

CIPFA INTERNAL AUDIT BENCHMARKING

Corporate Director (Resources)

1 Purpose

- 1.1 This report informs members of the Audit Committee of the results of the 2007 CIPFA Benchmarking for Internal Audit.

2 Recommendations/for decision

- 2.1 To note the contents of the report.

3 Supporting information

- 3.1 Every year the Chartered Institute of Public Finance Accountants (CIPFA) arranges a number of Benchmarking Clubs. Their aim is to collect information from all members and then use this to produce standard indicators, eg cost per audit day, which will allow Councils to compare their performance with each other.
- 3.2 AVDC has participated in the Internal Audit Benchmarking Club for a number of years. The survey consists of two parts, comparison of factual information and a qualitative survey assessing the opinion of managers at participating Councils about the Internal Audit service they receive.
- 3.3 This report describes the results of the factual information comparison. The closing date for receipt of returns for the qualitative survey is the end of October 2007, so these results are not yet available.
- 3.4 The comparisons are made between those Councils who are prepared to pay to take part in the exercise. As participants vary from year to year the detailed information may not be directly comparable, but the figures give an overall impression of AVDC's Internal Audit performance when compared with a number of other District Councils.
- 3.5 The graphs attached in Appendix 1 show how AVDC's Internal Audit Service compares in number of audit days and cost per million pounds of Council turnover when compared with other District Councils. It also shows how the balance of the Audit Plan, eg the number of days spent on financial systems, corporate governance or IT review, has changed over time.

4 Resource implications

- 4.1 Resource required to complete the survey and analyse the results has been found from within existing budgets.

5 Response to Key Aims and Outcomes

- 5.1 Internal Audit is a key part of the governance, performance management and assurance framework for the Council. This framework is designed to ensure optimum delivery of the Council's Key Aims and Outcomes.

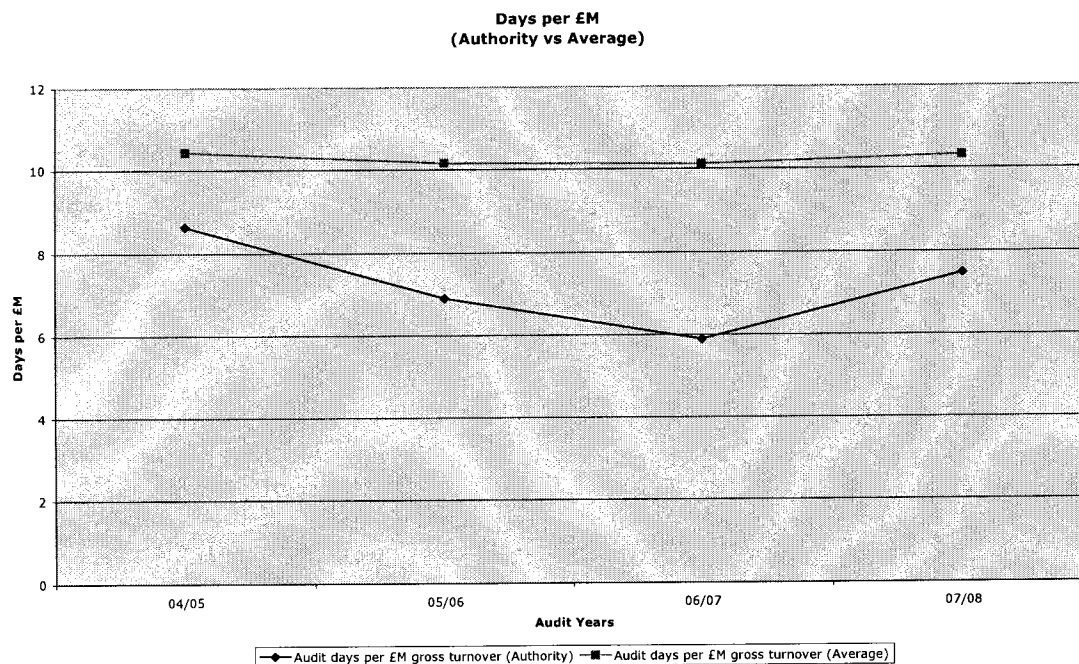
CIPFA BENCHMARKING 2007

General Comments.

