

AUDIT AND GOVERNANCE COMMITTEE

26 March 2010

INTERNAL AUDIT STRATEGY AND OPERATIONAL PLAN 2010/2011

Report of the Director of Financial Resources

1. Purpose of Report

- 1.1 To enable the Audit and Governance Committee to consider and comment on the proposed Internal Audit Strategy, and Operational Plan for 2010/2011.

2. Background

- 2.1 The Terms of Reference for the Audit and Governance Committee (agreed 12th April 2006) set out the key roles of the Committee including the requirement to *“receive and consider (but not direct) internal audit’s strategy, plan, and monitor performance”*.
- 2.2 The current Internal Audit Strategy was agreed on 20th March 2008. As part of the ongoing development of the service the Strategy has been reviewed and whilst, in large part, it remains fit for purpose, the audit risk assessment process has been updated to better take account of the key risk areas of the Council and the Council’s Corporate Risk Profile. Therefore, the Internal Audit Strategy has been updated and is included for agreement.
- 2.3 For completeness, the Operational Plan covers Internal Audit’s key performance measures and outlines the proposed internal audit work for the Council and associated bodies for which the Council has a lead responsibility. The content relating to the associated bodies is a matter for the bodies concerned.

3. Recommendation

- 3.1 The Audit and Governance Committee is invited to consider and, if appropriate, make comment on the proposed Internal Audit Strategy, and Operational Plan (attached) which includes the key performance measures for 2010/2011.

4. Background Papers

None.

**Sunderland City Council
and
Associated Bodies**

Internal Audit Strategy

1. Regulatory Framework

- 1.1 There are legislative requirements that relate to the provision of internal audit within local authorities, namely:

The Local Government Act 1972 (S151) requires that *“every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”*.

For Sunderland City Council and the associated bodies the responsible financial officer is the Council’s Director of Financial Resources and one of the ways he exercises his responsibility for financial administration is through the work of internal audit.

The Accounts and Audit Regulations 2003 (S6) (as amended) specifies certain requirements of Local Authorities.

In order to comply with these requirements the Council / associated body needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control, in accordance with the proper internal audit practices, these being set out in the CIPFA Code of Practice for Internal Audit in Local Government.

- 1.2 The Council’s Financial Procedure Rules (FPR 4) state *“a continuous internal audit, under the independent control and direction of the Director of Financial Resources, shall be arranged to carry out an examination of accounting, financial and other operations of the Council”*.

2. Professional Standards and Ethics

Chartered Institute of Public Finance and Accountancy

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) is the primary public sector accountancy body in the U.K. In 2006, CIPFA published the current Code of Practice for Internal Audit in Local Government which sets out expected good practice in relation to the system of internal audit within Local Government.

Institute of Internal Auditors - UK (IIA-UK)

- 2.2 The Institute of Internal Auditors is an international association dedicated to the continuing professional development of the individual internal auditor and the internal auditing profession. The Institute of Internal Auditors has produced Standards for the Professional Practice of Internal Auditing. These standards are a means by which the conduct of any individual auditor and the operations of any internal auditing organisation may be evaluated and measured.

Ethics

2.3 The CIPFA Code of Practice for Internal Audit also sets out minimum ethical standards for the performance and conduct of internal auditors. The internal audit provider's staff are required to understand and comply with these standards of ethics, in addition to those standards required by professional institutes of which they are members.

2.4 The principles that must be observed are:

- integrity;
- objectivity;
- competence; and
- confidentiality.

2.5 The internal audit service will maintain policies and procedures to meet the statutory and good practice requirements above, and keep these under review.

3. Provision of Internal Audit

3.1 In considering the options for the provision of internal audit, the Council has decided to maintain an in-house service (Internal Audit Services), supplemented by external resource / expertise where required. This option provides for flexibility, a local presence, and the development and retention of local knowledge of the organisation whilst ensuring the optimum use of financial resources.

