

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

7 NOVEMBER 2013

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

UPDATE ON INTERNAL AUDIT PERFORMANCE APRIL TO SEPTEMBER 2013

1. Purpose of Report.

1. To present to Members an update on the Internal Audit Shared Service (IASS) performance to the 30th September 2013 and to propose a quality assurance and improvement programme (QAIP) for consideration and approval.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

- 2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background

- 3.1. One of the core functions of an effective Audit Committee is to:-

- Oversee the work of internal audit (including the risk-based annual plan and charter) and monitor performance.

- 3.2 The Public Sector Internal Audit Standards (PSIAS) came into effect on the 1st April 2013 and replaced the Code of Practice for Internal Audit 2006. The PSIAS require the Head of Internal Audit to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The new Standards are designed to drive improvement and although they came into force this year, the first full review against these standards does not need to take place until the end of the financial year following.

- 3.3 The QAIP should be designed to enable an evaluation of the internal audit activity's conformance with the PSIAS and assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

4. Current situation / proposal

- 4.1. In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to this aspect of their core function a proposed Quality Assurance and Improvement programme is attached at Appendix A for consideration and approval. In addition, and included within the body of this report is a position statement on the IASS performance as at 30th September 2013.

Client Feedback

- 4.2. At the completion of each audit, all recipients of our reports are asked to comment on their satisfaction with the audit process, by way of a survey questionnaire

ranging from a score of 1 for very satisfied to a score of 5 very unsatisfied. The results so far this Financial Year are summarised in table 1 below.

Table 1 - Responses to Questionnaires

No.	Question	Average Score of Responses 30/09/13	Average Score of responses 2012/13	Average Score of responses 2011/12
1.	Where appropriate, briefing of client and usefulness of initial discussion.	1.380	1.404	1.581
2.	Appropriateness of scope and objectives of the audit.	1.310	1.475	1.628
3.	Timeliness of audit.	1.310	1.621	1.721
4.	Response of Officer to any requests for advice and assistance.	1.170	1.414	1.512
5.	General helpfulness and conduct of auditor (s).	1.000	1.254	1.310
6.	Discussion of findings / recommendations during or at the conclusion of audit.	1.000	1.530	1.700
7.	Fairness and accuracy of report.	1.620	1.559	1.837
8.	Practicality and usefulness of recommendations.	1.380	1.667	1.744
9.	Standard of report.	1.380	1.466	1.488
10.	Client agreement with overall audit opinion.	1.460	1.552	1.634

4.3. For the first half of this year, 13 responses have been received which represents a 59% response rate, this is compared with a response rate of 62% for the Financial Year 2012/13. Historically the return rate of questionnaires has been average, however, it is envisaged that a review of this process during this year focusing on the completion of questionnaires on-line will hopefully improve the results.

Benchmarking

4.4. The IASS participates in the Welsh Chief Auditors Group (WCAG) benchmarking exercise which is undertaken annually. This compares our performance and data with all Welsh Councils. The table below shows the comparison of key indicators for Bridgend County Borough Council against the overall average of the 18 out of 22 responses received.

Table 2 – WCAG Benchmarking 2012-13

Performance Indicator		Bridgend CBC	Average
		2012/13	2012/13
1. % of planned audits completed	%	96	83
		124	114.7
No. of audits			
2. % of clients responses at least satisfied.	No.	100	99.0
		62	61.7
% of client satisfaction surveys returned			
3. % of recommendations accepted versus made.	%	96	97.8
4. % of audits completed within planned time.	%	91	71.4
5. % of directly chargeable time versus total available.	%	67	66
6. Average no. of days from response to draft report to issue of final report.	Days	5	2.5
7. Average no. of days from audit closing meeting to issue of draft report.	Days	10	11.2
8. % of chargeable time, actual versus planned.	%	93	92.5

4.5. As can be seen from Table 2 above, IASS's performance exceeds the average in 6 of the 8 indicators. Every effort will be made to improve our performance on indicators 3 and 6:

External Audit

4.6. The Council's External Auditors, KPMG, carry out a review of Internal Audit on an annual basis. Their review informs them as to whether they can place reliance on the work of Internal Audit particularly in relation to the Council's main financial systems. If they are happy to do so then their work in these areas can be reduced as the opinion of the Internal Auditor can be relied upon. KPMG have not passed any adverse comments on the 2012/13 audit work and have always placed reliance on Internal Audit as part of their review for the basis for their work.

Quality

4.7. Quality control is achieved through:

Preparation of a detailed audit plan according to an agreed risk assessment methodology and widely consulted upon throughout the Council.

A documented audit methodology supported by standard working papers, and the review of each draft audit report by the Principal Auditors and/or the Head of Audit prior to issue.

Working hard to ensure audits meet the requirements of our customers by giving them the opportunity to comment on the Audit Brief and timing of work, and by working with managers to identify solutions in areas where there is scope for improvement.

Implementation of the Quality Assurance and Improvement Programme

Ensuring the Section is compliant with the Public Sector Internal Audit Standards.

5. Effect upon Policy Framework& Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1. There are no equality issues.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members give due consideration and approve the Quality Assurance and Improvement Programme and note IASS's performance as outlined in the body of the report.

Ness Young
Corporate Director - Resources
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Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address
Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None