

# Performance Measures for Internal Audit

Presentation to the  
State Agency Internal Audit  
Forum  
May 18, 2012

# Agenda

- IALDP
- Project Objectives
- Performance Measures Defined
- Four Categories of Performance Measures
- Results of Survey
- Best Practices

# Project Objective

Determine what performance measures are used by Internal Audit functions and identify best practices

# Performance Measure

A quantifiable indicator of entity achievement that includes the specific types:

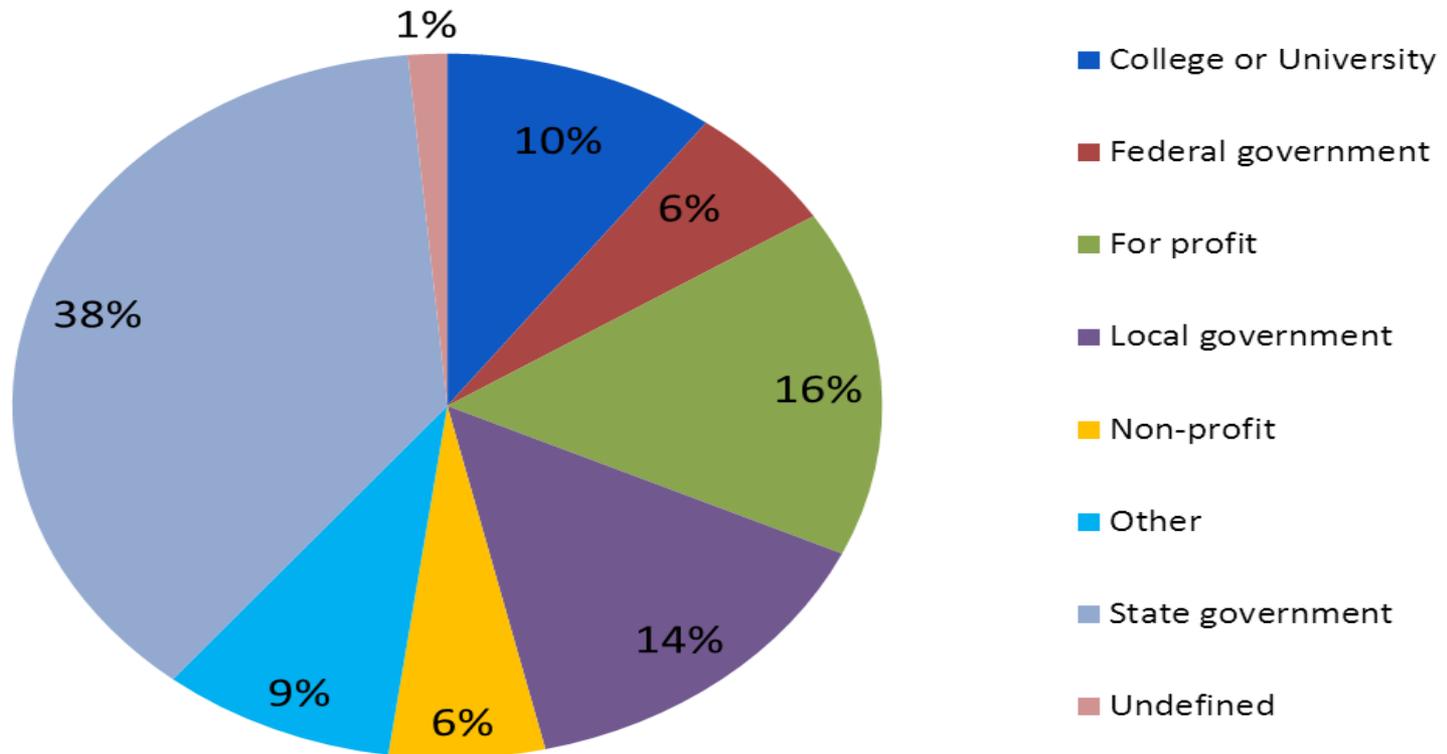
- Outcome
- Output
- Efficiency
- Explanatory/Input

# Survey

- Institute of Internal Auditors Austin Chapter Research Committee
  - December 2011
  - 76 Responses
  - Six Countries

# Respondents by Industry

**Respondents by Industry**



# Four Categories of Performance Measures

- Performance
- Cost / Efficiency
- Customer Satisfaction
- Employee Development

# Performance

Included in this category were:

- Percentage of Audit Plan projects completed;
- Results of external quality assurance review;
- Annual performance appraisal of the Chief Audit Executive;
- Number of recommendations implemented; and
- Planned for the future.

