Supplementary Committee Agenda

SCRUTINY

Epping Forest District Council

Finance and Performance Management Scrutiny Panel
Monday, 12th February, 2007

Place: Civic Offices, High Street, Epping

Room: Committee Room 1

Time: 7.00 pm

Committee Secretary: A Hendry - Democratic Services Officer
Tel: 01992 564246 Email: ahendry@eppingforestdc.gov.uk

9.a   Draft Internal Plan Report - Business Plan 2007/ 08 (Pages 3 - 64)

Full report attached.

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Internal Audit Unit

Business Plan

2007/08

Epping Forest District Council

INTRODUCTION TO THE INTERNAL AUDIT BUSINESS PLAN 2007/08

Portfolio/Management/ Responsibilities

The Internal Audit Unit is managed by the Chief Internal Auditor who reports to the Joint Chief Executive (Resources). The work of Internal Audit is within the remit of the Portfolio Holder for Finance and Performance Management. From 2007/08 the work of the Internal Audit Unit will be reported to the new Audit and Governance Committee.

Context

The Authority retained an experienced team of auditors during 2006/07, with only one part time vacancy continuing during the year. The general level of performance improvement achieved in recent years was maintained.

The planned days allocated and work planned for 2007/08 as detailed in section 4 is based on the draft budget. The audit programme will be prioritised to ensure coverage of the Council's main financial systems, and to reflect the Council's evolving risk management strategy. There is a contingency for investigation work, which may arise during the year, and provision for advice and assistance on a range of topics and new initiatives.

There is flexibility in the Plan so that audits can be substituted in order to accommodate reviews of areas that are assessed as being of greater risk to the achievement of the Council's objectives.

The Audit Commission (formerly District Audit) is regularly updated and there is consultation on the Internal Audit team's programme of work, which amongst other things ensures that there is no unnecessary duplication of work.

The Business Plan includes an explanation of the role of Internal Audit, and some background on how audits are planned, resourced and carried out. The calculations of time and cost allocations are based on the format applied by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their national benchmarking exercise.

Following views expressed by Members during consultations on a previous year's Plan, extracts from two sets of CIPFA benchmarking comparisons, one with all other Shire Districts and one with a locally determined 'family' group, are attached for Members' information at Appendix 5. These provide comparative information on EFDC audit costs and work plans based on 2006/07 estimates, and put into context the proposals included in the draft Plan for 2007/08.

This Plan runs from 1st April 2007 to 31st March 2008, and has been prepared following consultations with the Council's Management Board and individual Heads of Service. It will be submitted to the Finance and Performance Management Cabinet Committee for approval, in consultation with the Finance and Performance Management Scrutiny Panel. The Plan will continue to be reviewed on an annual basis and revised accordingly ready for implementation on 1st April each year.

The Internal Audit Unit's Business Plan is divided into the following sections: -

- Section One - Information about the work of Internal Audit
- Section Two – The Internal Audit Unit at Epping Forest District Council (EFDC)
- Section Three - The audit planning process
- Section Four - The work planned

CONTENTS

SECTION ONE – THE WORK OF INTERNAL AUDIT

1.1   <u>Working Practices</u>

As professional Auditors the Team operates under prescribed guidelines as issued by the:

- Chartered Institute of Public Finance & Accountancy **(CIPFA)**

- The Auditing Practices Board **(APB)**

- The Institute of Internal Auditors **(IIA)**

The formal Terms of Reference for the Internal Audit Unit are detailed in Appendix 2, and further context is provided in this Section of the Business Plan.

1.2   <u>Definition of Internal Audit</u>

The Official definition of Internal Audit by CIPFA and APB is:

"*Internal audit is an independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.*"

1.3   <u>Legislation</u>

The Local Government Act 1972

Section 151 requires that:

> *"every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".*

At EFDC the Head of Finance is deemed the "responsible officer" and one of the ways in which he exercises his responsibility for financial administration is through the work of Internal Audit.

The Local Government Finance Act 1982

The Local Government Finance Act 1982 requires External Auditors to satisfy themselves that:

> *"the body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".*

The existence of an adequate Internal Audit function is an integral part of such *"proper arrangements"*.

As part of their work the external auditors seek to ascertain the extent to which the internal audit meets these requirements and the extent to which they can place reliance on its work.

Local Government Finance Act 1988

Section 114 of the Local Government Finance Act 1988 places on the Head of Finance a responsibility to ensure that all expenditure is legal. Internal Audit seeks to assist the Head of Finance in meeting that responsibility.

Accounts and Audit Regulations 2003

These more specifically require that:-

"The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions, and which includes arrangements for the management of risk".

Regulation 4 requires the publication of an annual statement on the internal control and risk management processes operating within the Authority, prepared in accordance with proper practices. The statement is designed to provide assurance that the Council's financial management is adequate and that sound systems of control are in place.

Regulation 6 requires local authorities to…"*maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices*" (as contained in the CIPFA Code of Practice for Internal Audit in Local Government).

The work of EFDC's Internal Audit team is planned, executed and reported in accordance with the CIPFA Code of Practice. The Chief Internal Auditor's annual report is required, under the Code, to include an opinion on the overall adequacy and effectiveness of the Council's internal control environment.

The Code of Practice reiterates Internal Audit's right of access to all records, assets, personnel and premises (including those of partner organisations), and to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Accounts and Audit (Amendment) (England) Regulations 2006

These regulations reflect the growing importance of corporate governance and risk management, and the following specific requirement applies across the public sector:

"*The relevant body shall conduct a review at least once a year of the effectiveness of its system of internal control. The findings of the review shall be considered by a committee of the relevant body, or by the members of the relevant body meeting as a whole, and following that consideration shall approve a statement on internal control, prepared in accordance with proper practices in relation to internal control*".

Civil Contingency Act Regulations 2005

The Civil Contingencies Act Regulations 2005, along with additional statutory regulations require local authorities to produce specific plans and procedures to deal with major emergencies. The Council has an Emergency Response Team in place to ensure that the requirements are met and Internal Audit is represented on the team.

1.4   Best Value

As with other Services within the Council, Internal Audit needs to apply the principles of Best Value by applying the 5 'C's:

Challenge
Although a statutory service, is it better for the Internal Audit function to be provided internally or externally? Can some aspects of the service be provided in alternative ways, and is there scope for partnership or shared working?

Compare
Is Internal Audit actively seeking comparisons with others, not just those in the same sector or location, to ensure the widest possible options for improving practices and performance?

Consult
Is Internal Audit aware of all of the potential users of its service and those affected by it, not just those to whom it reports directly, such as Management Board and elected Members? Can it demonstrate effective consultation on its aims, scope and the quality of its work – for example, by feedback questionnaires?

Compete
Can Internal Audit demonstrate that it is providing the most efficient and effective service – for example, through market testing or delivering some or all of its functions externally?

Collaborate
Has Internal Audit identified external audit, inspection and review agencies, and taken account of the reviews of these bodies within its own plans? Does Internal Audit collaborate with other disciplines within the organisation?

1.5   Objectives

The main objectives of Internal Audit as defined by CIPFA and APB Guidelines are to review, appraise and report on:

- The completeness, reliability and integrity of information, both financial and operational;
- The systems established to ensure compliance with policies, plans, procedures, laws and regulations, whether by rules established by the Authority, or externally;
- The means of safeguarding assets.
- The economy, efficiency and effectiveness with which resources are employed.
- Whether operations are being carried out as planned and objectives are being met.

1.6   Requirements

The essential requirements of an Internal Audit Unit as defined in the APB Guidelines are:
- Independence;
- Adequate staffing and training;
- Good working relationships;
- Due care;
- Planning, controlling and recording;
- Evaluation of the Internal control system;
- Evidence;
- Reporting and follow-up.

1.7   Customer Care

It is more difficult to please the customer when a service is being provided that they may not have voluntarily requested. Internal Audit has statutory requirements and has to balance this with providing the customer with a service that is useful to them. The *'old'* style Audit, which included *'ticking and checking'* with little or no consultation or customer care, has been modified. The checking still has to be done but within an overall package that deals with system control and risk management issues, in close liaison with staff and management who operate the systems. The process leads to jointly agreed recommendations on ways that management can improve the control environment and manage the residual risks.

1.8   Benefits

The Council itself is the beneficiary of Internal Audit. Although some of the benefits are intangible, Audit provides, amongst other things, a resource that can review any area to provide Management with an independent opinion on such issues as:

- compliance with established policies, plans and procedures;
- ensuring assets and interests are properly accounted for and safeguarded against loss;
- reliability of financial and other data on which decisions are based;
- operational assessment and improvements, contributing to economic, efficient and effective provision of services and use of resources.

These issues, and the role that Audit will need to play in monitoring them, are particularly relevant now that the Authority has adopted the Local Code of Corporate Governance and is subject to regular inspection by a number of external agencies.

1.9   Reporting Protocol

At the end of each audit the relevant Head of Service is consulted on the final draft report, prior to publication, for information, comment and appropriate action. The management summary for each completed audit is submitted to Management Board for information and comment. In some cases Management Board will determine that the report contains corporate issues, which need to be discussed more widely, for example at the Senior Management Team.

The Finance and Performance Management Cabinet Committee [Audit and Governance Committee from 2007/08] receives a quarterly report incorporating a commentary on the work of the Audit Team and details of reports issued in the previous quarter, including significant observations and conclusions.

For each audit the client is requested to complete a satisfaction survey to enable the audit staff to identify ways in which they can improve their service.

The results of the satisfaction survey from each individual audit are included in the Annual Report. In 2006/07 the Team averaged a satisfaction rate of 82% (estimated) from returned surveys.

SECTION TWO – Internal Audit at Epping Forest District Council

2.1 Context

Before any audit work begins it is important to understand:

- The Authority's key strategic aims and priorities as detailed in the Council Plan;

- How the Audit team can play a part in delivering the Authority's Service objectives as set out in the Best Value Performance Plan (BVPP);

- Where the team fits into the Authority;

- How the team is structured and the Audit Plan resourced;

- What the team's strengths and weaknesses are together with the opportunities and threats (SWOT analysis);

- Out of the SWOT analysis and appraisal interviews, what training and development requirements there are and how they are to be addressed.

2.2 Corporate Objectives

The Internal Audit Teams' mission statement is "to give assurance on the integrity of EFDC's activities", which assists in the delivery of the Council's Customer Charter.

To that end the Audit Team will

- Consult with customers, listen to what they say, and respond in a positive manner;
- Be open in all financial matters, and remember the Authority is spending public money.
- Constantly search for ways to improve services.
- Be flexible and respond to changes affecting services.
- Be open and honest and treat everyone equally and fairly.
- Strive towards excellence and provide the best value possible.
- Invest in staff through training and development.
- Contribute to care for the environment.

The Best Value Performance Plan part five states;

"Finance and Performance Management is about financial and quality control, providing the foundations needed for financial stability and continuous improvement, and the mechanisms to see whether or not the improvements have been achieved.

Financial and Asset Control…

We aim to actively manage all financial resources, investments and assets to ensure maximum benefit and minimum risk to the people of the district…reviewing the internal controls for all main systems…. taking steps to combat and prevent fraud…"

2.3   <u>Corporate Governance</u>

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. In discharging this accountability, Members and Chief Officers and their managers are responsible for putting in place proper arrangements for the governance of the Council's affairs, and the stewardship of the resources at its disposal.

The Council approved a Local Code of Corporate Governance in 2003, following its detailed consideration by the Finance and Performance Management Cabinet Committee. The Council has achieved compliance in many areas, with a number of key policies and procedures being in place. Some other areas have been identified that require additional action for full compliance. The Code is consistent with the principles contained in the CIPFA/SOLACE framework (Corporate Governance in Local Government: A Keystone for Community Governance).

The Code sets out how the Council will demonstrate corporate governance and monitor its effective implementation. The work of the Audit Team will check for compliance with the Code and the effectiveness of internal controls.

The Chief Internal Auditor is closely involved in the preparation of the Council's annual Statement on Internal Control. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

a)   identify and prioritise the risks to the achievement of EFDC's policies, aims and
         objectives;
b)   evaluate the likelihood of those risks being realised and the impact should they be
         realised; and
c)   manage the risks efficiently and economically.

As part of the process, plans are established to address any weaknesses identified, and to ensure continuous improvement in the system of internal control. This includes particular attention to compliance with financial regulations, and a requirement for Heads of Service to provide assurance statements confirming their belief that appropriate controls are in place.