4. Role of Internal Audit Services (IAS)

4.1 The roles and responsibilities of Internal Audit Services are set out in the Council's Audit Charter which is kept under review and was last updated in March 2007.

5. Quality System

- 5.1 In order to deliver its role effectively the internal audit service maintains a detailed Quality System (certified to ISO9001:2008).
- 5.2 The Quality System sets out, in detail, the processes for planning, implementing, checking and reviewing the way in which the internal audit service is delivered and sets out the methods by which the service will ensure continuous improvement of the Quality System.
- 5.3 The objectives of the Quality System are to:
- state clearly the Charter, Mission and Role of the internal audit service;
 - set out the service's commitment to providing a Quality System;
 - describe the organisational, managerial and planning arrangements in place;
 - explain clearly the standard procedures to be followed and documentation to be completed;
 - consolidate all relevant information concerning the work of the service in order that a consistent approach can be achieved within a flexible framework;
 - prescribe how the service will manage its resources;
 - prescribe the means by which the service will ensure continuous improvement;
 - provide a basis for the training and development of staff.
- 5.4 The Quality System has been produced after consideration of the guidelines recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Internal Auditors - UK (IIA-UK).
- 5.5 In order to be confident that the overall Quality System in place delivers the above objectives, independent verification is undertaken every six months.

6. Planning and Resources

- 6.1 It is important that the service keeps under review the resources required in order for it to fulfil its role in the medium to longer term. As such, as part of the annual planning process, the potential coverage of internal audit activity for the following 3 years is assessed alongside the existing resources available.
- 6.2 In developing the coverage of internal audit work it is appropriate to cover the key risk areas of the business over a period of years. The frequency and scope of the work is driven by an assessment of risk in consultation with key officers within the Council and a review of key documents. In order to achieve this, an audit risk assessment and planning methodology is used, as follows:
- a. A list of key risk areas has been determined which cover the main areas of inherent risk within the Council. In developing this list regard was given to the key risks set out in the Council's Corporate Risk Profile and the underlying arrangements / controls which should be in place to manage those risks.
 - b. Each key risk area is assessed based on the strength of the control arrangements known to be in place to manage the risks in that area, the likelihood of a failure in control, and the impact that failure could have. This results in an assessment of the level of need for audit work in order to be able to provide an opinion on the control environment in place in relation to each key risk area for each financial year.
 - c. In order to complete the risk assessment as outlined above, the following is carried out:
 - a review of key corporate strategies / plans;
 - consultation with the Chief Executive, Chief Officers, other senior managers, the Director of Financial Resources, the Head of Risk Management and Insurance and the Assistant Chief Executive, to identify key issues facing the Council (and associated bodies) nationally, regionally, and locally;
 - consideration of new Council (or associated body) initiatives, Government initiatives and legislation.
 - d. The available audit staffing resource is then allocated within the annual Operational Plan taking into account a, b, and c above, as well as the necessary skills and experience required to undertake the work. All audits included within the Operational Plan are linked to the appropriate key risk area(s) to identify the audit work that will inform the opinion in relation to each key risk area.

A similar audit risk assessment and planning process is adopted for the associated bodies.

- 6.3 The above methodology results in a plan that is supportive of Chief Officers and provides an overall view on the internal control environment, a key part of good corporate governance.

7. Skills and Competence

- 7.1 The internal audit service encourages its staff to obtain and hold professional qualifications and supports staff in this regard. The service has a wide pool of skills and experience, including IT auditors. The head of internal audit and the senior managers are professionally qualified and all staff are trained to deliver work to professional standards.

- 7.2 The overall staffing compliment for the service equates to 17 full time equivalent members of staff, with qualifications as follows:

Qualified Accountants:	6
Institute of Internal Auditors - Professional Level:	6
Association of Accounting Technicians:	6
Qualification in Computer Audit:	2

** please note that some staff hold more than one qualification*

8. Performance Indicators

- 8.1 A range of performance indicators are maintained covering Cost and Efficiency, Quality, Customer Satisfaction and Continuous Improvement. Performance against these areas is reported to the Director of Financial Resources on a quarterly basis and to the Audit and Governance Committee on a 6 monthly basis.

