

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

28 JUNE 2007

REPORT OF THE DIRECTOR OF FINANCE

INTERNAL AUDIT PERFORMANCE MANAGEMENT

1. EXECUTIVE SUMMARY

- 1.1. Following the introduction of the new CIPFA Code of Practice for Internal Audit in Local Government and a recent review of the Internal Audit service by the Audit Commission a number of indicators for regularly measuring the performance of the audit service have been implemented to enhance those already in use.

2. BACKGROUND

- 2.1. CIPFA issued a new 'Code of Practice for Internal Audit in Local Government' in January 2007. The Code identifies as best practice a number of measures for evaluating the performance of the Internal Audit service.
- 2.2. In anticipation of the expected requirements of the new Code of Practice a number of actions to improve performance management were identified in a report to this Committee on 21 November 2006.
- 2.3. Following publication of the new Code of Practice a number of additional performance indicators that reflect professional best practice have been identified and implemented. Systems have also been developed within the Internal Audit Section to monitor and report the relevant management information.
- 2.4. The Audit Commission in a review of the effectiveness of the Internal Audit service completed in March 2007, identified the following recommendation - Agree the set of performance measures to be used to monitor Internal Audit with the Audit and Risk Management Committee.

3. PERFORMANCE INDICATORS

- 3.1. The Internal Audit Section has previously utilised the following indicators to evaluate ongoing performance. These indicators have been accepted as reasonable and appropriate measures that have complied with perceived best practice within the profession and were acceptable to the Audit Commission:

- a. Percentage of Internal Audit Plan days achieved against a target of 90%.
- b. The number of audit reports completed within 14 days of the completion of the audit, against a target of 100%.
- c. Percentage of Customer Survey Feedback forms returned indicating a 'good' opinion of the service, against a target of 100%.

These indicators will continue to be monitored on a regular basis and appropriate action taken during the year to address any identified shortfall.

3.2. To enable the Internal Audit Section to continually evaluate the efficiency and effectiveness of the service that it provides and ensure that it develops in line with best professional practice, in the form of the CIPFA Code of Practice for Internal Audit in Local Government, and the recommendation of the Audit Commission, the following additional performance indicators have been implemented to measure output for 2007/08:

- a. Percentage of Internal Audits completed, against a target of 100%.
- b. Number of follow-up audits undertaken as a percentage of the total number of audits completed, against a target of 100%.
- c. Number of high risk systems audited as a percentage of the total identified, against a target of 100%.

3.3. The Section has recently purchased a comprehensive automated planning and management system (APACE), that provides management with detailed information concerning the completion of individual audits and the achievement of the Audit Plan. This system allows managers to identify the information referred to in 3.1 and 3.2 on a daily basis and take any appropriate action required. In addition to this, significant information is also available that relates to the number of different types of recommendations identified in reports and the various opinions provided. It is proposed to utilise this data in reports to managers and Chief Officers to enhance the 'system of internal audit' in operation within the Council and enable officers to improve systems within individual departments.

3.4. Performance information reported to this Committee through the regular Internal Audit Update report has been amended to include all relevant output in respect of the additional performance indicators and is included in the report for the period March to June 2007, elsewhere on the agenda for this Committee.

4. FINANCIAL AND STAFFING IMPLICATIONS

4.1. There are none arising from this report.

5. LOCAL MEMBER SUPPORT IMPLICATIONS

5.1. There are no local Member support implications.

6. LOCAL AGENDA 21 STATEMENT

6.1. There are no local agenda 21 implications.

7. PLANNING IMPLICATIONS

7.1. There are no planning implications.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are no equal opportunities implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no community safety implications.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no human rights implications.

11. BACKGROUND PAPERS

11.1. Internal Audit Annual Plan 2007/08.

11.2. CIPFA Code of Practice for Internal Audit in Local Government – January 2007.

11.3. Audit Commission Review of Internal Audit 2005/06 – May 2007.

12. RECOMMENDATION

12.1. That the introduction of the new performance indicators for Internal Audit be agreed, in line with the Audit Commission recommendation.

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DIRECTOR OF FINANCE