On the basis of the relevant internal audit reports, the unqualified nature of the Council's accounts in recent years, and the assurance statements provided by Heads of Service, it has been possible in recent years to conclude that the internal control arrangements for Epping Forest District Council are adequate and operating satisfactorily.
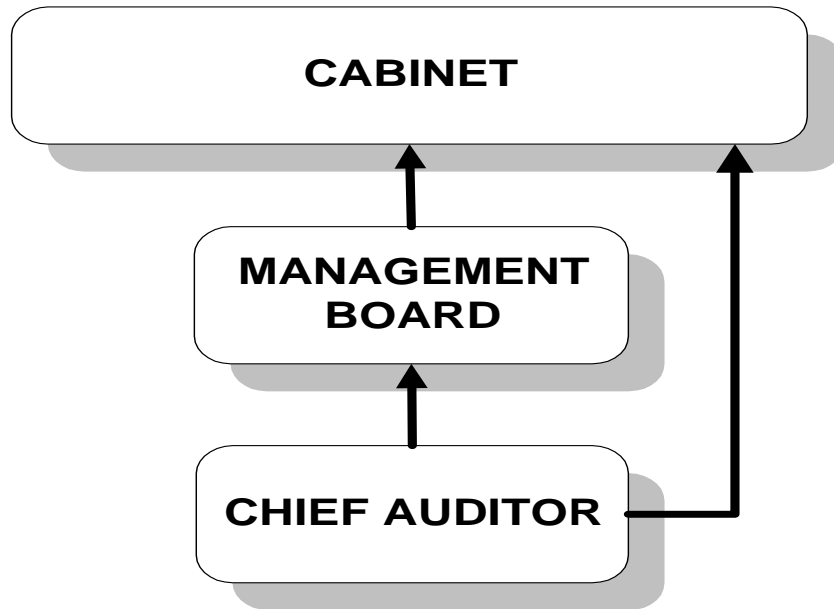
The Audit Team was involved in a number of initiatives to improve the Council's corporate governance arrangements in 2006/07. These included:

➢   Continued provision of training to non-finance managers on finance and
        governance issues.

➢   Assistance with the review of the Council's email and internet usage policies.

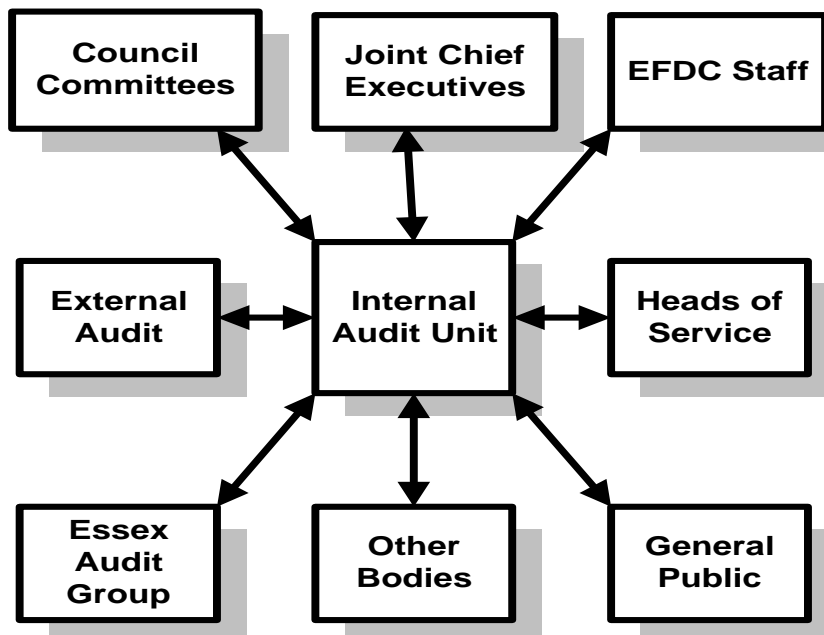➢   Production of the Council's Business and Internal Control Assurance Framework.

Compliance with the Council's governance arrangements and associated policies will continue to be an important part of the Audit Team's focus during 2007/08.

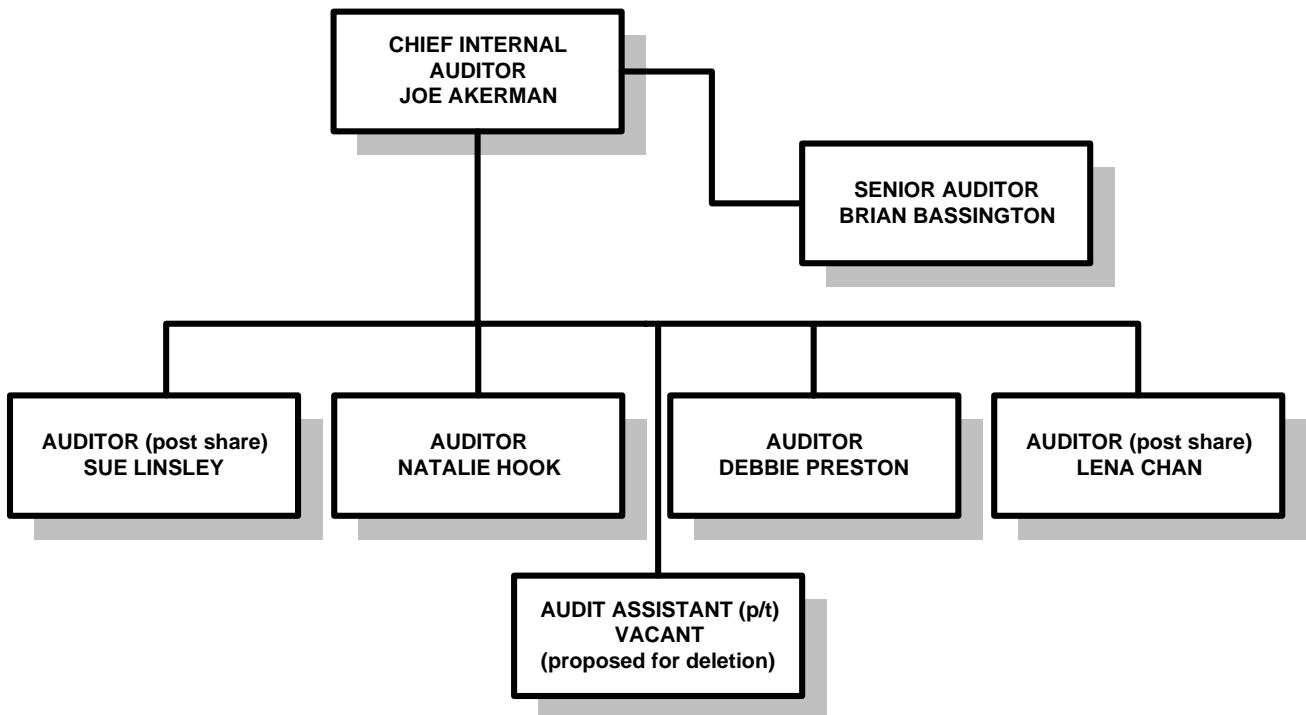2.4   How the Audit Team fits into the structure of the Organisation

2.4.1   Reporting Structure

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                    │            CABINET              │
                    └─────────────────────────────────┘
                           ▲                      ▲
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              ┌────────────────────────┐          │
              │     MANAGEMENT         │          │
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                           │                      │
              ┌────────────────────────┐          │
              │    CHIEF AUDITOR       │──────────┘
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2.4.2   Communication Lines

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 ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
 │   Council    │   │ Joint Chief  │   │  EFDC Staff  │
 │  Committees  │   │  Executives  │   │              │
 └──────────────┘   └──────────────┘   └──────────────┘
         ↖                ↕                 ↗
 ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
 │   External   │   │   Internal   │   │   Heads of   │
 │    Audit     │↔  │  Audit Unit  │  ↔│   Service    │
 └──────────────┘   └──────────────┘   └──────────────┘
         ↙                ↕                 ↘
 ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
 │    Essex     │   │    Other     │   │   General    │
 │    Audit     │   │   Bodies     │   │   Public     │
 │    Group     │   │              │   │              │
 └──────────────┘   └──────────────┘   └──────────────┘
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2.4.3 The Audit Staffing Establishment at 1st April 2007

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                        ┌─────────────────────┐
                        │  CHIEF INTERNAL     │
                        │     AUDITOR         ├──────┐
                        │   JOE AKERMAN       │      │
                        └──────────┬──────────┘  ┌───┴──────────────────┐
                                   │             │   SENIOR AUDITOR     │
                                   │             │  BRIAN BASSINGTON    │
                                   │             └──────────────────────┘
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AUDITOR (post share) SUE LINSLEY	AUDITOR NATALIE HOOK	AUDITOR DEBBIE PRESTON	AUDITOR (post share) LENA CHAN

AUDIT ASSISTANT (p/t)
VACANT
(proposed for deletion)

2.4.4 Professional Qualifications/Memberships of permanent team

CCAB
 - ACA (1)
 - ACCA (1)
 - CIPFA (1)
Accounting Technician (2)
Institute of Internal Auditors (Affiliate -1)
Diploma in Management Studies (1)
Certificate in Management Studies (1)
Environmental Auditor (1)

2.5   SWOT Analysis

The SWOT Analysis has been compiled as part of the continual review process.

Strengths	Weaknesses
-Good Team Spirit. -Broad Experience. -Strengthened management. -Authority has a positive attitude to Audit. -Strong mix of different qualifications and backgrounds give a broad and healthy view.	-Past resource shortages have affected the profile of Audit within the Authority. -Size of team makes it difficult to complete the audit plan when unplanned work, including investigations, takes priority. This can affect the perception of performance. -Poor responses to ads for vacant posts
Opportunities	**Threats**
-Continue to review and improve audit activities, and adapt to risk based approach. -Raise the profile of Internal Audit. -Operate in an innovative way to deliver service in a more cost-effective manner. -Co-operation with other Authorities.	-National shortage of good qualified Auditors. -Salary position bearing in mind the district borders London boroughs and the general difficulty experienced by all professions in recruiting staff.

2.6   Risk Analysis

A risk analysis for the Internal Audit Team is set out in Appendix 3.

2.7   Training Plan

Training and development includes many kinds of activities, some of which can be satisfied by externally run courses but the majority is created internally. Team members are encouraged, via annual appraisals (SDRs), to take ownership of their personal development and identify ways in which their training needs can be addressed.

Auditors require a broad training programme because their work can and often does cover any area that the organisation deals with. The client expects the auditor to have a basic understanding of their service and the problems that they face, and the initial assistance from the service area at the start of the audit is built upon in detail during the audit. The following Training Plan concentrates on the 'formal' learning events, however, all learning opportunities are embraced and will be further developed.

Training requirement	Auditor	Days
Systems/risk based auditing (basic and advanced)	ALL	5
In-house corporate training	ALL	5
Contract Auditing	ALL	5
EFDC Finance systems	ALL	5
Other professional training/development	NH	10
PACE/ Other legal updates	ALL	2
Total days as shown on page 14		**32**

2.8   Performance Management

The Internal Audit Team operates within EFDC's Best Value Performance Plan and is committed to continuous service improvement. Within the BVPP there are a number of specific targets relating to Internal Audit. These are set out below.

Local Performance Indicator	Actual 2003/04	Actual 2004/05	Actual 2005/06	Target 2006/07	Actual 2006/07	Target 2007/08
% Planned audits completed	72%	86%	86%	85%	85% (est)	85%
% Productive "fee" staff time out of total time	65%	64%	67%	65%	68% (est)	65%
Average cost per productive audit day	£275	£297	£292	£285	£310 (est)	£300
% User satisfaction	80%	80%	85%	80%	82% (est)	80%

The improvement in performance during 2004/05 and 2005/06 was generally maintained in 2006/07, despite the Team suffering some long term sickness during the year. This factor did however affect the average cost per productive audit day.

In relation to the achievement of planned work, the Unit achieved a performance figure of 86% in 2005/06, and a similar return is expected in 2006/07, against the target of 85%.

The Team will be looking to maintain at least to the current standard in 2007/08. Close monitoring will be exercised over the achievement of the Plan and quarterly reports will be submitted to the new Audit and Governance Committee on the work of the Team and progress against the Plan.

SECTION THREE - The Audit Planning Process

3.1 Consultation process

The Chief Internal Auditor has met with the Finance and Performance Management Scrutiny Panel, Management Board and Heads of Service to provide them with an opportunity to raise any issues they feel would be important to include in the Audit Plan for 2007/08. Provision has also been made for follow up audits, investigation work and spot checks.

3.2 Risk Analysis

A risk analysis approach has been developed in conjunction with the Council's Risk Manager and is reflected in the 2007/08 Plan. Advice also continues to be taken from the Audit Commission and this is used to prioritise the work planned alongside the issues raised in previous audits and in discussions with Chief Officers.