9. Reporting

- 9.1 An Interim and Annual Report will be prepared in order to give assurance or otherwise to the Audit and Governance Committee in order that they can rely on the work of the internal audit service and the internal control framework in place which contributes to the annual review of corporate governance arrangements.

10. Keeping up to date

- 10.1 In order to keep abreast of significant national and local issues the service is a member of the CIPFA Better Governance Forum and the CIPFA Finance Advisory Network.

**Sunderland City Council
and
Associated Bodies**

**Internal Audit Operational Plan
2010/2011**

1. Introduction

1.1 This document presents the Internal Audit Operational Plan for 2010/2011 including the key performance measures. It covers the following bodies:

- Sunderland City Council
- Tyne and Wear Fire and Rescue Authority (TWFRA)
- Beamish Museum
- Tyne and Wear Development Company (TWDCO)
- Tyne and Wear Economic Development Joint Committee (TWEDJC)

2. Division of Responsibilities

2.1 It is management's responsibility to manage the systems of the City Council (and associated bodies) in a manner which:

- ensures the plans and intentions of the organisation are delivered, (including those outlined in plans, policies and procedures) and are in compliance with the laws/regulations under which the organisation operates;
- ensures the reliability of data and information used either internally or reported externally;
- safeguards the organisation's resources; and
- promotes efficient and effective operations.

2.2 Controlling is an integral part of managing operations and as such internal auditors independently review how effectively management discharges this aspect of its responsibilities by evaluating the effectiveness of systems and controls and providing objective analyses and constructive recommendations. Management retains full ownership and responsibility for the implementation of any such recommendations.

3. Resources Available

- 3.1 Based upon the total staff resource available for 2010/2011 it is necessary to set aside time for a range of commitments relating to planning and management of the service. These are analysed below.

Table 1: Productive Days Available

	Days	Percentage
Gross Days	4,239.0	100%
Less Uncontrollable Overheads (e.g. annual leave, bank holidays)	689.5	16%
Productive Days Available	3,549.5	84%

Table 2: Utilisation of Productive Days Available

	Days	Percentage
Productive Days Available	3,549.5	100%
Less Controllable Overheads (e.g. risk assessments, planning, management, service development and training)	628.5	18%
Chargeable Days	2,921.0	82%

4 Development of Internal Audit Operational Plan

- 4.1 As set out in the Internal Audit Strategy, the coverage of internal audit work is designed to cover the key risk areas of the business over a period of years. A summary of the audit risk assessment is included at Appendix 1. To underpin the audit risk assessment and planning methodology, key financial and key non-financial systems are identified and are programmed over a 5 year period, as appropriate. This ensures that coverage of these systems is appropriate and timely.
- 4.2 The risk assessment and planning methodology results in a plan that is supportive of Chief Officers and provides an overall view on the internal control environment, a key part of good corporate governance.
- 4.3 As the internal audit service is required to investigate specific areas of concern or irregularity as and when they arise, a contingency allowance is made for each body based upon previous experience.

- 4.4 Although the majority of internal audit work can be planned there are occasions whereby individual planned audits cannot be undertaken (for example, significant change takes place in the audit area). In these circumstances attempts will be made to replace the audit with a suitable replacement in consultation with the Director of Financial Resources and the relevant Chief Officer. Where these changes are agreed this shall be considered a variation to this Plan for the purposes of performance reporting.
- 4.5 In addition, unforeseen work can arise due to new areas of service or increased risk which is appropriate to audit within the year. Therefore, in order to allow some flexibility, a contingency allowance is also made to enable such work to be undertaken without adversely affecting the delivery of the planned audit work.
- 4.6 Having considered the internal audit risk assessment and the overall resources currently available it is considered that the internal audit service has sufficient resources to meet its roles and responsibilities.
- 4.7 Table 3 summarises the planned allocation of chargeable days for 2010/2011.