# Cost / Efficiency

Included in this category were:

- Percentage of overall time spent on assurance and consulting services; and
- Audit report released within required timeline .

# Customer Satisfaction

Included in this category were:

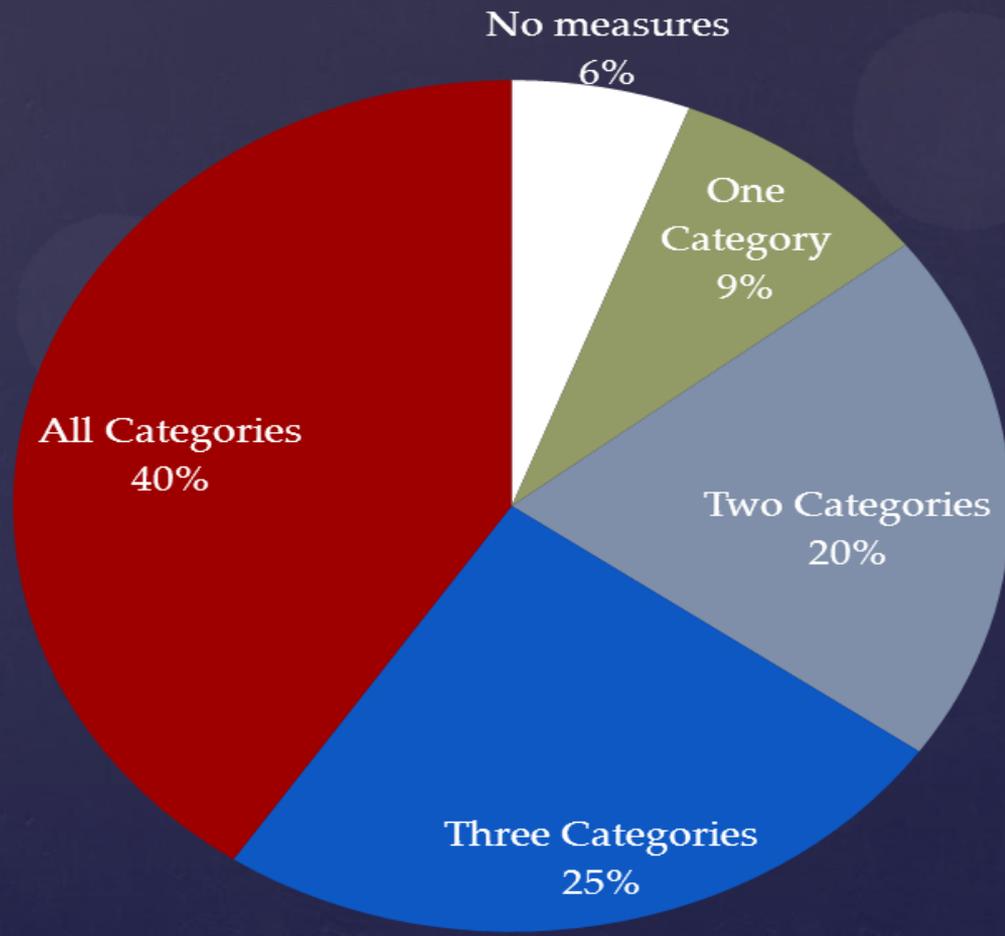
- Results of client satisfaction surveys;
- Responsiveness to Board and Audit Committee requests; and
- Leadership in providing information on governance, risk, and controls.

