

## ITEM NO.

**Report to:** Audit Committee  
**Date:** 13<sup>th</sup> September 2007  
**Report of:** Gordon Fletcher, Internal Audit Manager  
**Subject:** Internal Audit local performance Indicators – 2006/2007  
**Ward:** All.

### 1 Purpose of the Report

- 1.1. The purpose of the report is to inform members of the local performance indicators for the Internal Audit Section, for 2006/2007.

### 2. Consultation

- 2.1. In preparing this report I have consulted with the Senior Internal Auditor and the Head of Financial Management. No comments were made on the report.

### 3. Background

- 3.1. During 2005 the Audit Manager set up local performance indicators for the Internal Audit Section to examine the quality of work within the Internal Audit Section. These were used by the Audit Manager to help monitor the output of the internal audit work from the Section.
- 3.2. The local performance indicators were determined from discussions with other Audit Managers from the various Durham District Internal Audit Sections, and were considered to be best practice.
- 3.3. The local performance indicators established were:

**Customer satisfaction indicators.** To determine the overall level of satisfaction of audit work as expressed by the auditee, by completing a questionnaire on the performance of the audit.

**Quality indicators.** Various indicators were used to determine how effective and efficient is the work of the Internal Audit Section.

### 4. Position Statement

- 4.1. During the 2006/2007, 18 audits were carried out and 15 were completed and reported by March 2007, and the information for the Local Performance Indicators has been recorded and examined for these.

#### 4.2. Customer satisfaction indicators.

- 4.2.1. Questionnaires are sent out by the Audit Manager after each audit asking the auditee to mark and comment on the satisfaction (Very Good, Good, Adequate, or Poor) of the audit over 4 different areas i.e Pre audit, Audit Testing, Audit staff, Outputs. (See Appendix A).
- 4.2.2. The Auditee is then asked to give an overall assessment of the audit work carried out.

There were 2 performance indicators for this:

1. That 95% of audits have an overall assessment of good or very good.
2. That 100% of the audits have an overall assessment of adequate or better.

Questionnaires had been sent out for the 15 audits. 14 had been returned and all (100%) were assessed as good or very good.

**Both targets were met.**

(Note: Follow up letters and questionnaires are sent out to those that had not returned their questionnaires within 1 month.).

## ITEM NO.

### 4.3. Quality indicators.

4.3.1. The quality assessments for the 14 completed audits are based on various performance indicators as shown below:

i. Comparing the number of internal audit recommendations made to those that were agreed with the auditee.

Target: 95% of all audit recommendations should be agreed.  
Result: 100%

**Target met.**

ii Following a follow up audit we compared the number of internal audit recommendations agreed to those that had been implemented.

Target: 100% of recommendations should be implemented  
Result: 100%

**Target met.**

iii. Ensuring that the draft internal audit report was discussed with the auditee within 15 working days from the date that the internal audit work was completed.

Target: 92% of all completed audits had a draft report discussed with the auditee within 15 working days.

Result: 100%

**Target met.**

iv. Ensuring that the final internal audit report was issued within 7 working days of the draft internal audit report being agreed with the auditee .

Target: 100% issued within 7 working days.

Result: 100%.

**Target met.**

v. Ensuring that all agreed actions within the recommendations of the internal audit reports were followed up within 3 months.

Target: 100% of all audits to be followed up within 3 months.

Result: 100%

**Target met.**

## 5. Implications

### 5.1. Legal Implications.

There are no direct legal implications for the Council as a result of this report.

### 5.2. Financial

There are no direct financial implications for the Council as a result of this report.

### 5.3. Policy

There are no direct policy implications for the Council as a result of this report.

### 5.4. Risk

There are no direct risk implications for the Council as a result of this report.

### 5.5. Communications

There are no direct communications implications for the Council as a result of this

## ITEM NO.

report.

### **6. Corporate Implications**

#### **6.1. Corporate Plan and Priorities**

Priority 2 – Striving for excellence in the workplace.

SFE2 – To develop the capacity to achieve in the organization.

#### **6.2. Equality and Diversity**

There are no direct implications.

#### **6.3. E. Government**

There are no direct implications.

#### **6.4. Procurement**

There are no direct implications.

#### **6.5. Performance Management and Scrutiny**

This will help towards the delivery of the completion of the work of the Internal Audit Annual Plan.

#### **6.6. Sustainability**

There are no direct implications.

#### **6.7. 'Well being powers'**

There are no direct implications.

#### **6.8. Human Resources**

There are no direct implications.

#### **6.9. Crime and Disorder**

There are no direct implications.

#### **6.10. Human Rights**

There are no direct implications.

#### **6.11. Social Inclusion**

There are no direct implications.

### **7. Conclusions**

7.1. All the local performance indicators show that the quality of work from the Internal Audit section is at a high level and that most of the results are better than the targets set by the Internal Audit Manager.

### **8. Recommendations**

8.1. The Committee is asked to note the content of the report, and to consider any future performance indicators that they may require.

### **9. Background Papers and Documents**

9.1. Internal Audit Questionnaires  
Internal Audit report summary  
Various Spreadsheets

**ITEM NO.**

GF/J:/COMMITTEE/2006.2007