3.3 Compiling the Plan

3.3.1 In determining the audit assignments and related time allocation, several factors have been taken into account to measure both the inherent risk in a particular system and the sensitivity. These factors include:-

- Value and volume of transactions
- Value of income and expenditure
- Opportunity for conversion to cash
- Risk register categorisation
- Effect of system on other systems
- Implementation of new I.T systems
- Follow up from past audits

3.3.2 One overriding factor is the Audit Commission's requirement for Internal Audit to review all fundamental financial systems (eg payroll, payment of accounts etc) every year. Whilst there are generally strong controls in place, all financial systems have to be rated as high risk because the consequence of such a system breaking down could be to place the Authority in a vulnerable position. The benchmarking comparisons at Appendix 5 demonstrate that the local coverage of these systems, in terms of audit days, is above average in comparison with other Districts. The time spent on these audits has, however been reduced slightly in comparison with previous years, to address comments expressed by Members during the consultation on the 2006/07 Plan.

3.3.3 The Benefits systems have again been given a slightly higher proportion of audit time than other systems, due to the external environment and the volume and value of payments annually in the region of £28m. Whilst Internal Audit benchmarking data suggests that EFDC allocates a higher than average level of resources to benefit audit, the Benefit Fraud Inspectorate (BFI) has commented in the past that the level of assurance provided by Internal Audit at EFDC could be improved. The audit planning for 2006/07 and 2007/08 seeks to address this issue by incorporating both systems audits and follow up from previous reviews.

3.3.4 A number of other systems outside Finance services have also been deemed high risk because of the value and volume of transactions, and have been included in the Plan for 2007/08. These include housing rents and income from the Council's commercial portfolio.

3.3.5 A significant amount of time has been allocated to a number of corporate issues and activities, including the audit of Local Performance Indicators, and a review of the Council's procurement processes to ensure that value for money is being obtained. Members of the Team will also continue to participate in project teams to ensure propriety of arrangements, eg compliance with Standing Orders and Financial Regulations.

3.3.6 Provision has also been made to participate in the 2006 National Fraud Initiative (NFI), which is the Audit Commission's biennial data matching exercise designed to identify potential fraudulent payments. The Council participated in the 2004 exercise, and from a total of 1190 "potential" matches 717 were prioritised and examined in detail, including referrals to the Housing Benefit Investigation Team. Three specific frauds, amounting to over £33,000 in total, were identified in the last NFI exercise, and resulted in prosecutions.

3.3.7 The main finance system implemented during 2006/07 was an E-Procurement Purchase Ordering system. The new system will be fully implemented across Council services by the end of 2006/07. Audit provided guidance on the control environment as part of the tailoring of the system to the Council's requirements.

3.3.8 The nature and extent of the replacement of a number of systems in recent years raises the internal control risk factor and therefore requires close attention from Internal Audit to mitigate the risk to the Authority. Provision has been made to review these developments in 2007/08.

3.3.9 The Plan for 2007/08 also makes provision for the follow up of a number of audits carried out in 2006/07, and some general themes arising from those audits, including regular reviews of compliance with Financial Regulations and Contract Standing Orders, following training given to 130 Service Managers and Spending Control Officers during 2005/06 and 2006/07.

3.3.10 Whilst the Plan fully allocates the days expected to be available in 2007/08, a number of "reserve" audits have been listed, in order to provide a degree of flexibility in managing the work, and to provide for any unforeseen circumstances which may require a planned audit to be deferred.

3.3.11 A full listing of Service areas is given at Appendix 4, so that the topics proposed for inclusion in the Plan can be placed in context.

3.3.12 Taking these issues into account, the Audit Plan for 2007/08 is set out on pages 17-18, and assigns a risk indicator to each audit based on the factors detailed in paragraph 3.3.1.

3.3.13 In order to provide a comparison with the planned audit days and audit work carried out in 2006/07, a status report on the audit plan for that year, based on the work carried out in the first nine months, is attached at Appendix 1. (This is an extract from the monitoring report submitted to the Finance and Performance Management Cabinet Committee in January 2007).

SECTION FOUR - The work planned

4.1 Financial Resources.

The financial information in this report has been drawn from the Council's original budgets for 2006/07 and 2007/08.

Description	Budget Allocation 2006/07	Budget Allocation 2007/08
	£	
Employee Costs	217,270	214,420
Contract Staff/Consultants	-	9,000
Training Costs	3,590	3,750
Travel & Subsistence	5,580	4,790
Computer Costs	24,020	20,050
Books & Publications	310	350
Telephones	2,270	2,650
Printing/Photocopying	420	600
Other Supplies & Services	2,550	2,830
Accommodation	15,360	12,710
Central Services	10,430	10,910
		-
TOTAL EXPENDITURE	**281,800**	**282,060**

4.2 Resource Allocation and Operational Plan for 2007/08

In previous years, Audit Plan calculations have been based on the assumption that there would be a full establishment of internal audit staff (now 5 fte) for the complete year. This has not been borne out in practice and a degree of slippage has occurred, partly due to the incidence of vacancies in the Unit and partly due to the extent of unplanned investigation work. The vacancy factor on the staffing establishment in 2006/07 was 9%, the shortfall being partially offset by some consultancy support in the year.

A half post of Audit Assistant has been held vacant for the past year, to provide some budget flexibility to meet the cost of specialist auditors and external contractors, who undertook specific audits within the approved Plan earlier in the year. This position will be maintained in the future, and approval has been sought to formalise the arrangement in the 2007/08 budget. For resource planning purposes, therefore, reflects the deletion of the vacant audit assistant post. The associated budget has been transferred to the Audit Consultancy budget to enable specialist skills to be brought in for specific projects.

It is assumed for resource allocation purposes that the Chief Internal Auditor will focus on management and supervision, quality control, audit planning and liaison with the Audit Commission. He will also take the lead on investigations requiring an Audit input.

The Plan will be carried out through quarterly work plans, with detailed assignment briefs being agreed with the relevant Service for each audit, specifying the scope of the audit. Draft reports will be circulated for comments, with the aim of issuing the final report in a timely manner. Recommendations will be ranked in order of importance from an audit perspective and presented to Service management in an Action Plan format.

Available Human Resource days 2007/08		Total
Available days (52 weeks x 5 days x 5 fte's)		1300
Less		
Annual Leave	114	
Public/Special Holidays	48	
Sickness provision	36	
Training	32	
Total	230	
		1070
Less Non-Chargeable time		
Supervision/management/planning (note 1)	90	
Corporate Activities (meetings)	10	
Essex Audit Group & other external meetings	3	
Audit Commission requirements	2	
General Administration and team meetings (note2)	30	
Total	135	
Available Days		**935**
Less 2% vacancy factor		**(25)**
Bought in days		**25**
Estimated Available Days		**935**
Allocated to Contingency/Spot Checks/Investigations		**40**
Allocated to Service/Corporate advice		**60**
Days allocated to plan 2007/08		**835**

Notes

1   The supervision/management and planning allowance includes direct staff management.   Any management work carried out as part of an Audit is coded directly to that project and included in the direct allocated days in the plan. The preparation of the Audit Plan, and assistance with the Statement on Internal Control, is treated as 'chargeable' corporate advice.

2   General administration for the Unit includes team meetings, support to the Unit's time recording system, and other minor administration. Administration and support relating to a specific audit is included in the planned days for the audit.

3   There is no specific provision within the plan for specialist contract audit systems work. The time bought in is managed within the overall resources available and can be allocated from the vacancy provision or contingency as appropriate.

   In order to maintain the momentum to achieve the target completion of the Plan in 2007/08, the following options will be explored in the event of further staffing shortfalls:

- Employment of agency or contractor staff on temporary or short term contracts using existing salary savings.

- Reviewing the scope of some audits in order to reduce the time allocated.

4.3 DRAFT AUDIT PLAN 2007/08

Audit area	Audit type	Days allocated	Reserve list	Risk (impact) Indicator l/m/h
FINANCE				
Bank Reconciliation	system/follow up	15		h
Sundry Debtors	system/follow up	25		h
Creditors	system/follow up	25		h
Creditors IT	IT	15		h
Treasury Management	system/follow up	20		h
Payroll	system/follow up	25		h
Budgetary Control (capital and revenue)	system	15		h
Risk Management and Insurance	system/follow up	15		h
Main Accounting and Financial Ledger	system/follow up	20		h
Value Added Tax	system	15		h
Concessionary Fares	system	15		h
Housing Benefits	system/follow up	30		h
Council Tax	system/follow up	25		h
National Non Domestic Rates	system/follow up	20		h
Travelling and Subsistence claims	system	20		h
Cash Offices	verification	5		h
Cash receipting system and Income control	system/follow up	15		h
TOTAL FINANCE		**320**		
PLANNING SERVICES				
IT system (MVM)	IT	20		h
Building Control	follow up	10		h
TOTAL PLANNING		**30**		
ENVIRONMENTAL SERVICES				
Facilities management – building assets	system	25		h
Licensing	system/follow up	20		h
Abandoned Vehicles	system	15		m
Pest Control	system	-	reserve	m
TOTAL ENVIRONMENTAL		**60**		
WORKS/DSO				
Depot	system/follow up	22		h
Purchase Cards	system	15		h
Stores (stocktake)	stocktake	3		h
Fleet Operations	follow up	5		h
TOTAL DSO		**45**		
HOUSING				
Housing Rent Collection	system/follow up	25		h
Housing Rent Arrears	system/follow up	20		h
Partnering Arrangements	system/vfm	25		h
Mobile Estate Cleaning	follow up	3		h
Stores controls	system		reserve	m
TOTAL HOUSING		**73**		

Audit area	Audit type	Days allocated	Reserve list	Risk Indicator l/m/h
POLICY				
Grants to Voluntary Organisations	system/follow up	25		h
TOTAL POLICY		**25**		
LEISURE SERVICES				
Community Leisure inc. Summer Programme	system	25		h
District Museum	establishment	15		m
Contract Monitoring	follow up	10		h
TOTAL LEISURE		**50**		
HUMAN RESOURCES				
HR/Payroll IT system	IT system	20		h
Staff Code of Conduct	system	15		h
Establishment list	follow up	5		h
TOTAL HUMAN RESOURCES		**40**		
LEGAL, ADMINISTRATION AND ESTATES				
Estate Management	system/follow up	20		h
Repairs and Maintenance (non HRA)	system	20		m
TOTAL LEGAL AND ADMINISTRATION		**40**		
MISCELLANEOUS				
CPA and BEST VALUE				
Best Value Performance Indicators	verification	7		h
Local Performance Indicators inc. IT system	system/follow up	25		
CONTRACTS				
Contracts Compliance	system	25		h
CORPORATE				
Corporate Procurement	system	25		h
Use of Consultants	system/follow up	20		h
Application of telephone policy	management review	15		m
Review of financial regulations and internal controls	management review	5		h
FRAUD AND CORRUPTION				
National Fraud Initiative (NFI)- c/fwd from 06/07	biennial review	15		h
COMPUTER SERVICES				
I.T.				
E-mail and Internet usage	IT security/follow up	5		h
Core Business Support (system controls)	management review	10		h
TOTAL DAYS ALLOCATED		**835**		
Contingency/Spot checks		**40**		h
Corporate/Service Advice		**60**		h
TOTAL		**935**		

Audit Plan 2006/07

Status Report at 31 December 2006

Audit area	Audit type	Days allocated	Days spent 1 Apr- 31 Dec	Status at 31 Dec 2006	Risk (impact) Indicator l/m/h
FINANCE					
Bank Reconciliation	system/follow up	20	11	completed	h
Sundry Debtors	system/follow up	30	14	complete qtr 4*	h
Creditors IT	IT/follow up	10	-	defer	h
Creditors	system/follow up	30	30	completed	h
Treasury Management	verification/follow up	20	10	in progress	h
Payroll	system/follow up	30	34	completed	h
Budgetary Control (capital and revenue)	follow up	10	1	Qtr 4	h
Risk Management and Insurance	system/follow up	15		Qtr 4	h
Main Accounting and Financial Ledger	system	25	14	completed*	h
Asset Register and Inventory control	follow up	10	3	in progress	h
Housing Benefits	system/follow up	35	35	completed	h
Benefit Fraud Investigation	system	15	15	completed	h
Council Tax	system/follow up	30	5	in progress	h
National Non Domestic Rates	system/follow up	25	30	completed	h
Cash Offices	verification	5	6	completed	h
Cash receipting system and Income control	system/follow up	20	24	completed	h
* by contractor					
TOTAL FINANCE		**330**	**232**		
PLANNING SERVICES					
Enforcement / planning fees follow up	system/follow up	25	26	completed	h
Section 106 Agreements	follow up	10	-	Delete	h
Building Control	follow up	10	15	completed	h
Cash receipting	system	10	8	completed	h
TOTAL PLANNING		**55**	**49**		
ENVIRONMENTAL SERVICES					
Car Parking	system/follow up	25	16	completed	h
Licensing	follow up	10	13	completed	h
Rechargeable Works	follow up	5		Qtr 4	h
Waste Management	follow up	10	-	Defer	h
TOTAL ENVIRONMENTAL		**50**	**29**		
WORKS/DSO					
Fleet Operations	system	15	22	completed	h
Depot	system/follow up	22		Qtr 4	h
Stores (stocktake)	stocktake	3	4	completed	h
TOTAL DSO		**40**	**26**		
HOUSING					
Housing Rent Collection	system/follow up	25	26	completed	h
Norway House (inc rent administration)	establishment	20	21	completed	h
OHMS IT system	IT/follow up	15	8	completed	h
Housing Repairs	follow up	5	1	Qtr 4	h
Tolerated Trespassers (days from contingency)	system	7	7	completed	h
Partnering Arrangements	system	-	-	reserve	m
Investigation – Estates Cleaning	Investigation	18	18	completed	h
TOTAL HOUSING		**90**	**81**		

