

Internal Audit Performance Management and Quality Assurance

The Public Sector Internal Audit Standards (PSIAS) state that the Audit Manager must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity and to demonstrate that the internal audit service is:

- (a) meeting its aims and objectives;
- (b) compliant with the PSIAS;
- (c) meeting internal quality standards;
- (d) effective, efficient, continuously improving; and
- (e) adding value and assisting the organisation in achieving its objectives

The results of the programme must be reported at least annually to the Audit and Governance Committee.

Performance, quality and effectiveness should be assessed at two levels:

- for each individual audit; and
- for the internal audit service as a whole.

This performance management and quality assurance framework must include, but is not limited to:

- A comprehensive set of targets to measure performance. The Audit Manager should measure, monitor and report appropriately on the progress against these targets;
- Seeking user feedback for each individual audit and periodically for the whole service;
- Periodic self-assessments to evaluate conformance with the Code of Ethics and the Standards
- An external assessment every 5 years with the scope agreed by an appropriate sponsor; and
- An action plan to implement improvements.

Performance Indicators

There are no national performance indicators in existence for Internal Audit, but we do monitor the following Local Performance Indicators (LPI's):

Local Performance Indicator	Target	Actual
Percentage of Audit plan completed	95%	100%
Customer satisfaction - % Good or Excellent as per feedback forms	90%	100%
Draft reports produced within 10 days	90%	100%
Final reports produced within 10 days	90%	93%
Follow-up within 12 months	95%	100%
Training days per auditor per annum	6 days	2.3 days
Number of process improvements		2

Overall, performance against the indicators is good with the exception of meeting training targets. This was predominantly due to a member of the team being on sick leave and the requirement from the Section 151 Officer to complete the Audit Plan. As a result, other members of the team worked additional hours to fulfil this requirement and were therefore unable to commit to training days.

User Feedback

The customer satisfaction results are derived from the customer satisfaction surveys issued following each individual audit. There were 21 surveys issued with 16 were returned.

Some of the feedback comments received include:

- The only reason I have scored 4s rather than 5s is that the audit has taken place quite soon after a significant change in how we manage trade waste customer invoicing, so there has been limited time to assess how things are working, but it has still been a very useful process
- Always approached in a collaborative manner with a view to helping the service improve rather than trying to 'catch out' managers
- Ability to agree the areas of service that most required review was most helpful
- Hugely valuable to have an objective, external view of a service, particularly in this case where there were sensitive issues. Provides for informed and balanced decision-making
- Highlighted risk elements for us and we were able to use the evidence to argue for additional staff resource to manage the service
- It was useful to have examples of good practice and training materials from other authorities as part of the report
- The audit was undertaken in a proper manner and it identified one or two issues we need to address
- I think I wasn't quite clear on the process at the start of the audit, and how much work may be involved
- Feedback was very helpful and will enable us to make the necessary changes to the service
- It was good to be able to review the processes with an independent person and to be able to discuss ideas and concepts going forward
- Flexibility to redirect focus, timings and scope to areas where we have concerns and want an independent view

Public Sector Internal Audit Standards (PSIAS)

Independent Assessment

The PSIAS requires that an independent assessment of compliance with the standard is undertaken once every 5 years. The results of the last external assessment which was undertaken in July 2014 were reported to this committee in December 2014. The next assessment is due to be undertaken by July 2019.

Self-Assessment

The standard also requires that the Audit Manager undertakes a periodic self-assessment of compliance. This last self-assessment was undertaken in April 2016 when it was found that the service was 97.5% compliant and a report of the outcomes was presented to this committee in June 2016. The next self-assessment will be done in the final quarter 2018/19 in preparation for our independent assessment due in July 2019.