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**SUBJECT: INTERNAL AUDIT PROGRESS REPORT**

**REPORT OF THE HEAD OF INTERNAL AUDIT**

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**1. Introduction**

- 1.1 This report sets out the performance of Internal Audit up to 31<sup>st</sup> August 2011, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Authority.

**2. Description of Decision**

- 2.1 The Governance Committee is asked to consider the report.

**3. Key Performance Indicators**

- 3.1 Performance against the agreed KPIs to date is shown in Appendix 1.
- 3.2 All KPIs are on target with the exception that the target for the overall average score on post audit questionnaires is 'better than 1.5' (where 1 is Good and 4 is Poor), and actual performance currently stands at 1.7. This is based on three post audit questionnaires having been returned in the last year, from four issued. A score of 1.1 has been achieved based on 45 returns for the whole service.

**4. Summary of Internal Audit Work**

- 4.1 The audit opinion for the audits carried out so far during the year is shown in Appendix 2 along with the current overall opinion based on the current and two previous years' audit work. Four audits are included in the current year's plan and the progress on each is as follows:
- Payroll – complete
  - PFI Contract Monitoring - ongoing
  - Data Handling – planned for quarter 3
  - Project Management Arrangements - planned for quarter 4.

**5. Conclusions**

- 5.1 This report provides information regarding progress against the planned audit work for the year and performance targets.
- 5.2 Results of the work undertaken so far during the year have not highlighted any issues which affect the opinion that, overall throughout the Authority, there continues to be an adequate system of internal control.

**6. Recommendations**

6.1 Members are asked to consider the report.

**Background Papers**

Internal Audit Strategy and Operational Plan for 2011/2012 –  
Governance Committee, 21st March 2011.

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2011/2012			
Efficiency and Effectiveness			
Objectives	KPI's	Targets	Actual Performance
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified.	1) All key risk areas covered over a 3 year period	On target
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%	100%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 80%	100%

**Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2011/2012**

<b>Quality</b>			
<b>Objectives</b>	<b>KPI's</b>	<b>Targets</b>	<b>Actual Performance</b>
1) To maintain an effective system of Quality Assurance.  2) To ensure recommendations made by the service are agreed and implemented.	1) Opinion of External Auditor  2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	1) Satisfactory opinion  2) 100% for high and significant. 90% for medium risk	Achieved  No high or significant risk recommendations have been made  93% for medium risk
<b>Client Satisfaction</b>			
<b>Objectives</b>	<b>KPI's</b>	<b>Targets</b>	
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	Overall average score of 1.7 from 3 returns from the Fire and Rescue Authority (score of 1.1 from 45 returns for the whole service)  Last CIPFA benchmarking club survey – “Good”  No complaints One compliment (from EPU)

## Internal Audit Coverage

Key Risk Area	Planned Audits	Conclusion (audits undertaken 2011/12)	Overall Opinion from Previous 3 years work
Corporate Governance		-	Good
Service / Business Planning, IRMP		-	Good
Financial Management	PFI Contract Management	-	Satisfactory
Risk Management		-	Good
Procurement and Contract Management	PFI Contract Management	-	Satisfactory
Human Resource Management		-	Good
Asset Management		-	Good
ICT	Data Handling Guidelines	-	Good
Fraud and Corruption		-	Good
Information Governance	Data Handling Guidelines	-	Good
Business Continuity and Contingency Planning	Follow up work to be completed	-	Satisfactory
Performance Management		-	Good
Payroll	Payroll Testing	Good	Good
Partnership Working		-	-
Project Management	Project Management Arrangements	-	-

***Creating the Safest Community***