Audit area	Audit type	Days allocated	Days spent 1 April- 31 Dec	Status at 31 Dec 2006	Risk Indicator l/m/h
POLICY					
Grants to Voluntary Organisations	follow up	10	-	defer	h
Committee & Member Services Civic Support	system/follow up	15	9	in progress	m
External Funding	system	30	18	completed*	h
Safer Communities Team Investigation	investigation	-	12	completed	h
* by contractor					
TOTAL POLICY		**55**	**39**		
LEISURE SERVICES					
Contract Monitoring	system	20	21	completed	h
Grounds Maintenance	system	20	22	completed	m
North Weald Airfield	follow up	5	8	completed	h
District Museum	establishment	-	-	reserve	m
TOTAL LEISURE		**45**	**51**		
HUMAN RESOURCES					
Establishment list	system/follow up	15	3	Qtr 4	h
Corporate Training	system	10	10	completed	m
Recruitment and selection processes	follow up	5	5	completed	h
Car Leasing (days allocated from contingency)	follow up	10	3	in progress	h
TOTAL HUMAN RESOURCES		**40**	**21**		
LEGAL, ADMINISTRATION AND ESTATES					
Estate Management	system/follow up	25		Qtr 4	h
Repairs and Maintenance (non HRA)	system	-	-	reserve	m
Local land charges	system/ IT	20		Qtr 4	h
Office Services contracts	follow up	5	7	completed	h
TOTAL LEGAL AND ADMINISTRATION		**50**	**7**		
MISCELLANEOUS					
CPA and BEST VALUE					
Best Value / Local Performance Indicators	system/follow up	35	39	completed	h
Review of Service business/ best value plans	follow up	10		Qtr 4	h
CONTRACTS					
Contract/systems Audits	system	15		ongoing	h
CORPORATE					
Corporate Procurement (IT procurement c/fwd)	system	25	7	completed	h
Review of financial regulations and internal controls	management review	5	3	ongoing	h
Use of consultants	system (c/fwd)	5	8	completed	h
Freedom of Information	follow up	5	-	delete	h
FRAUD AND CORRUPTION					
National Fraud Initiative (NFI)	biennial review	35	5	Qtr 4	h
COMPUTER SERVICES					
I.T.					
Network Security/E-financials	follow ups	15		Qtr 4	h
E-mail and Internet usage	follow up	5	1	completed	h
IT Procurement (see corporate item above)	follow up	5		Qtr 4	h
TOTAL DAYS ALLOCATED		**915**	**598**		
Contingency/ Spot checks/ Minor investigations		**25**	6	ongoing	h
Corporate/Service Advice		**50**	58	ongoing	h
TOTAL		**990**	**662**		

EFDC INTERNAL AUDIT UNIT - TERMS OF REFERENCE

Statutory Requirements

The Accounts and Audit Regulations 2003 require the Council to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices".

"Proper internal audit practice" is defined in the CIPFA *Code of Practice for Internal Audit in Local Government in the United Kingdom 2003 (the Code of Practice).* The *Code of Practice* requires the terms of reference for the internal audit function to be agreed by "those charged with governance". This document sets out those terms of reference.

The Head of Finance is the officer responsible for the administration of the Council's financial affairs under S151 of the Local Government Act 1972 and is responsible for ensuring that the requirements of the Code of Practice are met.

Effective reporting and managerial arrangements must be established between the Head of Finance, Management Board and the Chief Internal Auditor.

Role of Internal Audit

Internal Audit is an assurance service with the primary aim of providing an independent and objective opinion to the Council on the overall adequacy of the Council's control environment. It will objectively examine, evaluate and report on the effectiveness of the control environment to ensure the correct balance between propriety and cost effectiveness in achieving the Council's objectives.

Responsibility for the management of services rests fully with Heads of Service and their managers. This includes ensuring value for money, and reducing the opportunities for theft, fraud and corruption by ensuring that appropriate and adequate risk and control arrangements exist. Internal Audit compliments this by providing an independent appraisal function to help managers determine the adequacy of their internal control, risk management and governance processes.

Responsibilities

Management Board will ensure that internal auditors have the authority to:

(a)   access the Authority's premises at reasonable times;

(b)   access all assets, records, documents, correspondence and control systems;

(c)   receive any information and explanation considered necessary concerning any matter under consideration;

(d)   require any employee of the authority to immediately account for cash, stores or any other authority asset under his or her control;

(e)   access records belonging to third parties, such as contractors, when required; and

(f)   directly access the Head of Paid Service, the Cabinet and the Finance and Performance Management Cabinet Committee [Audit and Governance Committee from 2007/08].

It is the responsibility of the Chief Internal Auditor and his staff to:

(a)   whenever appropriate, consult with the relevant Chief Officer or their representative on the timing and nature of audits to avoid unnecessary service disruption; and

(b)   consult with the relevant Chief Officer or their representative on the findings and recommendations of an audit prior to publication.

The Chief Internal Auditor will recommend the proposed list of topics for inclusion in the programme of internal audit work, for approval by the Finance and Performance Management Cabinet Committee [Audit and Governance Committee from 2007/08], in consultation with the Finance and Performance Management Scrutiny Panel. The scope of the work is unrestricted. It includes ascertaining, at all levels, that the assets of the authority are being safeguarded. Furthermore, that systems are operated effectively, efficiently and economically in accordance with both the Authority's policies and procedures, and also with laws and regulations, and that records and reports of the Authority are accurate and reliable.

Internal Audit is not relieved of responsibility in areas of the Authority's business, which are subject to review by others (e.g. Audit Commission, Benefit Fraud Inspectorate). The Chief Internal Auditor should always assess the extent to which reliance can be placed upon the work of others and co-ordinate the internal audit planning with those other review agencies.

Internal Audit Responsibility

In order to fulfil its role the Internal Audit Unit shall specifically:

- Prepare annually a strategy document explaining how the service will be delivered.

- Undertake reviews that focus on the areas of greatest risk to the Council.

- Have the authority and right of access to all records, assets, personnel and premises, including those of partner organisations, that it considers necessary to fulfil its responsibilities.

- Report to the Finance and Performance Management Cabinet Committee [Audit and Governance Committee from 2007/08] on a quarterly basis on the work of the Audit Team, including a summary of reports issued in the previous quarter.

- Provide clear reports that provide management with an opinion on the soundness, adequacy and application of internal controls.

- Promote efficient and effective risk and control management by recommending cost effective controls, which aim to improve the achievement of service objectives.

- Provide to Services advice on the management of risk, and on issues arising from the review of systems of internal control.

- Provide an annual opinion on the soundness of the systems of internal control and the internal control environment.

- Contribute to the general management and conduct of business through provision of expertise on appropriate working groups and participation in ad-hoc exercises, including value for money and other studies.

- Have in place arrangements that ensure that it is notified of all suspected or detected instances of fraud, corruption or impropriety. Investigate and report upon all non-benefit related frauds and irregularities in accordance with documented procedures.

Independence

The Internal Audit Unit shall not have responsibility for the operation of any systems, which could compromise its independence. It will however proactively offer advice and guidance on risk and internal control implications arising from planned or proposed changes to, or the development of, systems or services.

The Chief Internal Auditor has the right, when necessary, to report directly to either the Joint Chief Executives or the Chairman of the Finance and Performance Management Cabinet Committee [Audit and Governance Committee from 2007/08].

The Chief Internal Auditor shall be responsible for the content of the annual audit plan, and all written audit reports.

Audit Management

The Council shall appoint a Chief Internal Auditor who will be required to determine the priorities of, deliver, and manage the Internal Audit Unit for the Council. In discharging these duties the Chief Internal Auditor will:

- Ensure that he has a comprehensive understanding of the Council's systems, structures and operations so allowing for, after consulting with Senior Management, the preparation of a strategic risk based audit plan.

- Update the plan regularly to reflect changes in Council priorities and risk registers.

- Ensure that an audit brief is prepared for each individual audit assignment undertaken, setting out the scope and objectives of the work, timescales and reporting arrangements.

- Ensure that all audit work is completed to high standards and in accordance with appropriate professional standards.

- Maintain an Internal Audit Manual that describes the standards, practices and procedures that are required to be met by internal audit staff and contractors.

- Undertake an annual review of the development and training needs of internal audit staff and arrange for appropriate training to be provided.

- Establish effective relationships with managers at all levels.

- Proactively work with the External Auditor to ensure that audit resources are used in the most effective and efficient manner.

- Monitor the effectiveness of the service delivered and compliance with professional standards.

Audit Reporting

At the completion of an audit assignment a written report will be agreed with the appropriate manager. The report shall contain an opinion on the adequacy of the risk management and internal control arrangements within the area of review and, where necessary, list the actions for improvements. If the manager and auditor cannot reach consensus then the appropriate Head of Service will resolve the issue.

Copies of all final audit reports shall be sent to the relevant Head of Service. A management summary of each completed audit shall be sent to the Council's Management Board and Head of Finance.

The Chief Internal Auditor shall report to the Officer Corporate Governance Group any probity issues that arise, either directly from an audit or via an investigation into a fraud related matter, following the conclusion of the review.

Implementation of Agreed Audit Actions

The Chief Internal Auditor shall regularly review the progress made by managers in introducing the agreed actions and shall report quarterly to the Finance and Performance Management Cabinet Committee [Audit and Governance Committee from 2007/08] on the actions taken. Each Head of Service shall take appropriate action to ensure that agreed actions are implemented.

Professional and Ethical Standards

The objectivity, impartiality, integrity and conduct of all Internal Audit staff must be above reproach at all times.

All Internal Audit staff shall comply with the ethical standards contained in the CIPFA Code of Practice and those professional and ethical standards issued by the professional body to which they belong. They shall also comply with the Council's own codes and ethical standards.

Internal Audit Unit Risk Analysis

Risk	Probability	Impact	Action/Comment
Staff turnover affecting the Team's ability to achieve its objectives as set out in the Audit Plan	H	H	It is proving difficult to attract experienced staff to apply for occasional vacancies within the Team, but we have been fortunate in recent years in retaining a core of experienced auditors.
Staff turnover affecting the Team's ability to respond to a request for intervention (damage to the Team's reputation and profile within the Authority)	L	H	The Audit Plan is flexible which allows priorities to be adjusted at short notice
Inability to respond to technical auditing challenges, particularly in the field of IT audit	H	H	External contract staff are brought in to fill skills gaps, but this approach is not sustainable for long term projects given the cost involved. Internal staff are now required to have a general understanding of IT audit disciplines.
Poor working relationships with Client Services, lack of co-operation	L	H	The Team works hard to develop good working relationships with Services. Time is allocated to allow consultation on draft reports with a view to producing reports that are jointly 'owned' by Services and assist them in achieving their objectives.
Budget (staffing) reductions following a review of support services	M	H	There is a core of audit work (mainly finance systems) that needs to be carried out regardless of the size of the Council. The Audit Plan currently covers the full range of Service and corporate areas, which would be jeopardised if there were budget cuts.

Organisation of the Council's Service Areas

The Council's 11 service areas are listed below, with examples of the work they are responsible for:

Corporate Management

The Management Board of the Council comprises the Joint Chief
Executives, who are the most senior officers of the Council. The Board is responsible for the overall management of the Council.

