

## APPENDIX D

### INTERNAL AUDIT PERFORMANCE INDICATORS

Indicator	Target	Purpose
% audit recommendations accepted by management	90%	<p>Acceptance of audit recommendations by management ensures that where improvements are required to the internal control environment, appropriate action will be taken to secure these enhancements.</p> <p>However, there can be occasions where recommendations are disputed. In these cases, there may be justifiable reasons for management not supporting the recommendation, e.g. compensating controls have been put in place. Conversely, management can take the decision to accept the risks identified, particularly if insufficient resources preclude action being taken. However, this will mean that there are vulnerabilities in systems of internal control, which are not being addressed.</p>
% high priority recommendations implemented	90%	Management's commitment in implementing high priority recommendations ensures that high profile risks / fundamental flaws in systems of internal control are suitably resolved.
Number of days between the completion of audit fieldwork and issue of draft report	90%	The draft report is the first stage after which management will have written confirmation of the audit outcomes. This should be issued within 15 days. Issue on a timely basis provides better opportunity for management to be able to comment, and also ensures that the audit plan is delivered as expected.
Number of days between the issue of the draft and final report	90%	Delivery of a timely final report ensures that management can commence the process of addressing internal control weaknesses. This should be issued within 15 days
Average score given to audit feedback	Above 3.75	This is the main indicator of audit quality and is based upon the feedback received by management for individual audit assignments. Maximum score is 5. Scores of 3 and below are followed up.

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