Table 3 - Planned Allocation of Chargeable Days

Activity	Days
<p><u>Audits</u></p> <ul style="list-style-type: none"> • Service / Systems Audits (55) 901.0 • Establishment Audits (41) 274.9 • Specialist IT Audit Work (4) 69.0 • Follow Up Work 170.8 • Grant Work (2) 32.0 • Annual Governance Review <u>20.0</u> <p>Sub Total 1,467.7</p>	
<p><u>Systems Development / Advice / Guidance / Other</u></p> <ul style="list-style-type: none"> • General Advice / Guidance / Liaison 128.9 • Advice and Guidance - Specific Projects 452.0 • Counter Fraud Work 162.7 • Systems Development <u>46.0</u> <p>Sub Total 789.6</p>	
<p><u>Contingencies</u></p> <ul style="list-style-type: none"> • Investigation work 342.0 • Unplanned audit work <u>321.7</u> <p>Sub Total 663.7</p>	
Grand Total	2,921.0

- 4.8 It can be seen from the above that 50% of the plan is allocated to undertaking planned audits and providing assurance relating to those areas and 50% is provided for working proactively with service areas in developing internal control and responding to issues as they arise. The percentage of time to be spent on planned audit work is slightly less than in previous years (58.6 % in 2009/2010) in recognition of the increased level of improvement activity ongoing within the Council which will result in changes to the arrangements, procedures and controls in place. Additional time for proactive advice and guidance has therefore been allowed for within the plan to support managers in implementing their specific improvement projects and developing new approaches to service delivery.

5 Key Points

- 5.1 The audit plan for 2010/2011 includes 102 planned audits. This is less than in previous years due to the additional time set aside for proactive advice as described above, and also due to the nature of the audit work. A number of the audits within the plan are more complex in nature and are being done for the first time which will require additional time.
- 5.2 As described in the Internal Audit Strategy, each audit is linked to the appropriate key risk area(s) to identify the audit work that will inform the opinion in relation to each key risk area. Appendix 2 to this report shows all of the key risk areas and those audits that contribute towards the opinion on each area (audits shown are only those in relation to the Council). It should be noted that some audits contribute towards the opinion of more than one key risk area and some key risk areas rely on a number of audits. The results of the audit work will be considered in reporting an opinion on the overall internal control environment within the Internal Audit Annual Report.
- 5.3 Appendix 3 to this report shows the audit work planned for the associated bodies.
- 5.4. In relation to the City Council, the following key areas of work are planned to be undertaken.

5.4.1 Key Systems

The effectiveness of internal control within the Council's key financial systems and key non-financial systems, in accordance with agreed rolling programmes of audit work in these areas, will continue to be undertaken.

5.4.2 Significant Projects

Significant input will be provided regarding the risks and internal controls to significant projects being delivered, including the following:

Improvement Programme

The Council is implementing a number of improvement projects across the organisation in order to secure better outcomes, improve the quality of service delivery and achieve significant efficiency savings. This may result in significant changes to the way services are commissioned and delivered and the processes and controls in place to support them. Internal audit work to support managers includes a number of planned audits, such as programme / project management and realisation of benefits audits, and a significant amount of time is allocated to provide advice in relation to proposed changes to systems, procedures and controls to ensure that an appropriate level of internal control is maintained.

Building Schools for the Future

A further review of the contract management arrangements in relation to the provision of ICT facilities will be undertaken.

ContactPoint

ContactPoint is an online database of information about children for use by practitioners working with and providing support to them. A review of the arrangements for the accreditation of users of the system and access security arrangements has already been undertaken. An annual review will be completed from 2010/2011 to validate the ongoing robustness of the arrangements which will complement the Council's compliance function.