Research and Democratic Services

Democratic and Member Services
Policy and Partnerships
Public Relations and Information (including website)

Environmental Services

Architectural Services
Building Services
Capital Project Management
Car Parking
Environmental Health
Flood Alleviation
Highways
Surveying
Waste Management

Financial Services

Accounting
Budget Strategy
Collection of Revenues
Corporate Financial Advice and Policy
Housing Benefits
Insurance

Housing Services

Homelessness
House Sales and Leasehold Services
Housing Improvement
Housing Management
Housing Strategy and Policy
Housing Waiting Lists
Rent Collections
Repairs and Maintenance
Sheltered Housing and the Careline Service for the Elderly

Works Unit
Fleet Maintenance
Housing General Maintenance and Repair
Vehicle MOTs

Leisure Services

Arts Development
Community Leisure
Grounds Maintenance and Arboriculture Services
Health Improvement Programmes
Holiday Play Schemes
Leisure Centres and Swimming Pools
Museum Service
North Weald Airfield
Roding Valley Nature Reserve
Sports Development
Youth Strategy

Legal, Administration and Estates

Civic Offices/Office Management
Estates Management
Legal Services
Local Land Charges
Reprographics and Administrative Services

Planning Services and Economic Development

Building Control
Development Control
Forward Planning
Planning Applications
Planning Policy
Transport

Human Resources and Performance Management

Best Value
Business Planning
Performance Indicators
Recruitment
Staff Benefits
Training and Development

Information and Communications Technology

ICT Help Desk
Application Support
Technical Support
Networking & Communications
Advice & Consultancy
All IT Procurement & Purchasing
IT Training
Telephones

Internal Audit

Audit Services
Consultancy and Advice
Investigations

Audit Benchmarking Club

2006

Epping Forest District Council

compared with

Aylesbury Vale	Basildon
Braintree	Cambridge
Castle Point	Chelmsford
Eastbourne	Epping Forest
Harlow	Huntingdonshire
Maidstone	Winchester

01-Aug-06

PREFACE

This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc...). Below we have annotated an example chart to help explain what they show.

Bar Charts: These are our standard method of displaying a full set of data

Each bar represents an authority's value

Title

20-25k

Your authority's bar highlights in black

The group average is shown by a horizontal line

'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

'Missing bars' on the right represent zero values and are included in the average

Salary Bandings	FTE	%	Avg
under 20k	0.9	14%	15%
20-25k	3.4	54%	26%
25-30k	1.5	24%	61%
30-35k	0	0%	2%

INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into four sections.

Section 1 - Cost Analysis
This section shows the analysis of audit costs for 2005/06 actuals and 2006/07 estimates. The main benchmarks are cost per audit day, cost per £m turnover and chargeable days per auditor.

Section 2 - Audit Coverage
This section looks at audit days per £m gross revenue turnover and the split by type of audit. It then goes on to analyse the days spent on fundamental financial systems. It then analyses audit days per £m gross revenue turnover by service and finally looks at sample times spent on establishment audits.

Section 3 - Staffing
This section shows salary bandings and staff qualifications.

Section 4 - Timeseries
This section is particularly useful as it shows performance over time compared with the tier average. The timeseries shown are for cost per £m gross revenue turnover, cost per audit day, audit days per £m gross revenue turnover, cost per auditor and chargeable days per auditor.

Section 5 - Quartiles
This section compares a member's figures with the quartile figures for the tier of authority. The quartile information is only included with the final reports.

Epping Forest

SECTION 1 - COST ANALYSIS

2005/06 ACTUALS

This tree diagram starts with the audit cost/£m of gross turnover and breaks it down to cost/audit day and audit days/£m gross turnover. The cost/audit day is further analysed by cost/auditor and audit days/auditor. Finally cost/auditor is split between pay and overheads. For each benchmark two figures are given, the first being the authority's value and the second (in italics) is the group average.

```
                                                          Staff cost
                                                          £34,510    £34,673
                                    Cost per auditor ─┤
                                    £47,255   £50,610
                Cost per audit day                          Overheads
              in house  £296   £296                      £12,745    £15,936
              net to LA £291   £295
                                                         see page 4

Cost per £m Gross Turnover
  £3,297    £2,732                        Days per auditor
                                            159        170

                                           see page 3


                      Audit days / £m
                        11.33    9.16
```

Chargeable Audit days				
	Audit Days	**Cost £'k**	**Cost/ day**	**Avg**
In-house	813	241	£296	£296
Bought-in [+]	156	41	£263	£277
Gross	969	282	£291	£298
Charged out	0	0	na	£277
Net to LA	969	282	**£291**	**£295**
Excluded work	0	0		
Mainline audit	**969**	**282**		

[+] Bought-in days are shown inclusive of non-chargeable days to show a consistent cost/day figure.

Basic data	Authority
Gross Turnover £m	£85.5
FTE staff (on payroll)	5.1
FTE agency staff	0.0
Staff cost (on payroll) £'000	£176.0
Agency Staff cost £'000	£0.0
Overheads cost £'000	£65.0

Benchmarks	Authority	Avg
Audit days per £m gross turnover	11.33	9.16
Cost per £m gross turnover	£3,297	£2,732
Days per auditor (staff on payroll)*	159	170
Cost per auditor (all staff)	£47,255	£50,610
Staff cost per auditor (all staff)	£34,510	£34,673
Overheads cost per auditor (all staff)	£12,745	£15,936

*see page 3 for details

Epping Forest

2005/06 ACTUALS

Audit cost per £m Turnover

Cost per Chargeable Day

Days/£'M

Cost per Auditor (In-House) £'k

Chargeable days per Auditor

Pay £'k

Overheads £'k

Epping Forest

CHARGEABLE DAYS PER AUDITOR - 2005/06 Actuals

"Non-chargeable days"

Chargeable days per Auditor

Staff (Payroll)	5.1
Agency Staff	0.0

Chargeable days - Staff on payroll

		days/FTE	avg
Total days pa	1330	260.8	*261.0*
Non-productive days:			
Bank holidays	27	5.3	*6.1*
Annual leave	131	25.7	*28.0*
Special leave	179	35.1	*8.4*
Sickness	38	7.5	*9.7*
Training - Audit qualification	12	2.4	*2.4*
- other	8	1.6	*6.0*
Available Days	935	183.3	*200.4*
Other non-chargeable days	122	23.9	*30.0*
Chargeable days	813	159.4	*170.4*

Chargeable days - Agency Staff

Total agency staff days	0.0
Non-chargeable days	0.0
Chargeable agency staff days	0.0

Total Chargeable days - in house

Total days	813

Available Days per Auditor

Bank holidays

Annual leave

Training

Sickness

Other Non-chargeable days*

Epping Forest   11.2%   *Average   15.0%*

*This is displayed as a percentage of all available days, including Agency Staff and Bought-In Audit.

Epping Forest

OVERHEAD COSTS - 2005/06 Actuals

£'k per FTE
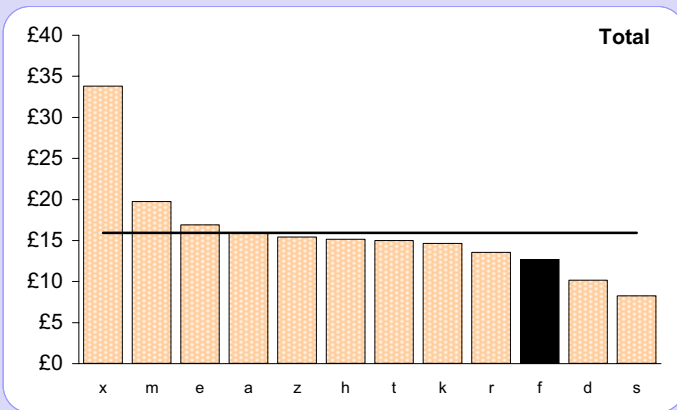
Total

Overhead costs

	£'k	£'k/ FTE	Avg
Transport & Travel	4	0.8	0.5
Other running costs	9	1.8	2.5
Accommodation	14	2.7	3.1
IT	19	3.7	2.9
Other central charges	19	3.7	6.9
	65	12.7	15.9
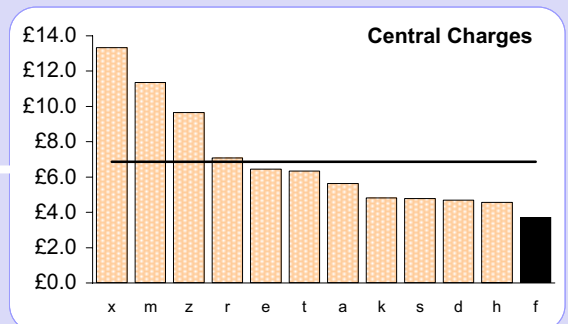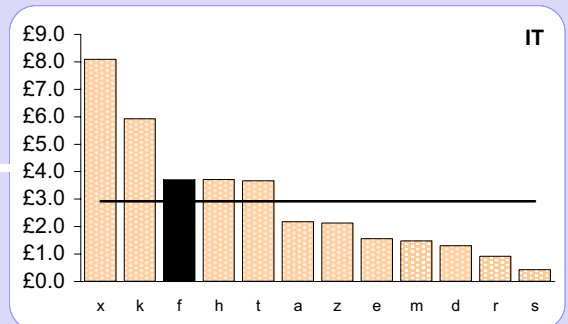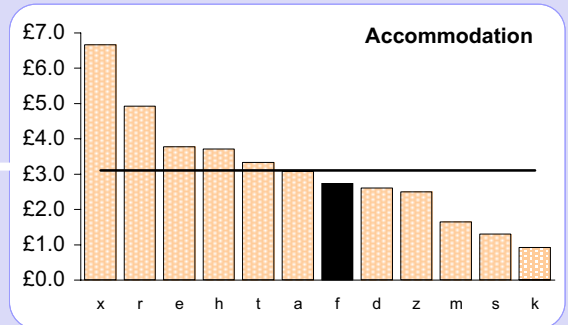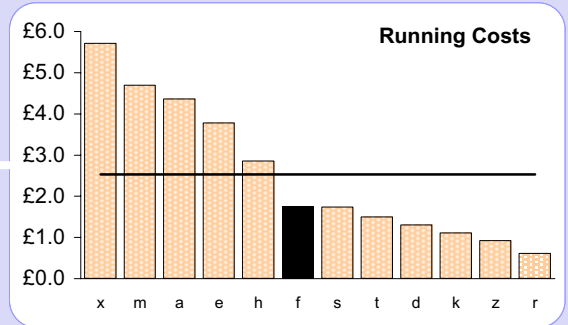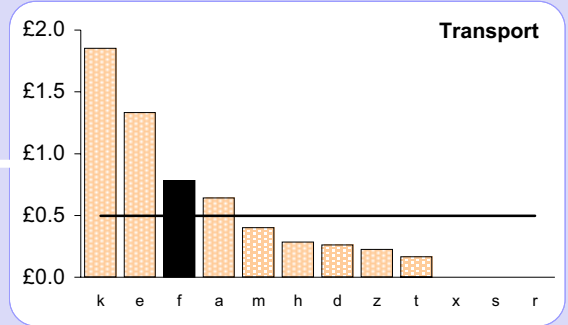
Transport

Running Costs

Accommodation

IT

Central Charges

Epping Forest

2006/07 ESTIMATES

This tree diagram starts with the audit cost/£m of gross turnover and breaks it down to cost/audit day and audit days/£m gross turnover. The cost/audit day is further analysed by cost/auditor and audit days/auditor. Finally cost/auditor is split between pay and overheads. For each benchmark two figures are given, the first being the authority's value and the second (in italics) is the group average.

Pay
£38,214   *£37,137*

Cost per auditor
£50,357   *£52,867*

Overheads
£12,143   *£15,730*
see page 8

Cost per audit day
in house   £276   *£304*
net to LA £276   *£300*

Days per auditor
182   *173*
see page 7

Cost per £m Gross Turnover
£3,201   *£2,974*

Audit days per £m
11.58   *9.76*
see Section 2
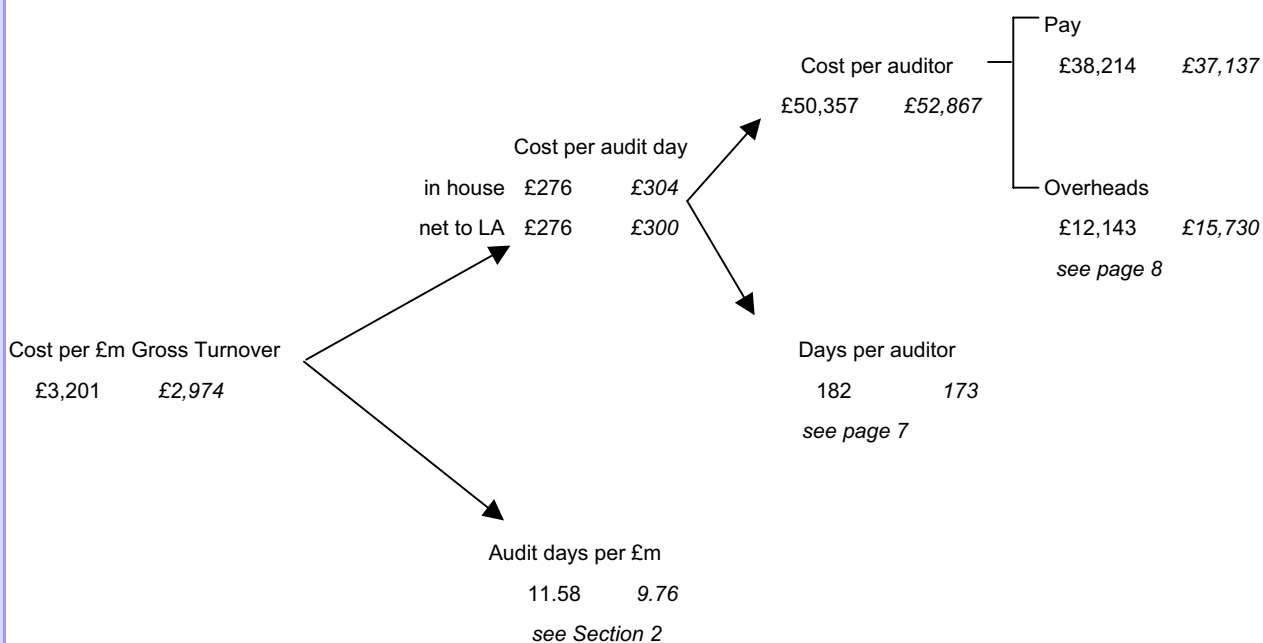
Chargeable Audit days

