

TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE

18th March 2010

Internal Audit Operational Audit Plan 2010/2011

Report of the Treasurer

1. Purpose of the Report

1.1 To enable the Joint Committee to consider and comment on the Internal Audit Operational Audit Plan for 2010/2011.

2. Background

2.1 The Internal Audit Strategy was approved by the Joint Committee on 5th March 2009. It is considered that the Internal Audit Strategy remains appropriate and therefore is not presented in this report.

3. Recommendation

3.1 The Joint Committee is invited to consider and comment on the proposed Internal Audit Operational Plan attached at Appendix A.

4. Background Papers

4.1 Minutes of Joint Committee 5th March 2009.

Tyne and Wear Economic Development Joint Committee

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.

2. Resources Available

- 2.1 The internal audit service is provided by Sunderland City Council as the lead authority for Finance. This provides for a wide pool of skills and experience that can be called upon, including IT auditors. The head of internal audit and the service's managers are professionally qualified and all staff are trained to deliver internal audit work to professional standards.

3. Development of Internal Audit Operational Plan

- 3.1 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 the Company Manager (as set out in the Audit Strategy). The Operational Plan sets out the work scheduled for the next financial year.

4. Planned Audit Work for 2010/2011

- 4.1 The following audit is planned.

4.1.1 Certification Work (8 days)

An annual review of the governance arrangements in place in relation to the Joint Committee is required to enable the head of internal audit to complete an element of the 'small bodies annual return', a requirement of the Accounts and Audit Regulations. This includes areas such as compliance with financial regulations, risk assessment processes and payments.

5. Audit Reporting

- 5.1 At the conclusion of the audit any findings will be reported to the Treasurer and Company Manager as appropriate.

6. Performance Management

- 6.1 Performance shall be monitored against the Operational Plan and the Key Performance Indicators (KPI's) as set out in Annex 1. It should be noted that a number of these relate to the entire internal audit function of Sunderland City Council.

Internal Audit Services' Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2010/2011		
Cost & Efficiency		
<i>Objectives</i>	<i>KPI's</i>	<i>Targets</i>
1) To ensure the service provides Value for Money	1) Charge per Man Day 2) Audit cost per £m Gross Turnover of the Council 3) Percentage of planned audits completed (including agreed variations) 4) Average number of days between end of fieldwork to issue of draft report 5) Percentage of draft reports issued within 15 days of the end of fieldwork 6) 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	1) Lower cost than average within CIPFA Benchmarking Club – Comparator Group (Unitary Authorities) 2) Lower cost than average within CIPFA Benchmarking Club – Comparator Group (Unitary Authorities) 3) 100% 4) 10 working days or less 5) 85% 6) 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) ISO9001:2000 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	Improvement in actual performance in relation to previous years in the following areas: 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.