Sunderland Strategic Transport Corridor (SSTC) / Central Route

This is one of the most significant projects in terms of funding that the Council currently has ongoing. Internal audit work will be undertaken to assess the robustness of project management arrangements in relation to funding, cost assessment and management, realisation of intended benefits and the ongoing monitoring of the viability of the project in light of any significant changes to funding or costs.

5.4.3 System Development

The internal audit service will continue to provide input regarding risks and internal controls to significant ICT developments being delivered within the Council. It is envisaged that the service will be involved in several key projects including ICT applications that will support the Smarter Working Project, and the consolidation of the SAP Human Capital Management (HR) system with the SAP Financial Management system.

5.4.4 Grant Work

The Council has a good track record of securing a range of external funding. Greater reliance is now being placed by the providers of the funding on the assurance provided by the head of internal audit as to the validity of grant claims made by the Council. Time has been included to undertake this grant audit work.

5.4.5 Partnerships

The Council is engaged within a number of partnership arrangements which are key to it achieving its objectives. Time has been included within the audit plan to review the corporate arrangements in place to identify and monitor the partnerships which the Council is involved with. Time has also been included to review a number of partnerships that the Council is party to.

5.4.6 ICT Disaster Recovery / Business Continuity

In the Internal Audit Annual Report for 2007/2008, it was reported that a significant amount of work was ongoing to improve the Council's ICT disaster recovery arrangements, which had been judged, at that time, to be unsatisfactory. The work undertaken thereafter resulted in a satisfactory opinion for the overall arrangements in 2008/2009. Work is still ongoing within the Council's ICT unit in relation to the recovery of a small number of key systems. Progress will continue to be monitored throughout 2010/2011.

5.4.7 Counter Fraud Work

There continues to be a need to raise the profile of the risk of fraud within the Council and to carry out an appropriate level of counter fraud work to ensure that the Council has appropriate arrangements in place. A significant amount of time has been allowed within the Operational Plan to undertake work specifically aimed at detecting any fraud, corruption or other financial wrongdoing that may be occurring, based upon an assessment of risk. The internal audit fraud risk assessment is being further developed to ensure resources are targeted appropriately. In addition, work will continue to raise awareness of the Council's Anti Fraud and Corruption and Whistle blowing policies, through various methods.

6. Reporting Protocols

- 6.1 At the conclusion of each individual audit a Draft Report and proposed Action Plan will be forwarded to the appropriate manager within the client Directorate. Once agreement has been reached a Final Report and Action Plan will be forwarded to the relevant Chief Officer. Where audits highlight issues which need to be brought to the attention of the Director of Financial Resources they will be raised as and when necessary.

- 6.2 A quarterly progress report will be presented to the Director of Financial Resources indicating the level of achievement against agreed targets and any major findings arising from the audit work undertaken.
- 6.3 An Internal Audit Annual Report will be prepared for Cabinet and the Audit and Governance Committee in order to give assurance or otherwise to Members that they can rely on the internal control framework of the Council. A half yearly progress report will also be presented to the Audit and Governance Committee.

7. Performance Management

- 7.1 All work undertaken by the internal audit service in the delivery of the Operational Plan will be in accordance with its Quality System, which is based upon the professional standards required by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Internal Auditors (IIA-UK). The Quality System is also certified to the ISO9001:2008 standard.
- 7.2 The objectives of the service and the Key Performance Indicators (KPI's) which will be used to measure Cost and Efficiency, Quality, Client Satisfaction and Continuous Improvement throughout the year, are shown in Appendix 4.

8 Variations to the Audit Plan

- 8.1 In order to allow some flexibility in the work the service undertakes, a contingency allowance is made to enable unforeseen requests to be undertaken without adversely affecting the delivery of the planned audit work. However, once the contingency allowance has been exhausted an assessment will be carried out to determine whether requests for additional work should be undertaken, based on the impact upon the delivery of the plan and the risks associated with the work requested. Wherever possible the work will be undertaken by replacing another audit within the same Directorate and the plan will be revised accordingly.