	Audit Days	Cost £'000	Cost/ day	*Avg*
In-house	1020	282	£276	*£304*
bought in	0	0	na	*£317*
Gross	1020	282	£276	*£302*
Charged out	0	0	na	*£267*
Net to LA	1020	282	**£276**	*£300*
Excluded work	0	0		
Mainline audit	**1020**	**282**		

Basic data

	Authority
Gross Turnover £m	£88.1
FTE staff (on payroll)	5.6
FTE agency staff	0.0
Staff cost (on payroll) £'000	£214.0
Agency Staff cost £'000	£0.0
Overheads cost £'000	£68.0

Benchmarks

	Authority	*Avg*
Audit days per £m gross turnover	11.58	*9.76*
Cost per £m gross turnover	£3,201	*£2,974*
Days per auditor (staff on payroll)*	182	*173*
Cost per auditor (all staff)	£50,357	*£52,867*
Staff cost per auditor (all staff)	£38,214	*£37,137*
Overheads cost per auditor (all staff)	£12,143	*£15,730*

see page 7 for details

Epping Forest

2006/07 ESTIMATES

Audit cost per £m Turnover

x, z, e, a, f, k, t, h, m, d, r, s

Cost per Chargeable Day

x, z, r, a, e, k, h, t, m, f, s, d

Days/£'M

x, e, z, f, a, d, k, t, h, m, s, r

Chargeable days per Auditor

d, r, k, h, f, x, m, e, s, t, z, a

Cost per Auditor (In-House) £'k

x, r, e, k, h, z, a, f, m, t, s, d

Pay £'k

x, k, e, h, f, r, z, m, a, s, d, t

Overheads £'k

r, x, t, e, a, h, k, z, m, f, s, d

Epping Forest

CHARGEABLE DAYS PER AUDITOR - 2006/07 Plan

"Non-chargeable days"

Chargeable days per Auditor

(bar chart: categories d, r, k, h, f, x, m, e, s, t, z, a; y-axis 120 to 210)

Bank holidays

(bar chart: categories f, z, x, t, s, r, m, k, e, d, h, a; y-axis 6.0 to 8.5)

FTE Auditors	5.6

Chargeable days - Staff on payroll

		days/FTE	avg
Total days pa	1,466	261.8	*260.1*
Non-productive days:			
Bank holidays	45	8.0	*7.8*
Annual leave	153	27.3	*28.1*
Special leave	4	0.7	*9.6*
Sickness	32	5.7	*5.2*
Training - Audit qualification	12	2.1	*4.5*
- other	23	4.1	*5.9*
Available Days	1,197	213.8	*199.1*
Non-chargeable days	177	31.6	*26.1*
Chargeable days	1,020	182.1	*173.0*

Annual leave

(bar chart: categories e, d, r, h, s, t, m, f, k, x, z, a; y-axis 15 to 35)

Chargeable days - Agency Staff

Total agency staff days	0.0
Non-chargeable days	0.0
Chargeable agency staff days	0.0

Training

(bar chart: categories s, t, x, m, h, e, r, f, z, k, d, a; y-axis 0 to 30)

Total Chargeable days - in house

Total days	1,020

Sickness

(bar chart: categories r, t, f, e, k, m, x, s, z, h, a, d; y-axis 0 to 10)

Available days per Auditor

(bar chart: categories k, d, f, h, x, e, m, r, t, s, a, z; y-axis 160 to 220)

Other Non-chargeable days*

(bar chart: categories e, a, m, f, t, k, z, x, h, s, r, d; y-axis 0% to 20%)

Epping Forest   14.8%   *Average*   *12.3%*

*This is displayed as a percentage of all available days, including Agency Staff and Bought-In Audit.

Epping Forest

OVERHEAD COSTS - 2006/07 Estimates

£'k per FTE
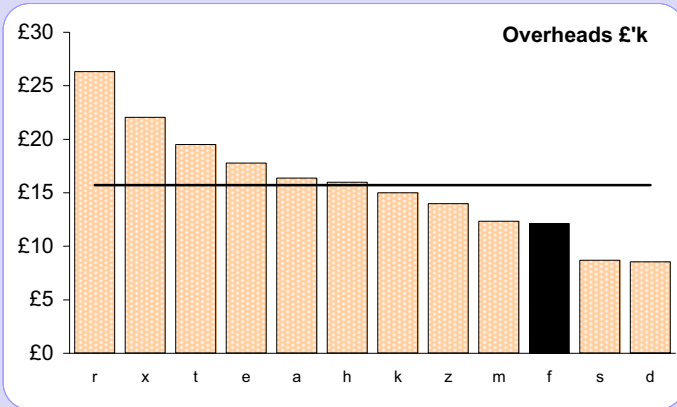
Overheads £'k

Overhead costs

	£'k	£'k/FTE	Avg
Transport & Travel	6	1.1	0.6
Other running costs	12	2.1	2.4
Accommodation	15	2.7	3.0
IT	24	4.3	2.8
Other central charges	11	2.0	7.0
	68	12.1	15.7
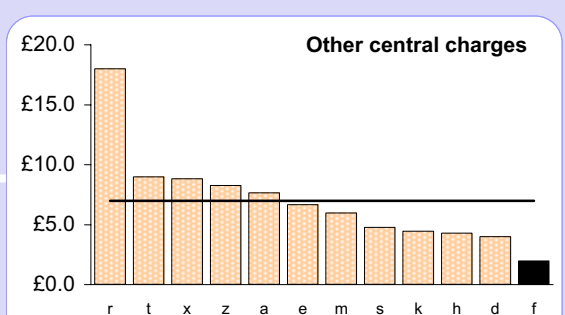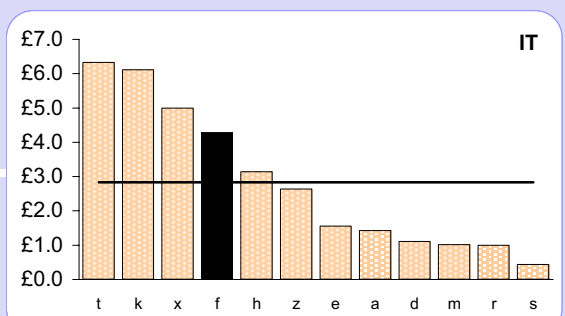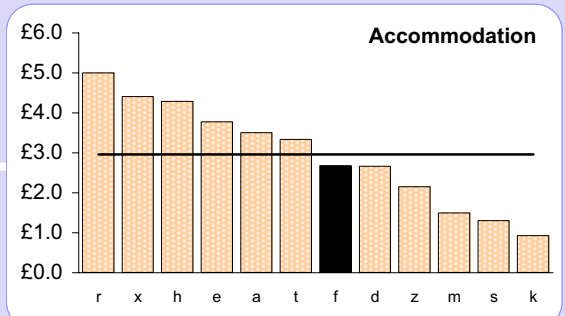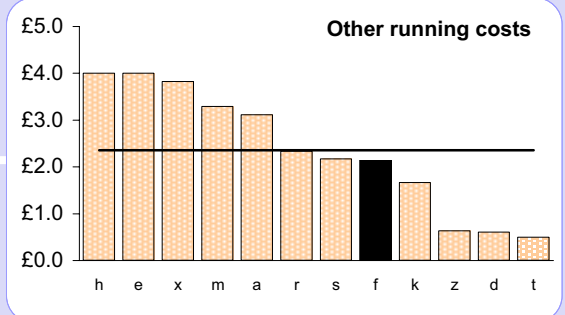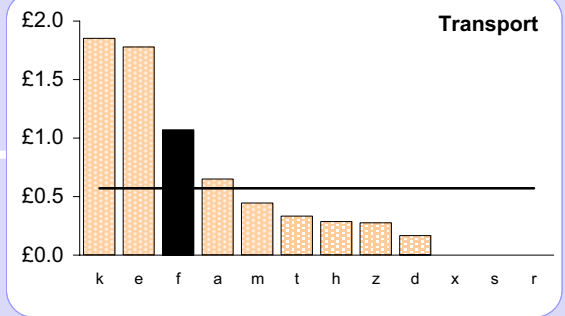
Transport

Other running costs

Accommodation

IT

Other central charges

Epping Forest

SECTION 2 - AUDIT COVERAGE

AUDIT DAYS PER £'m 2006/07

by type of audit

Days per £'m

Chart axis (left): 16.0, 14.0, 12.0, 10.0, 8.0, 6.0, 4.0, 2.0, 0.0

Chart labels (bottom): x e z f a d k t h m s r
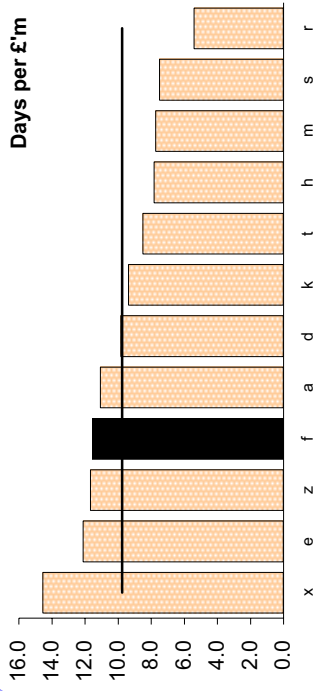
	Days	days/£'m	avg
Gross Turnover £'m	88.1		
Audit days per £m			
Fundamental financial systems	345	3.92	2.19
Assurance work on other systems	343	3.89	3.45
Corporate governance	45	0.51	0.49
Educational Establishment audit	0	0.00	0.00
Other Establishment audit	47	0.53	0.49
Audit of IT systems	60	0.68	0.68
Fraud etc	55	0.62	0.49
Contract audit	15	0.17	0.33
Consultancy, advice	50	0.57	0.72
Other	10	0.11	0.50
Contingency*	50	4.9%	4.6%
	1,020	11.58	9.76

Fundamental financial systems

Chart axis (left): 5.00, 4.00, 3.00, 2.00, 1.00, 0.00
Chart labels (bottom): f x e t k d s m h z r a

Assurance work on other systems

Chart axis (left): 8.00, 6.00, 4.00, 2.00, 0.00
Chart labels (bottom): a x z d f e t h m k s r

Corporate governance

Chart axis (left): 1.50, 1.00, 0.50, 0.00
Chart labels (bottom): h k e t f a m d x s z r

Educational Establishment audit

Chart axis (left): 1.00, 0.80, 0.60, 0.40, 0.20, 0.00
Chart labels (bottom): z x t s r m k h f e d a

Other Establishment Audit

Chart axis (left): 2.50, 2.00, 1.50, 1.00, 0.50, 0.00
Chart labels (bottom): s r e f k z x t m h d a

Contingency

Chart axis (left): 15%, 10%, 5%, 0%
Chart labels (bottom): k e m h f z d x t s r a

Audit of IT systems

Chart axis (left): 1.20, 1.00, 0.80, 0.60, 0.40, 0.20, 0.00
Chart labels (bottom): k x z e s h f m t r a d

Fraud etc

Chart axis (left): 1.20, 1.00, 0.80, 0.60, 0.40, 0.20, 0.00
Chart labels (bottom): x k a f s h t r m e d z

Contract audit

Chart axis (left): 1.00, 0.80, 0.60, 0.40, 0.20, 0.00
Chart labels (bottom): e x m s t h d z f k a r

Consultancy, advice

Chart axis (left): 2.50, 2.00, 1.50, 1.00, 0.50, 0.00
Chart labels (bottom): z x e k m a h f t d r s

Other

Chart axis (left): 2.00, 1.50, 1.00, 0.50, 0.00
Chart labels (bottom): t m r a d x s h z f k e

*Contingency is shown as a percentage of the total number of days

FUNDAMENTAL FINANCIAL SYSTEMS - AVG DAYS PER YEAR OVER PLANNING CYCLE - with no adjustment for size of authority

