting, handling and storage of income; although some minor improvements were suggested to increase the effectiveness of these processes.
Service Level Agreement review	Neighbourhood and Communities	n/a	0	0	0	The overall conclusion from this review with an external organisation is that the SLA requirements have been satisfied and can be relied upon for 2013/14. The Auditor noted that the current SLA could benefit from increased clarity as to the actual agreed requirements to make the SLA more meaningful, measurable and driven by the Council's priorities and intended outcomes.
Total			0	7	4	

APPENDIX 3 – PROGRESS TO IMPLEMENT OUTSTANDING PRIORITY 1 RECOMMENDATIONS

Audit	Directorate	Recommendation	Target Date	Responsible Officer	Update	Implemented (Y/N)
Foster Carers payment Module	WCL	Management implement the necessary controls highlighted in the report pertaining to the bespoke foster carers' payments database currently being used.	30 Sept 2012	Service Manager	CHARMS is now live and being used. The former database was preserved for reference data as the data was not migrated. All payments are processed via Charms with the legacy data being used for any historical queries. It was agreed that this recommendation would not be closed until the system had been implemented therefore it is now considered appropriate to consider it implemented. Internal audit review of CHARMS will be undertaken in due course.	Yes

As a result of 2012/13 internal audit work, 258 recommendations of all priority rankings (11 were ranked as P1) were made of which 199 have been confirmed as implemented, 11 are in the process of being implemented and the risk has been accepted for 1. As a result of internal audit work for 2013/14, 153 recommendations of all priority rankings (3 were ranked as P1) were made of which 62 have been confirmed as implemented, 9 are in the process of being implemented and the risk has been accepted for 2. The Auditors are in the process of obtaining evidence and management assurances to confirm that the remaining 47 (2012/13) and 80 (2013/14) have also been implemented. The only outstanding P1 recommendations (across all years) is detailed in the table above and this also has now been implemented.

APPENDIX 4 – APPLICATION OF CONTINGENCY TIME

The following table details the main areas in which contingency allocations of time have been applied to date.

Audit area	Estimated days	Time taken from	Reason
Service level Agreement review	4	Counter Fraud Reviews	A review to confirm that the objectives of the service level agreement were being achieved.
St Alphonsus School	5	Counter Fraud Reviews	A review of the contracting, purchasing procedures in response to issues raised. Review requested by the Director of Wellbeing, Care and Learning.
Empty Homes grant certification	1	Follow up	To provide assurance on the grant statement.
Adoption reform grant certification	1.5	Follow up	To provide assurance on the grant statement.

APPENDIX 5

TVAAS OPINION METHODOLOGY

2013/14

Substantial Assurance - Overall, very good management of risk to the achievement of objectives. Based on the audit work undertaken, an effective system of internal control is in operation and is applied consistently.

Satisfactory Assurance – Overall, satisfactory management of risk to the achievement of objectives. Based on the audit work undertaken, an acceptable internal control environment is in operation, but there are a number of improvements that could increase its consistency and effectiveness.

Limited Assurance – Overall, weak management of risk exists within a key area(s) that is/are crucial to the achievement of objectives. Major improvements need to be made to the system or area in order to ensure the control environment is effective.

Little/No Assurance - Overall, fundamental failures exist within the control environment and the Council is exposed to unacceptable levels of risk. Key areas that are crucial to the achievement of objectives need fundamental improvements.

In addition, audit reports include recommendations, each of which is given one of three possible rankings:

Priority 1 (P1) – A fundamental risk exists to the achievement of the system/service objectives and it is of an unacceptable level. Management should initiate immediate action to address this system weakness.

Priority 2 (P2) – A significant risk exists which has the potential to adversely affect the achievement of the system/service objectives. Management should initiate timely action to address the weakness.

Priority 3 (P3) – System objectives are not exposed to significant risk but the issue merits attention by management as it offers service improvements by complying with best practice, and strengthening the overall control environment.

2014/15 ONWARDS

Strong - Overall, a Strong Control Environment in relation to the areas examined. Based on the audit work undertaken, an effective system of internal control is in operation and is applied consistently.

Good - Overall, a Good Control Environment with room for improvement in relation to the areas examined. Based on the audit work undertaken, an effective system of internal control is in operation but is not always applied consistently.

Moderate - Overall, a Moderate Control Environment with some weaknesses in relation to the areas examined. Based on the audit work undertaken, an acceptable internal control environment is in operation, but there are a number of improvements that could increase its consistency and effectiveness.

Cause for Concern - Overall, Cause for concern in relation to the areas examined. Weak management of risk exists within a key area(s) that is/are crucial to the achievement of objectives. Major improvements need to be made to the system or area in order to ensure the control environment is effective.

Cause for Significant Concern - Overall, Cause for Considerable Concern in relation to the areas examined. Fundamental failures exist within the control environment and the Council is exposed to unacceptable levels of risk. Key areas that are crucial to the achievement of objectives need fundamental improvements.

There will be no change to the priority ranking methodology for individual recommendations.