The figures for previous financial years are taken from actual expenditure and time recorded by Internal Audit staff. For 2007/8 the figures are estimated based on the Council’s budget and planned Audit work.

Comparison 1

Number of Internal Audit days compared with the gross turnover of the Council.



Detailed Comments:

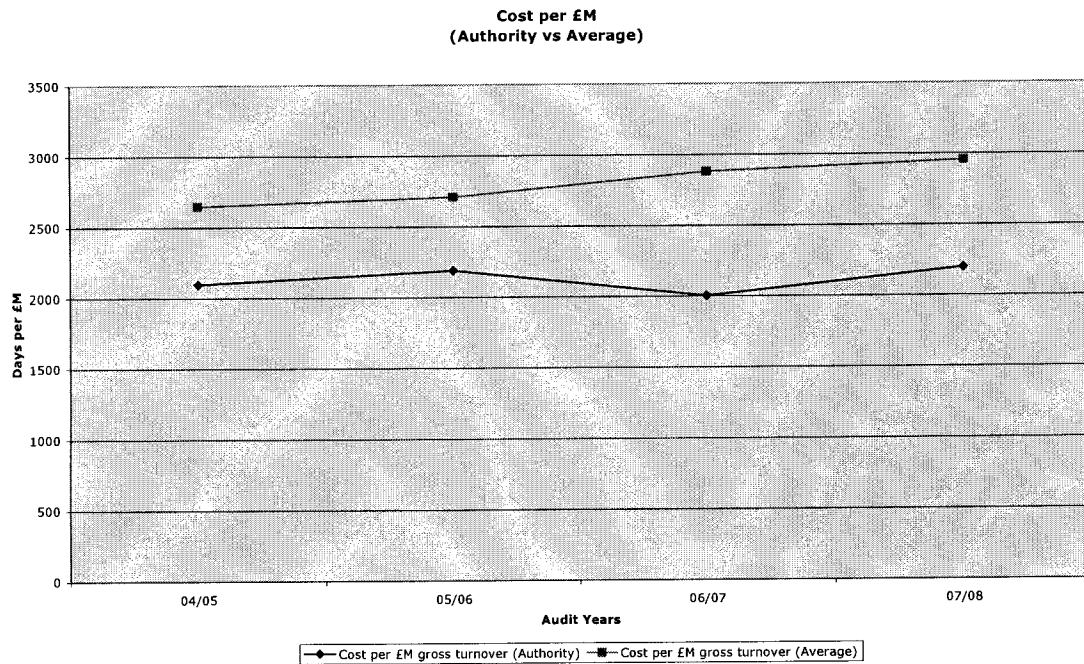
This graph shows the results of:

- (i) A reduction in Audit staff numbers when a Senior Auditor post became vacant in 2005/6.. This post has now been removed from the Audit establishment;
- (ii) Maternity leave for a member of Internal Audit staff in 2005/6;
- (iii) The effect of the Internal Audit Manager vacancy in 2006/7.

Overall the number of audit days compared with AVDC’s turnover remains slightly below the average for the benchmarking group.

Comparison 2

Cost of the Internal Audit Section compared with the gross turnover of the Council.