2006/07

Average days audit per year

	Days pa	avg
Payroll	30	18
Debtors	30	18
Creditors	30	17
Main Accounting	25	12
Cash/bank	30	17
Budgetary control	20	9
Overall Systems	20	5
Council Tax	30	16
NNDR	25	15
Procurement	30	11
Housing Rents	25	13
Housing Benefits	35	27
Treasury Management	20	8
Others	0	1
Total	350	187
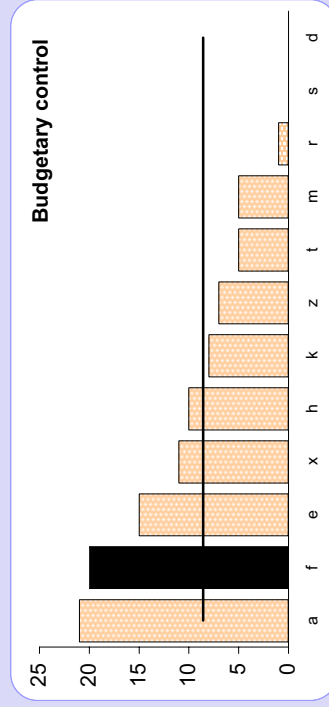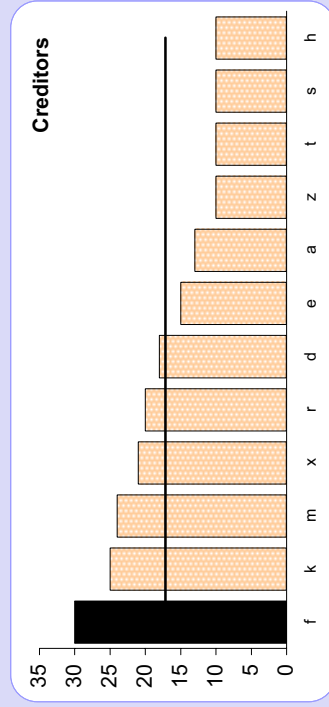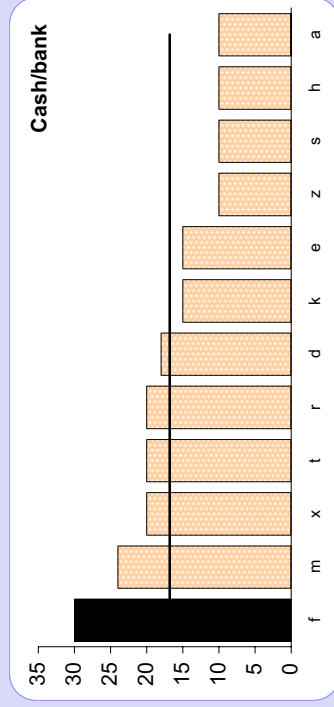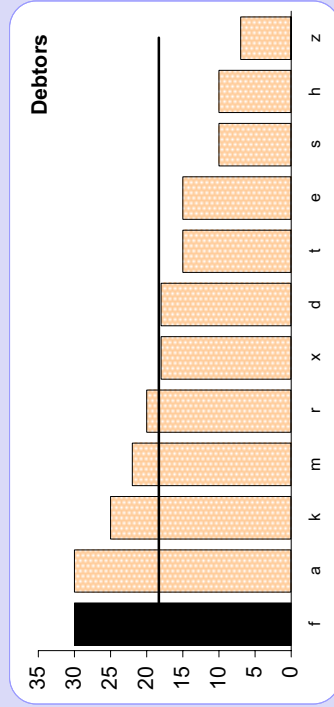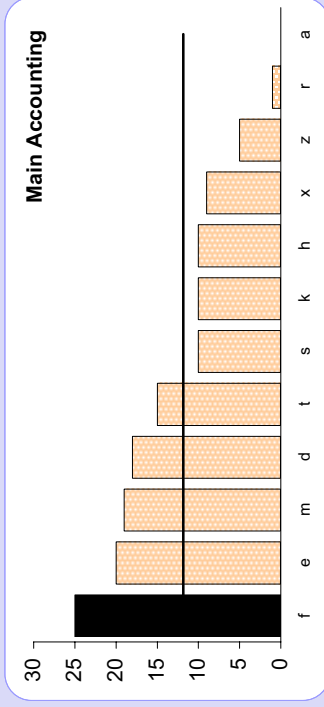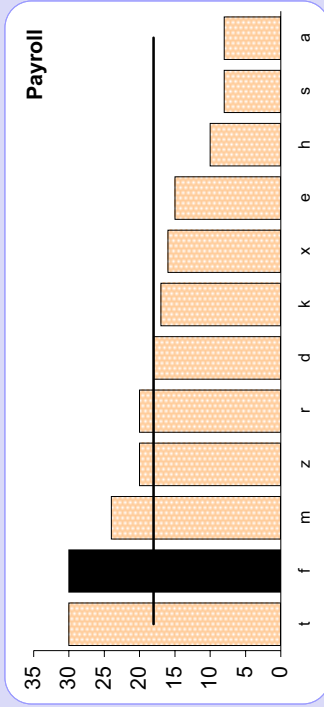
Payroll

Main Accounting

Debtors

Cash/bank

Creditors

Budgetary control

FUNDAMENTAL FINANCIAL SYSTEMS (continued) - AVG DAYS PER YEAR OVER PLANNING CYCLE - with no adjustment for size of authority

2006/07

Housing Rents

Overall Systems

Housing Benefits

Council Tax

Treasury Management

Procurement

Others

NNDR

Page 44

SECTION 3 - STAFFING

Staff Salary Bandings as at 31 March 2006
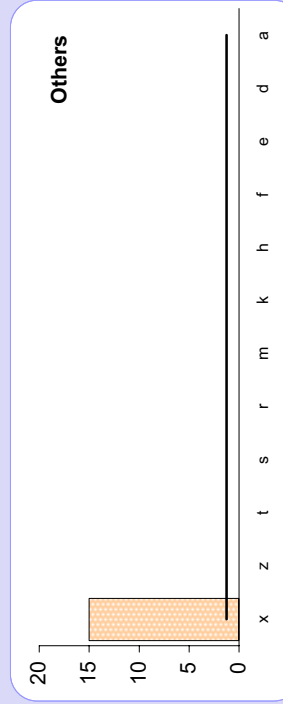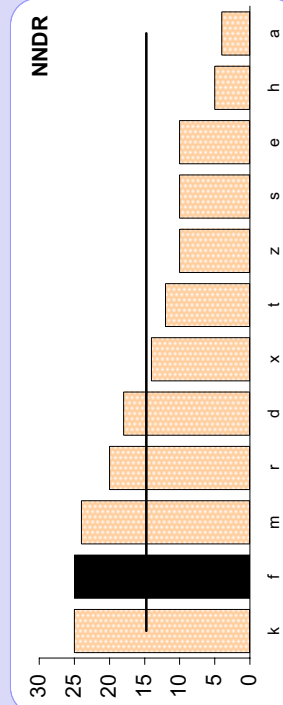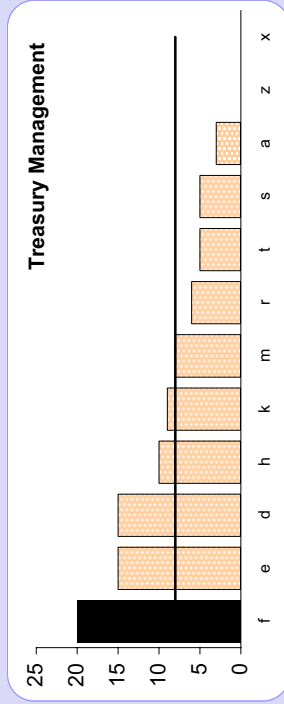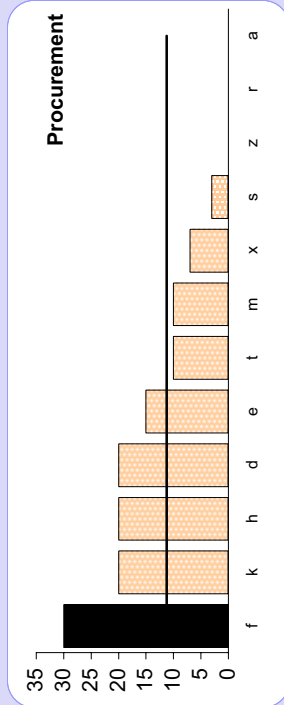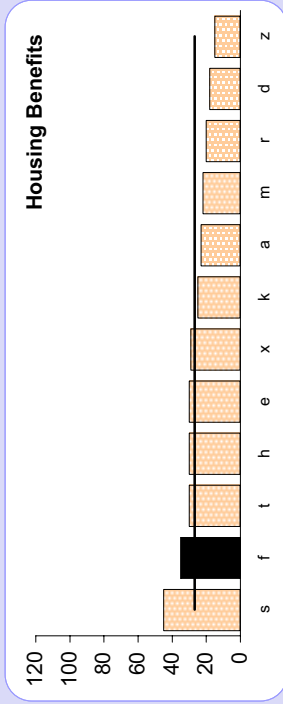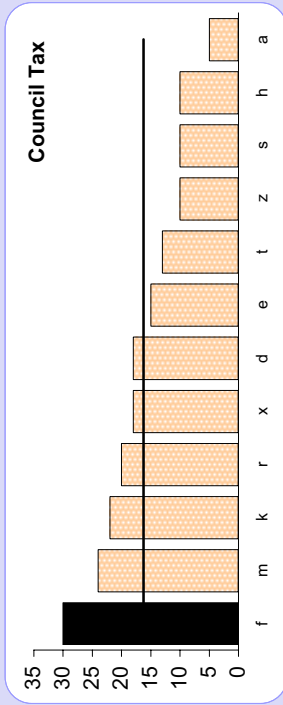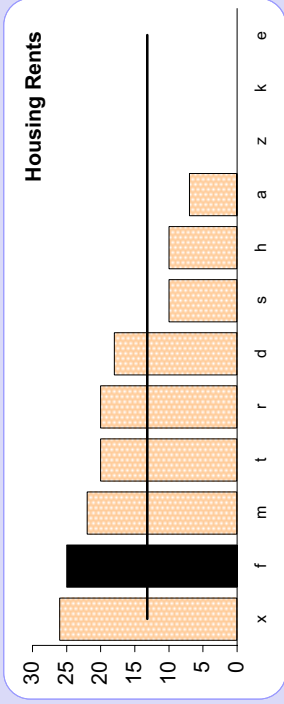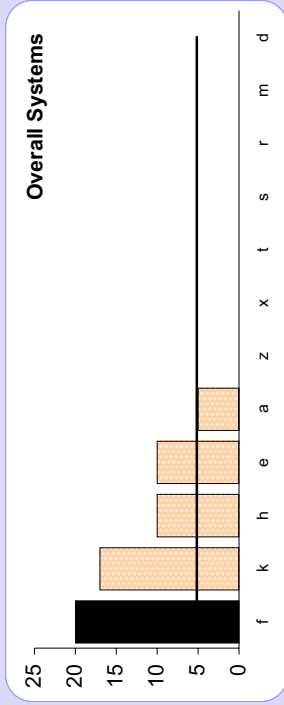
under £20k