Summary
Internal Audit Risk Assessment

Key Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Operational Plan
Corporate Governance	14%	Low frequency - rely on Annual Review of Corporate Governance arrangements and external inspections.
Commissioning	53%	Review through audit work on improvement programme and specific audit areas each year.
Service / Business Planning	29%	Low frequency for review of corporate service / business planning arrangements. Review of service planning during service audits.
Partnerships	43%	Corporate monitoring to be revisited during the year. Sample of key individual partnerships to be reviewed.
Financial Management	34%	Focus on high risk service areas or where budget overspends occur. Periodic review of key financial systems as agreed with S151 officer.
Risk Management	20%	Review recently updated corporate arrangements. Include in reviews of corporate performance management, service planning, programme management and partnerships work.
Programme and Project Management	53%	Programme and project audits to be undertaken in relation to the improvement programme.
Local Taxation	14%	Review of systems on a periodic basis as agreed with the S151 officer.
Procurement and Contract Management	50%	Review of implementation of new Corporate Procurement Strategy and procurement and 3rd party spend improvement project.
Human Resource Management	52%	Review of Human Resources and Organisational Development improvement project to assess new arrangements being introduced, e.g. internal jobs market.
Asset Management	52%	Review asset management improvement project. Property database being populated – data quality work to be completed.

Summary
Internal Audit Risk Assessment (Continued)

Key Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the audit plan
ICT Strategy and Delivery	46%	Arrangements to deliver ICT corporately to be reviewed. Programme management audit to cover the ICT Improvement project.
Fraud and Corruption	30%	Development work required to enhance current arrangements. Counter fraud testing based on fraud risk assessment to be undertaken.
Information Governance	39%	Audits completed in last 2 years, further review planned for 2010/11 to ensure arrangements continue to be developed.
Service Continuity and Emergency Planning	32%	Corporate framework to be reviewed following implementation of new arrangements in line with British Standards. Service continuity arrangements to be audited for a sample of critical services.
Performance Management	33%	Corporate framework including new ICT system to be reviewed in 2010/2011. Performance management in specific areas to be included in service audits.
Payroll	17%	Periodic frequency of central systems and annual substantive testing of transactions / counter fraud work.
Housing Benefits	18%	Periodic reviews of systems as agreed with the S151 officer. Audits completed in the last 2 financial years therefore no audit work required for 2010/11.

Appendix 2

Detailed Audit Coverage

Key Risk Area	Audits
Corporate Governance	Annual Corporate Governance Review
Commissioning	Funding for 14-19 Year Olds External Placement of Children Responsive Local Services Community Development Service - Sunderland Compact Supporting People Service
Service / Business Planning	Responsive Local Services
Partnerships	Children's Services - Partnership Arrangements Office of the Chief Executive - Partnership Arrangements Corporate Partnership Arrangements
Financial Management	Supporting People Grant Dedicated Schools Grant - Allocation of Funding Funding for 14-19 Year Olds External Placement of Children 39 Schools (Nursery, Primary and Special) City Services Job Costing 2 Leisure Centres Assessments for Personal Care Personal Budgets / Resource Allocation System Port Governance Arrangements Council Tax - Liability Business Rates - Liability Periodic Income - Billing BACS Arrangements Back on the Map Financial Management
Risk Management	Corporate Risk Management Framework Vulnerable Adults Protection Arrangements Port Governance Arrangements Office of the Chief Executive - Risk Management Arrangements 39 Schools (Nursery, Primary and Special)
Programme and Project Management	Improvement Programme - Programme Management Project Management - Strategic and Shared Services Project Management - Commissioning and Service Review Project Management - Customer Services Project Management - ICT Project Management - Procurement and Third Party Spend Project Management - Organisational Development Improvement Programme - Benefits Realisation Project Management - Smarter Working Accounts Payable - Processing and Payment
Local Taxation	Council Tax - Liability Business Rates - Liability

Detailed Audit Coverage (continued)