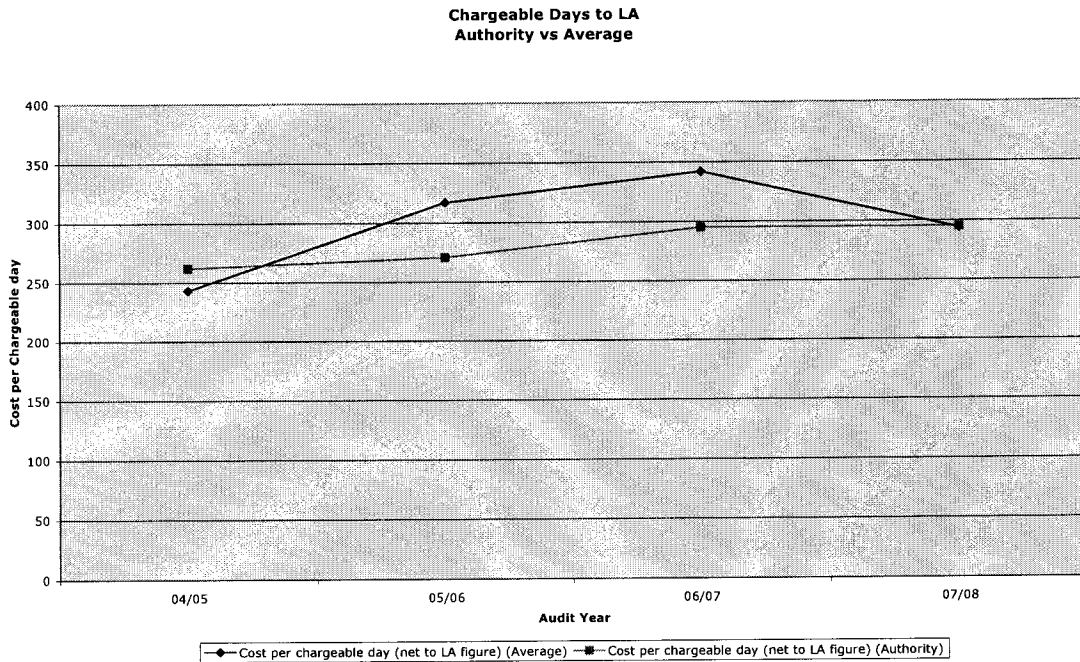


Detailed Comments:

This graph also shows the impact of vacancies in 2005/6 and 2006/7. It can be seen that even with a return to full establishment the cost of the Internal Audit Service remains below the average for the authorities taking part in the Benchmarking exercise.

Comparison 3

The cost to the Council of each chargeable Internal Audit day.

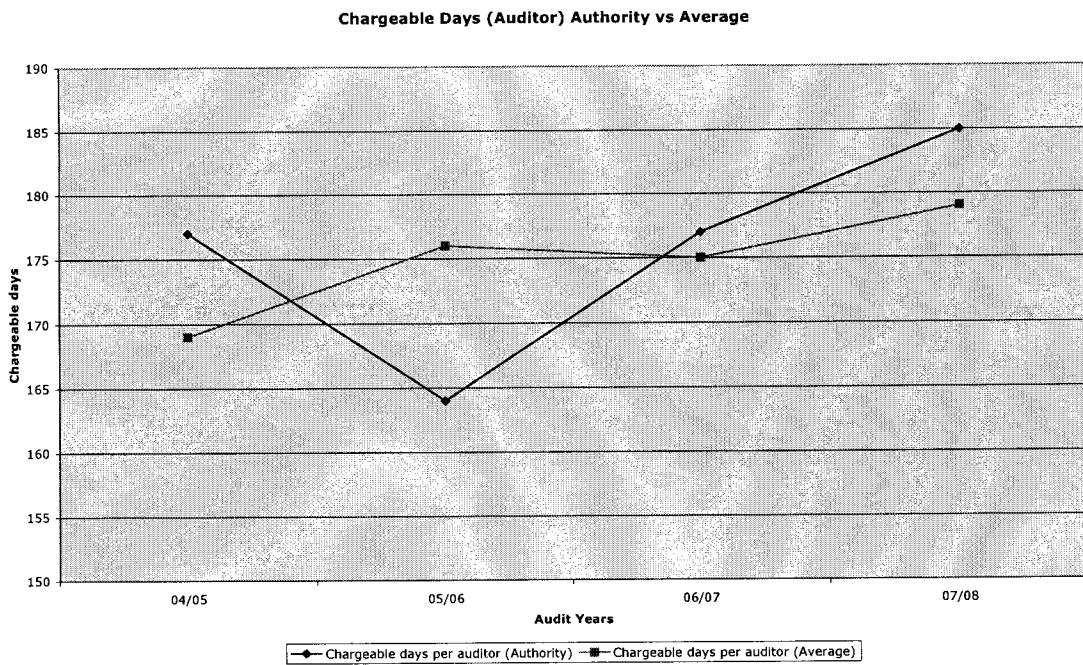


Detailed Comments:

The higher cost of Internal Audit staff during 2005/6 and 2006/7 reflects the need to buy in some external resource to provide cover for internal vacancies. The Bucks. Authorities combined call off contract with Deloitte for Internal Audit staff came into effect in October 2006 and this has ensured an advantageous daily rate since this date. With a return to full establishment the number of days expected to be purchased in the current year has reduced and the estimated costs reflect this.

Comparison 4

Number of Chargeable days worked by each auditor.



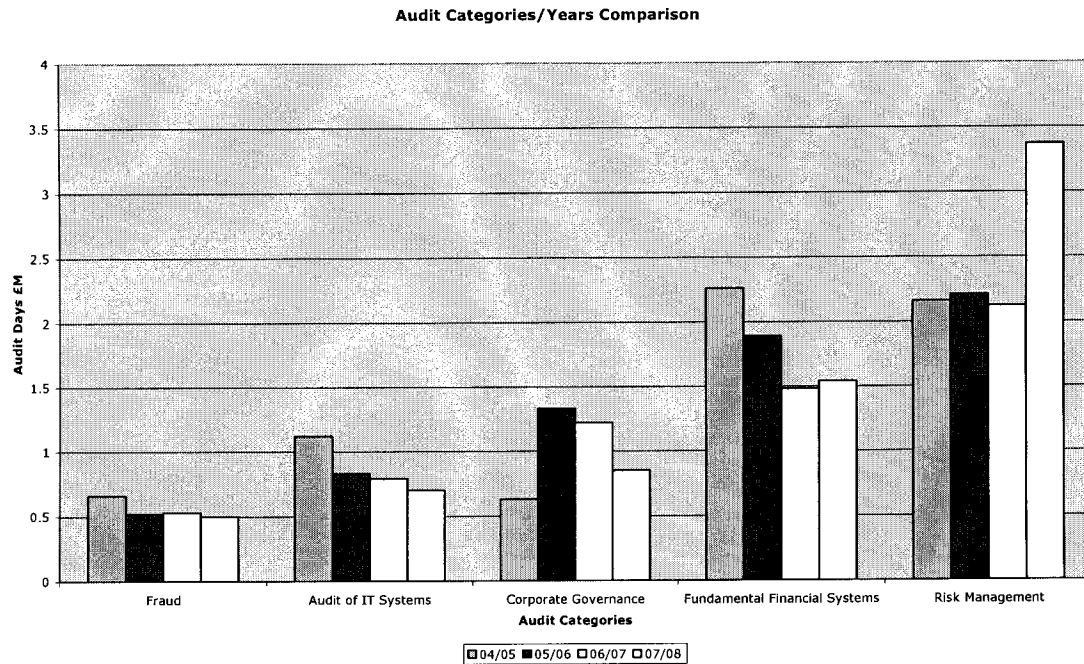
Detailed Comments:

This graph again reflects the vacancies during 2005/6.

The extra days per auditor when compared with the average also reflect the intention to use staff provided through the Bucks. joint call-off contract to audit shared arrangements, eg Payroll, which are common to more than one authority within Buckinghamshire. This should allow one audit to be performed, rather than each Council working on an independent Internal Audit review of the same system.

Comparison 5

Audit time spent or planned in various areas.



Detailed Comments:

This is probably the least satisfactory comparison as the categories for which information have been requested have varied over the years. Direct comparisons are not therefore possible and a lot of work has had to be excluded from the graph above.

The Internal Audit plan is based on assessment of the risks facing the Council. Each Council will prepare its own individual Audit plan reflecting its own risks. The detailed comparisons showing the number of days allocated in each area provide a useful check that the balance of the Internal Audit plan is not too far adrift from other similar Councils.