# Employee Development

Included in this category were:

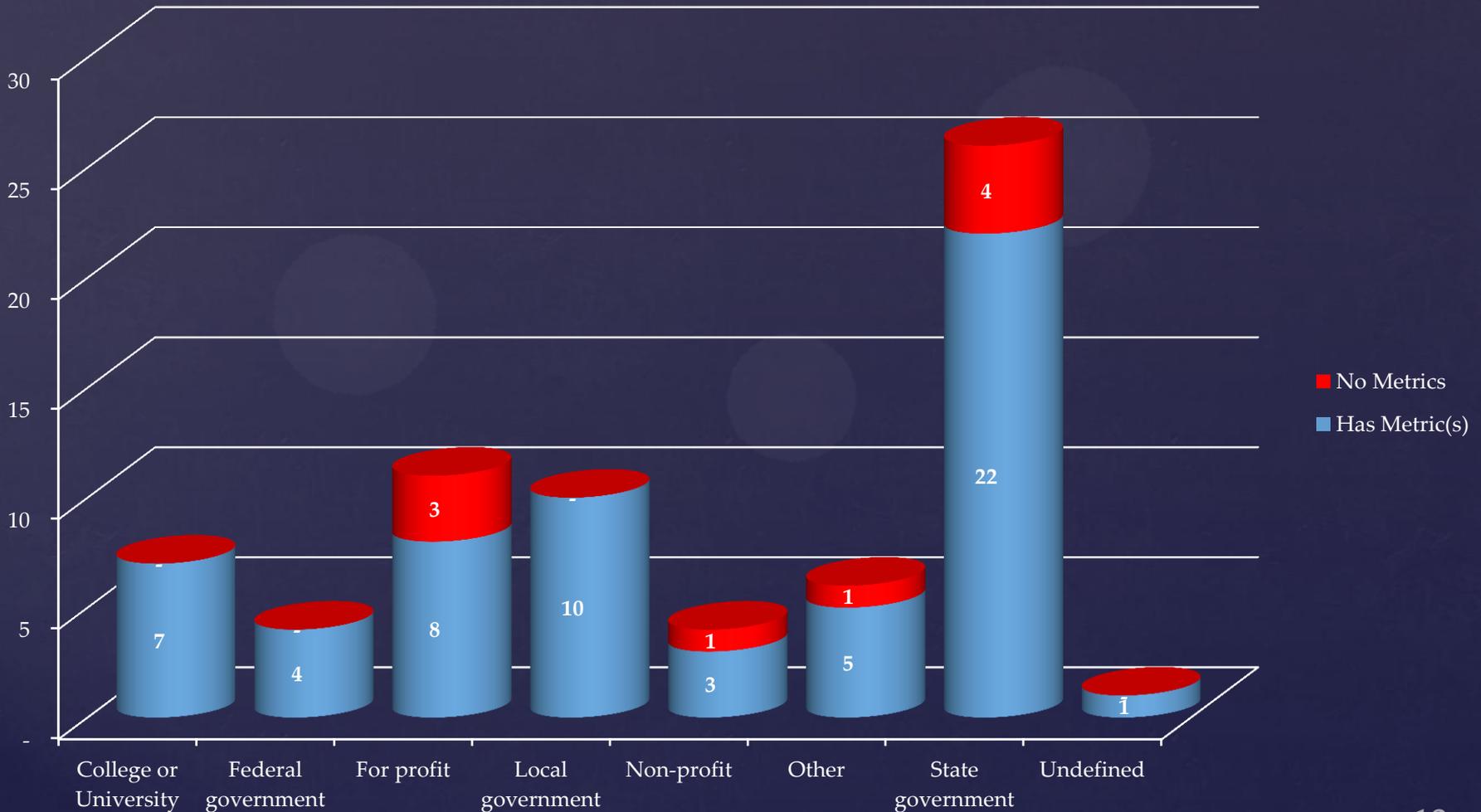
- Percentage of audit staff with professional certifications; and
- Percentage of audit staff meeting continuing professional education requirements

