

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.	58%
2) To achieve an average customer satisfaction survey score	3.5	4 is the highest possible score.	3.94
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.	100%
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).	84%
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 89% Auditors average 85% 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 is 3 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.	63% 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 Comparison (average productivity across all auditor grades 01 April to 31 Dec)

	31/12/11	31/12/12	31/12/13	31/12/14
Average number of productive days per member of audit team	114	131	136	134
% Productivity (based on working days available after annual leave and public holidays)	73%	80%	80%	82%
% Productivity (based on working days available after annual leave, public holidays, sickness and authorised absence)	75%	81%	82%	86%

APPENDIX 2 – SUMMARY OF FINAL AUDIT REPORTS ISSUED FROM 2014/15 AUDIT PLAN

(Items in bold represent those reports that have been issued in final since the last progress report to Members of this Committee)

Audit Title	Directorate	Opinion	Recommendations			Comments
			P1	P2	P3	
Service Level Agreement review 29 July 2014	Economic Development 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.
Car Parking 8 Oct 2014	Economic Development and Communities	Moderate	0	2	0	An acceptable internal control environment is in operation in most areas, but there are a number of improvements that could increase its consistency and effectiveness particularly in relation to anti-fraud controls, and these are detailed in the report.
Schools Use of Balances 2 Oct 2014	Wellbeing, Care and Learning	Good	0	0	2	Based on the audit work undertaken, an effective system of internal control is in operation but is not always applied consistently.
Acklam Grange Secondary School 30 Oct 2014	Wellbeing, Care and Learning	Strong	0	0	0	The Auditor found that financial controls, segregation of duties and the authorisation processes were all operating well within purchasing, recording of income received, and in obtaining value for money. The Auditor noted that there was robust vetting of people visiting the school, including contractors who access the site to carry out work. Strong systems of control were also found to be in place with the management and oversight of alternative off-site education provision including attendance records maintained by the School, and the providing/receiving of support and challenge to assist in school improvement.

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			P1	P2	P3	
Coroner's Follow Up 11 Nov 2014	Corporate and Commercial Services	Good	0	0	0	This assignment was a follow up of the audit recommendations made in the 2013/14 audit of financial controls. On this occasion, the Auditor found that there had been a marked improvement in the areas tested during the audit with twelve recommendations having been implemented including the P1 recommendation), five superseded and two still on-going. Based on the audit work undertaken, an improved system of internal control is now in operation.
Crematoriums/Memorials 29 Jan 2015	Economic Development and Communities	Moderate	0	2	6	Based on the audit work undertaken, an acceptable internal control environment was found to be in operation. The Auditor identified that there are effective budgetary control mechanisms in place and that the Service monitors and evaluates its performance against business plan objectives set annually. The audit did however identify some areas for improvement relating to the Service's governance arrangements, in particular the maintenance of service policies & procedures, the monitoring and evaluation of staff training and development records and the review of risk register entries.
Taxi Fees and Licensing 05 Feb 2015	Economic Development and Communities	Strong	0	0	2	Based on the audit work undertaken, an effective system of internal control is in operation and is being applied consistently. The Auditor identified that mechanisms around the assessment of driver/vehicle applications, and the subsequent issuing & monitoring of licenses are robust and that all corresponding income generated from such activities has been recorded and banked in full. Although work was performed to ensure that income for fees was charged and banked correctly, the scope of this audit did not include a review of the actual fee rates being charged in respect of taxi licensing. This

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						area has been subject to a separate piece of work commissioned by the Director of Public Health.
Civica Authority Public Protection (Flare)	Economic Development and Communities	Good	0	2	1	Overall, Civica Authority Public Protection was found to have a good control environment, with some minor issues around the monitoring of users, numbers of system administrators and backup. The audit did highlight a central issue around the Council's management of its software licenses which has been referred to IT management.
Priory Woods Special School 20 Nov 2014	Wellbeing, Care and Learning	Strong	0	0	2	Based on the audit work undertaken, an effective system of internal control is in operation and is being applied consistently with only two minor issues to be addressed noted.
St Gerards Primary School 19 Feb 2015	Wellbeing, Care and Learning	Strong	0	0	3	Based on the audit work undertaken, an effective system of internal control is in operation and is being applied consistently.
Purchasing Cards 19 Feb 2015	Corporate and Commercial Services	Moderate	0	3	2	Based on the audit work undertaken, many of the required controls were found to be in place and effective. However, the system does not enforce the need to follow its inbuilt receipting and authorisation controls. There is a need for officers in Procurement to work with the services to maximise the system's benefits for service efficiency and budget monitoring and to ensure that no delays, duplication or omissions in purchasing occur. The audit made recommendations concerning the evidencing of review and approval where only a sample of transactions has been inspected and the discontinuance or streamlining of other existing recording systems to avoid duplication.
	Total	27	0	9	18	

In addition to the above, one other final report was issued in November which had been outstanding from the 2013/14 audit plan. This audit was Public Health Budget and Contract Management Monitoring which resulted in an overall satisfactory opinion (based on the former opinion methodology) and included just two recommendations.

As a result of 2012/13 internal audit work, 267 recommendations of all priority rankings (11 were ranked as P1) were made of which 39 have not yet been confirmed as fully implemented. As a result of internal audit work for 2013/14, 198 recommendations of all priority rankings (3 were ranked as P1) were made of which 82 have yet to be confirmed as implemented. Most recommendations have passed their target date therefore the Auditors are in the process of obtaining evidence and management assurances to confirm that these outstanding recommendations have been implemented. There are no outstanding P1 recommendations (across all years).

APPENDIX 3 – APPLICATION OF CONTINGENCY TIME AND VARIATIONS TO 2014/15 AUDIT PLAN

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.

VARIATIONS TO 2014/15 AUDIT PLAN

The table below details those audits that are proposed to be deferred to 2015/16.

Audit Title	Original Days Planned	Comments
Leisure Management System	15	This audit was requested to be deferred due to the current level of system implementation. 5 days were reallocated to a more in depth audit on Vehicles, Fuel and Tools.
Workforce and Service Demand Planning	10	The audit has been deferred to 2015/16 at the request of WCL DMT and the time has been applied to audit involvement in an investigation at one of the Borough's schools.
Child Poverty	20	The audit has been deferred to 2015/16 at the request of WCL DMT and the time has been shared between two investigations in the directorate – audit involvement in an investigation at one of the Borough's schools and an investigation in the Youth Offending Service.
Risk Management	15	Due to a delay with the implementation of the action plan (which was produced following an external review), the audit has been deferred into 2015/16 to allow additional time for the recommendations to be implemented.
Property/Asset Management	20	At the request of the Assistant Director, this audit has been deferred to 2015/16 to allow for a report on the management of the Council's land and assets to be submitted to CMT and the Executive. The audit in 2015/16 will review the asset management strategy and the asset disposal protocol.

APPENDIX 4

TVAAS OPINION METHODOLOGY

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.

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.