Key Risk Area	Audits
Procurement and Contract Management	BSF Contract Management - ICT Contract Corporate Procurement Strategy Supplier Relationship Management System - User Access Buy Sunderland First
Human Resource Management	39 Schools (Nursery, Primary and Special)
Asset Management	Property Asset Database
ICT Strategy and Delivery	ICT Strategy HR Management / Financial Management System Consolidation
Fraud and Corruption	Counter Fraud Testing Building and Development Control 39 Schools (Nursery, Primary and Special) 2 Leisure Centres
Information Governance	Performance Regarding Under 18 Conception Rates Contact Point 39 Schools (Nursery, Primary and Special) Customer Contact Centre Assessments for Personal Care Information Sharing / NHS Partnership Vulnerable Adults Protection Arrangements Compliance with the Data Handling Guidelines
Business Continuity and Emergency Planning	Corporate Business Continuity Management Winter Maintenance
Performance Management	Performance Regarding Under 18 Conception Rates Community Development Service - Sunderland Compact Port Governance Arrangements Sustainability / Carbon Management
Payroll	Payroll Processing and Payment 39 Schools (Nursery, Primary and Special)
Housing Benefits	No audits planned

Appendix 3

Internal Audit Operational Plan – Associated Bodies

Tyne and Wear Fire and Rescue Authority	Days
Asset Management	15.0
Stores	15.0
Information Governance	15.0
Procurement	18.0
Emergency Planning Unit	13.0
Action Plan Implementation	11.0
Advice and Guidance	15.0
Investigations Contingency	9.0
Project Work / Other Contingency	20.0
Total	131.0
Beamish Museum	
Capital Programme	18.0
Management of IT Risks	15.0
Action Plan Implementation	2.0
Advice and Guidance	5.0
Investigations Contingency	13.0
Project Work / Other Contingency	4.0
Total	57.0
Tyne and Wear Development Company	
Creditors	8.0
Action Plan Implementation Contingency	4.0
Advice and Guidance Contingency	5.5
Total	17.5
Tyne and Wear Economic Development Joint Committee	
Certification Work	10.0
Total	10.0

Appendix 4

Internal Audit Services' Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2010/2011

Cost and Efficiency		
Objectives	KPI's	Targets
1) To ensure the service provides Value for Money	1) Charge per Man Day	1) Lower cost than average within CIPFA Benchmarking Club – Comparator Group (Unitary Authorities)
	2) Percentage of planned audits completed (including agreed variations)	2) 100%
	3) Average number of days between end of fieldwork to issue of draft report	3) 10 working days or less
	4) Percentage of draft reports issued within 15 days of the end of fieldwork	4) 85%
	5) Percentage of audits where the number of days between the start of the audit and the end of fieldwork is within a target of twice the budgeted number of days	5) 75%

Internal Audit Services' Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2010/2011

Quality		
Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance 2) To ensure recommendations made by the service are agreed and implemented	1) ISO9001:2008 Certification 2) Percentage of high, significant and medium risk recommendations made which are agreed 3) Percentage of agreed high, significant and medium risk recommendations which are implemented 4) Opinion of External Auditor	1) Retain certification 2) 100% 3) 100% for high and significant. 90% for medium risk 4) Satisfactory opinion
Client Satisfaction		
Objectives	KPI's	Targets
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) Number of Complaints / Compliments	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor) 2) Results classed as 'Good' 3) No target – actual numbers will be reported

Internal Audit Services' Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2010/2011		
Continuous Improvement		
Objectives	KPI's	Targets
1) To ensure that the service develops in line with modern thinking and practice on Internal Auditing	<p>Improvement in actual performance in relation to previous years in the following areas:</p> <ol style="list-style-type: none"> 1) Average number of days between end of fieldwork to issue of draft report 2) Percentage of draft reports issued within 15 days of the end of fieldwork 3) Percentage of agreed high, significant and medium risk recommendations which are implemented 	Improvement in actual performance from 2009/2010.