# Respondents With Metrics in Multiple Categories



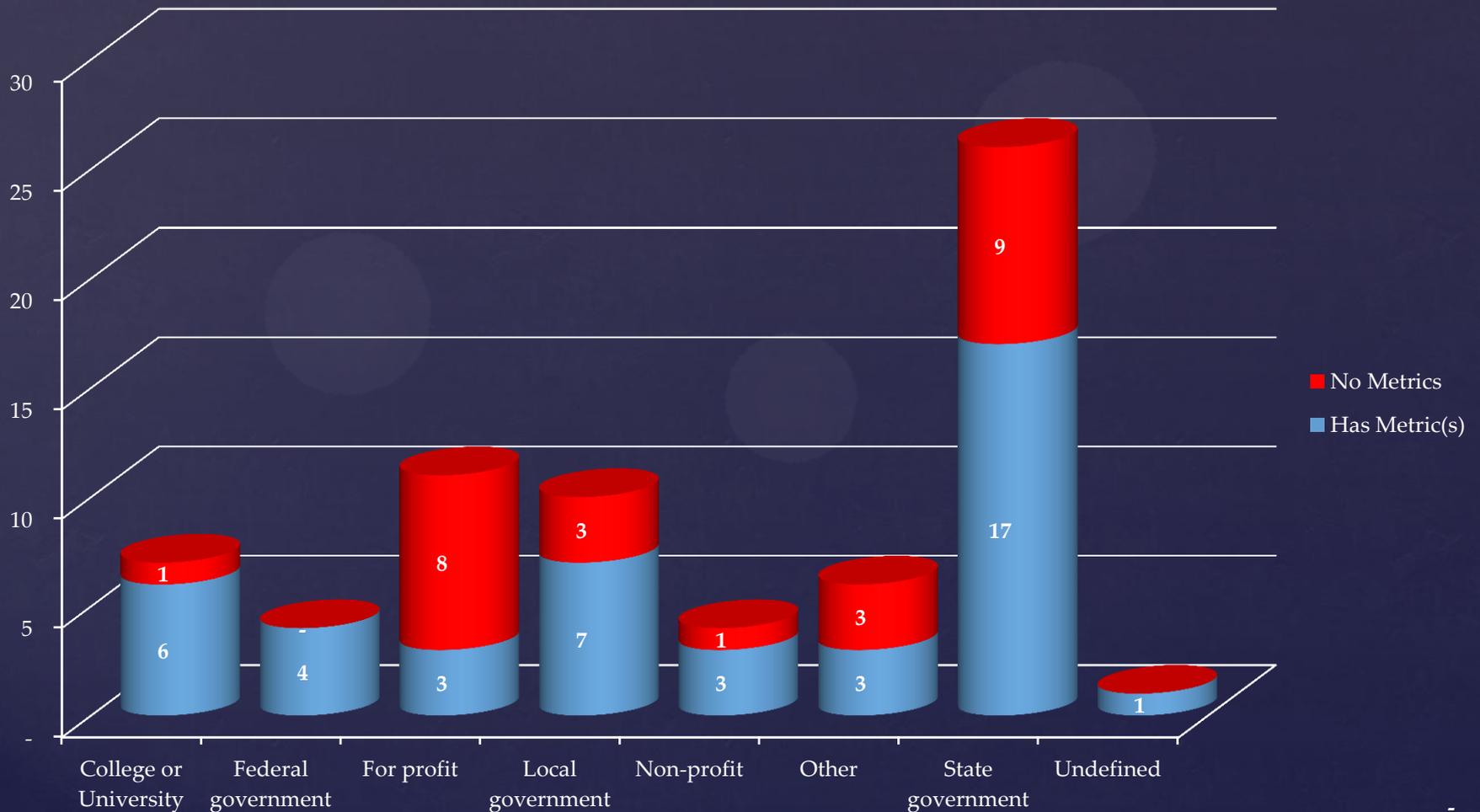
# Performance Metrics

Respondents with "Performance" Metrics

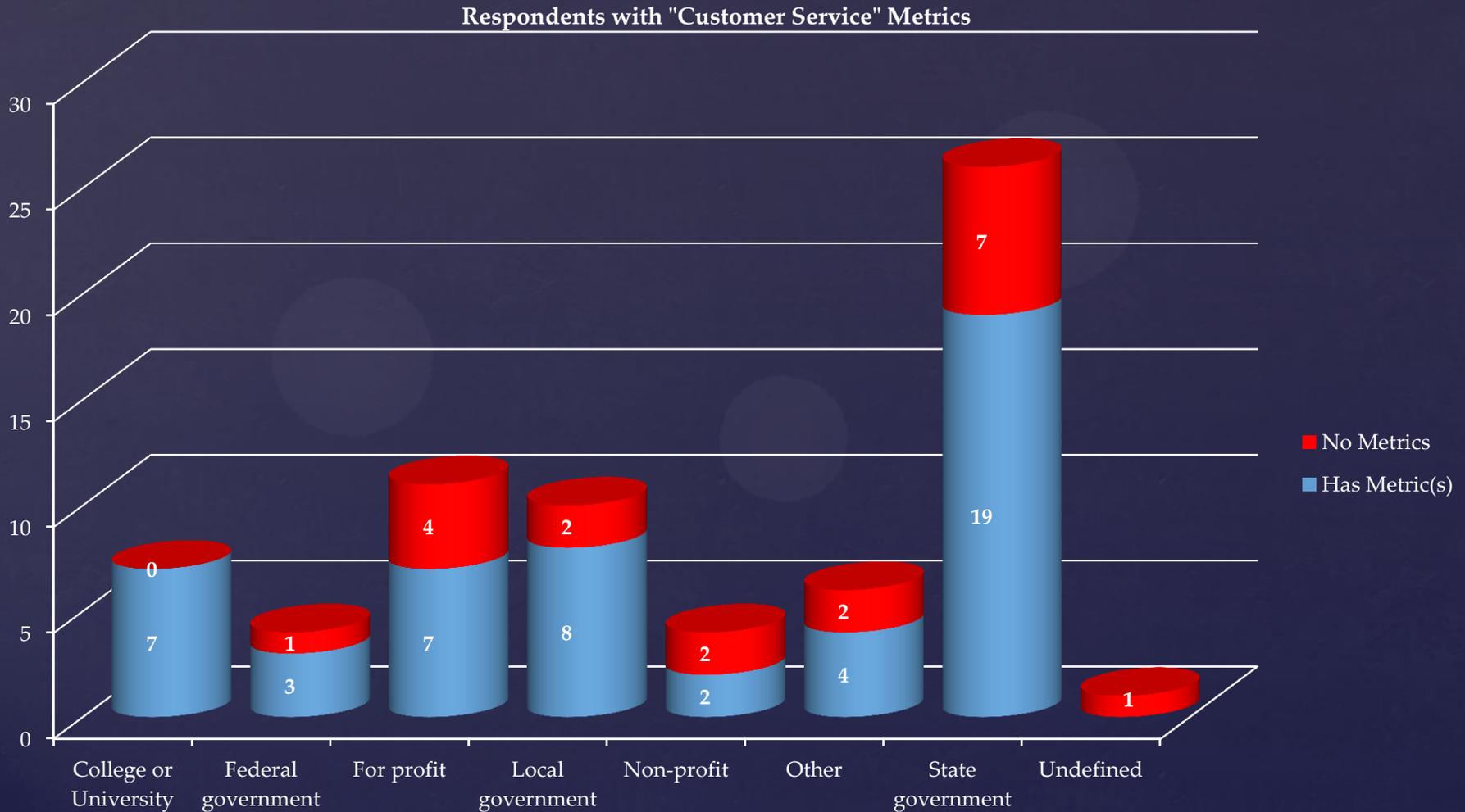


# Cost/Efficiency Metrics

Respondents with "Cost/Efficiency" Metrics

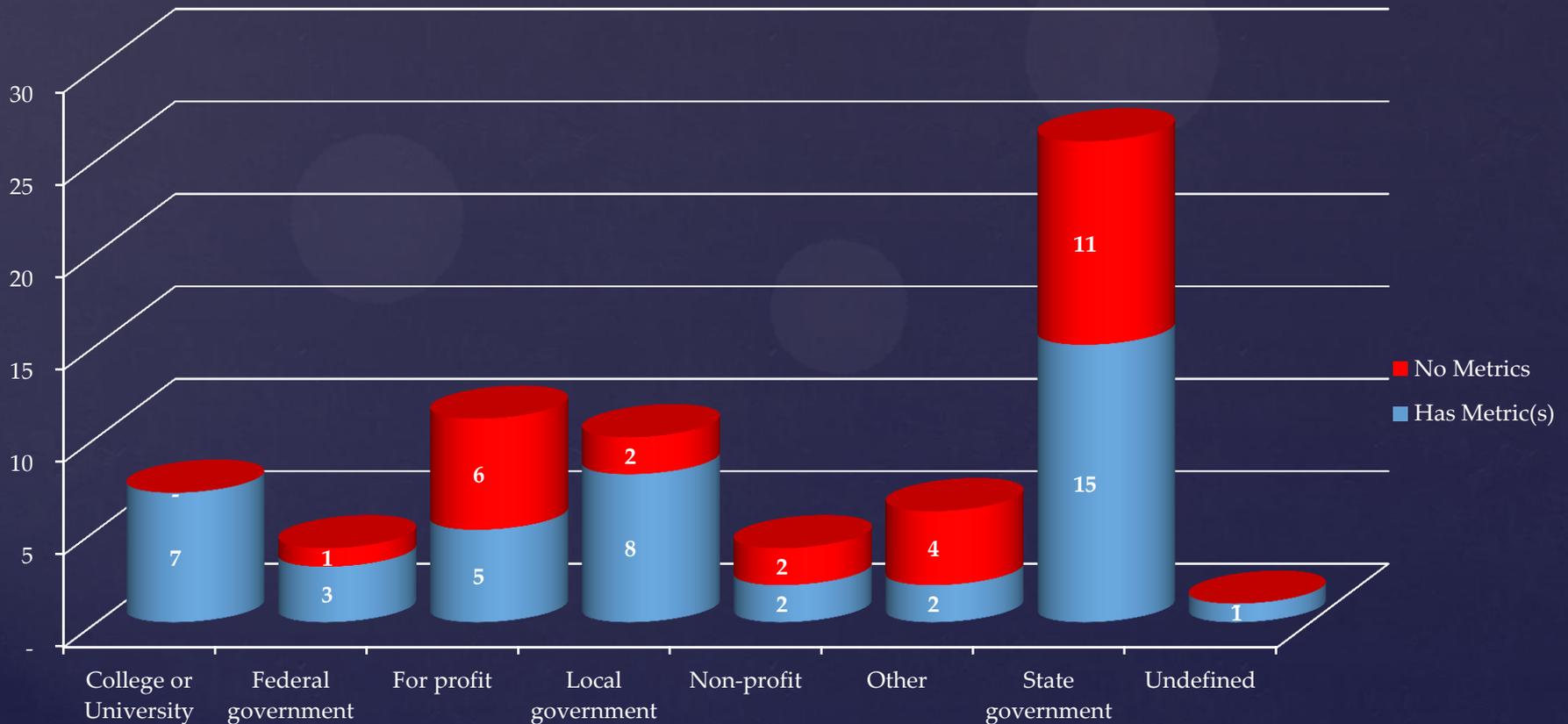


# Customer Satisfaction Metrics



# Employee Development Metrics

Respondents with "Employee Development" Metrics



# Best Practices

- Measure performance
- Measure different categories
- Measure what matters
- Monitor progress

# Best Practices (cont.)

- Engage the workforce
- Maintain flexibility
- Assess the measures periodically
- Report the measures
- Keep it simple

# Conclusion

- Different shops use different measures
- Only you can determine what performance measures are best for your audit shop
- One size does not fit all

# Questions?

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