£30-35k

£20-25k

£35-40k
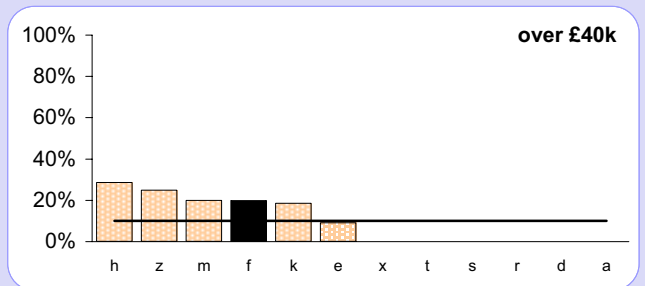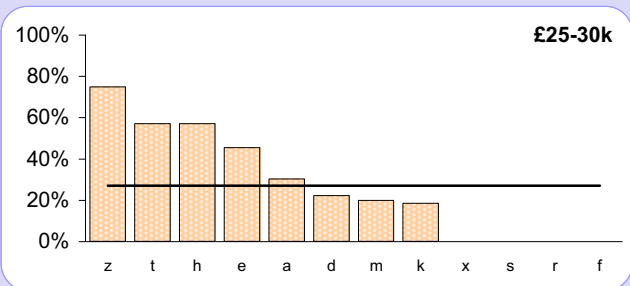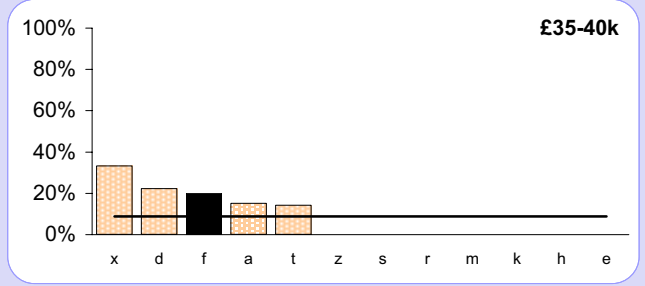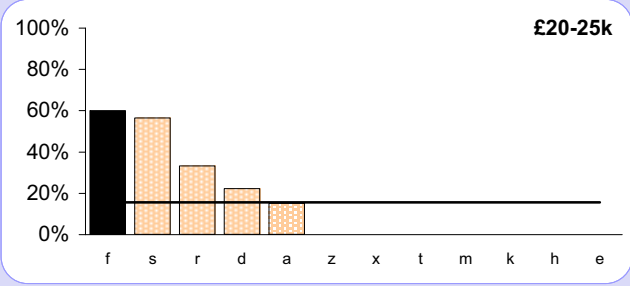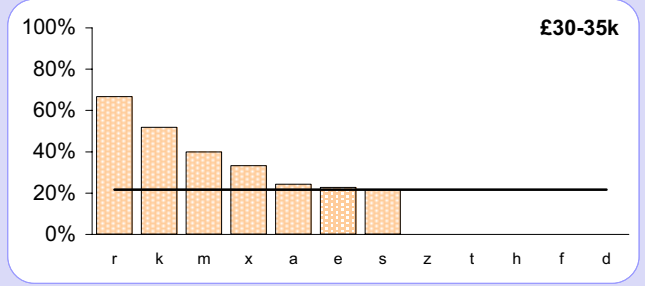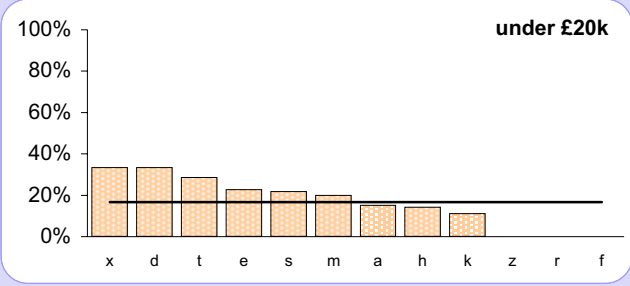
£25-30k

over £40k

Salary bandings	FTE	%	*Avg*		FTE	%	*Avg*
under £20k	0.0	0%	*17%*	£30-35k	0.0	0%	*22%*
£20-25k	3.0	60%	*16%*	£35-40k	1.0	20%	*9%*
£25-30k	0.0	0%	*27%*	over £40k	1.0	20%	*10%*
					5.0		

Qualifications

CCAB/MIIA

AAT
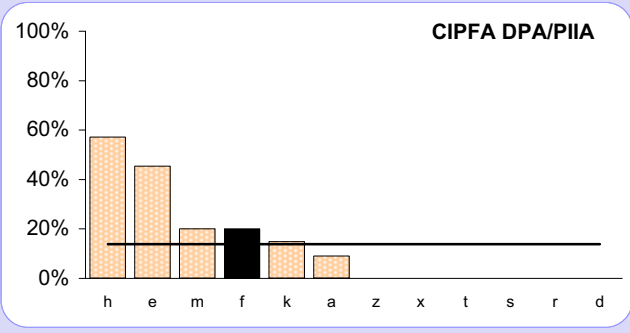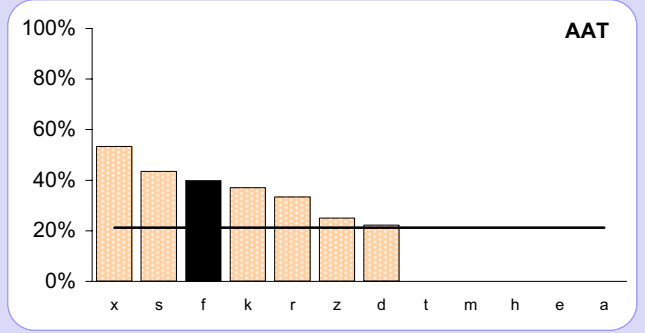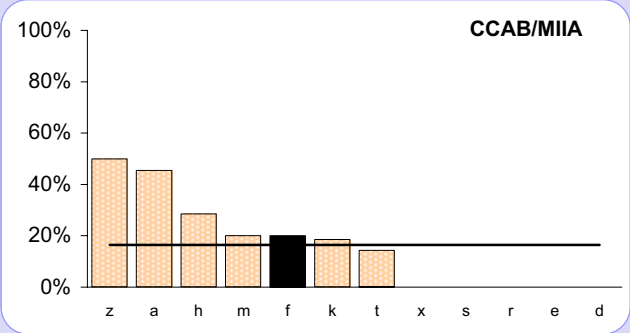
CIPFA DPA/PIIA

Qualifications	FTE	%	*avg*
CCAB/MIIA	1.0	20%	*16%*
CIPFA DPA/PIIA	1.0	20%	*14%*
AAT	2.0	40%	*21%*
Other specialists	0.0	0%	*8%*
Part Qual/Trainees	0.0	0%	*6%*
Non-Qualified	1.0	20%	*31%*
	5.0		

Epping Forest

SECTION 4 - TIMESERIES
Estimates: e.g. 2006 refers to this years 2006/07 estimates

The 2006 averages are the actual club averages. For previous years, the averages shown here are scaled up or down from the 2006 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.

Cost per £m

Cost per Day (net)

Days per £m

Cost per LA Auditor £k

Days per LA Auditor

KEY: *Club Average - Black Line*   *Epping Forest - Crosses*

Timeseries data							
	2000	2001	2002	2003	2004	2005	2006
Cost £000*	213	219	233	245	267	274	282
FTE Auditors	6.0	6.0	6.0	6.0	6.0	6.1	5.6
Cost per LA Auditor £k	£35,500	£36,500	£38,833	£40,833	£44,500	£44,918	£50,357
Average	*£35,090*	*£36,047*	*£38,487*	*£40,549*	*£43,760*	*£45,966*	*£49,488*
Days per LA Auditor	188	188	173	165	176	178	182
Average	*168*	*164*	*167*	*172*	*176*	*178*	*176*
Cost per £m	£3,672	na	£2,913	£2,852	£2,670	£2,425	£3,201
Average	*£2,848*	*£2,670*	*£2,714*	*£2,754*	*£2,906*	*£2,643*	*£2,886*
Cost per Day (net)	£189	£192	£224	£246	£253	£253	£276
Average	*£198*	*£213*	*£224*	*£232*	*£252*	*£259*	*£276*
Mainline Audit Days	1,125	1,125	1,038	1,020	1,054	1,083	1,020
Turnover £m	58	0	80	88	100	113	88
Days per £m	19.4	na	13.0	11.6	10.5	9.6	11.6
Average	*13.7*	*12.1*	*11.8*	*11.7*	*11.5*	*10.2*	*10.6*

* Figure shown is the cost of your In-House Audit section

Epping Forest

CIPFA
IPF

**Audit Benchmarking Club
2006**

Epping Forest District Council

compared with

Shire districts

01/08/2006

PREFACE

This report compares your data with the group of authorities specified on the title page.

Throughout the report your figures are shown in tables and in graphical form. If you are not familiar with our reports we hope this page will help you to better understand the way we present this data.

Averages: Almost all of our tables and charts compare your figure with a group average. The average is the unweighted mean value for the group. This average value ignores missing data, or data that we have excluded and for this reason sets of averages sometimes do not reconcile precisely.

Charts: We display a large amount of data on charts as this allows us to show the data for the entire group efficiently and gives far more information than a simple average (i.e. range of data, individual authority values etc…). Below we have annotated an example chart to help explain what they show.

Bar Charts: These are our standard method of displaying a full set of data

Each bar represents an authority's value

Title

Your authority's bar highlights in black

20-25k

The group average is shown by a horizontal line

'Missing bars' on the left represent missing data or excluded data and are not included in calculating the average

'Missing bars' on the right represent zero values and are included in the average

Salary Bandings	FTE	%	Avg
under 20k	0.9	14%	15%
20-25k	3.4	54%	26%
25-30k	1.5	24%	61%
30-35k	0	0%	2%

INTRODUCTION

This report compares your performance with the group of authorities specified on the title page. It is divided into four sections.

Section 1 - Cost Analysis
This section shows the analysis of audit costs for 2005/06 actuals and 2006/07 estimates. The main benchmarks are cost per audit day, cost per £m turnover and chargeable days per auditor.

Section 2 - Audit Coverage
This section looks at audit days per £m gross revenue turnover and the split by type of audit. It then goes on to analyse the days spent on fundamental financial systems. It then analyses audit days per £m gross revenue turnover by service and finally looks at sample times spent on establishment audits.

Section 3 - Staffing
This section shows salary bandings and staff qualifications.

Section 4 - Timeseries
This section is particularly useful as it shows performance over time compared with the tier average. The timeseries shown are for cost per £m gross revenue turnover, cost per audit day, audit days per £m gross revenue turnover, cost per auditor and chargeable days per auditor.

Section 5 - Quartiles
This section compares a member's figures with the quartile figures for the tier of authority. The quartile information is only included with the final reports.

SECTION 1 - COST ANALYSIS

2005/06 ACTUALS

This tree diagram starts with the audit cost/£m of gross turnover and breaks it down to cost/audit day and audit days/£m gross turnover. The cost/audit day is further analysed by cost/auditor and audit days/auditor. Finally cost/auditor is split between pay and overheads. For each benchmark two figures are given, the first being the authority's value and the second (in italics) is the group average.

```
                                                                    Staff cost
                                                                    £34,510     £34,363
                                         Cost per auditor ──┐
                                         £47,255   £47,630  │
                    Cost per audit day                      │
              in house  £296     £272                       └── Overheads
              net to LA £291     £271 ─┐                         £12,745     £13,267
                                      ─┘
                                                                 see page 4
Cost per £m Gross Turnover ─┬──→
   £3,297    £2,709         │                   Days per auditor
                           └──→                      159        176

                                                    see page 3


                     Audit days / £m
                        11.33     10.16
```
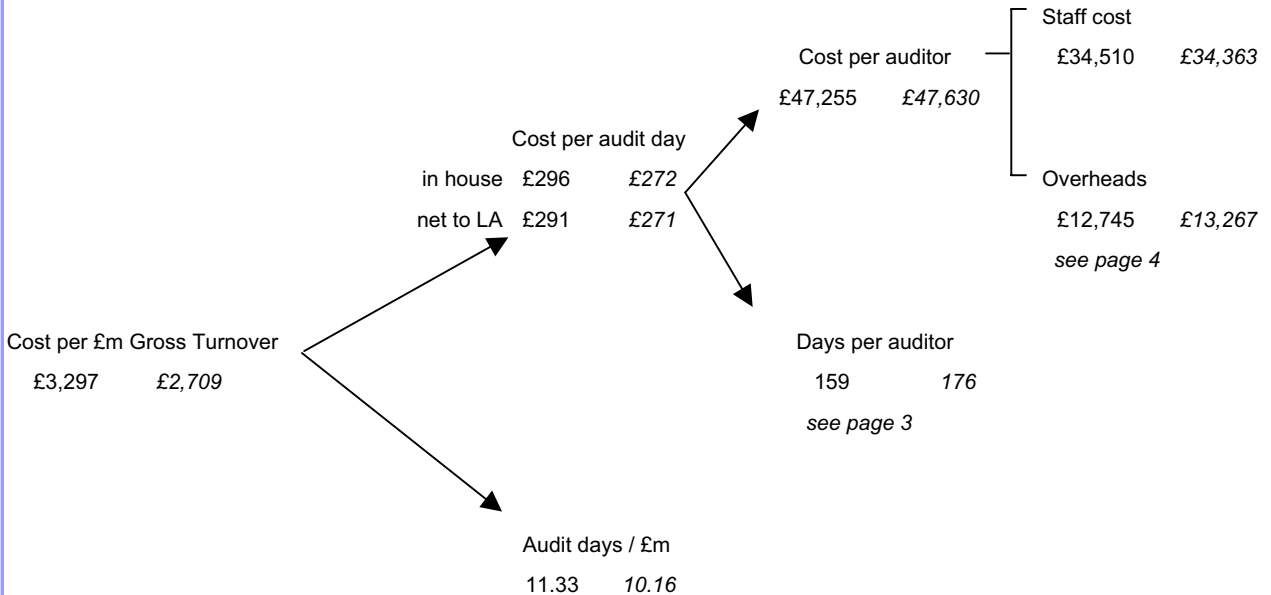
Chargeable Audit days

	Audit Days	Cost £'k	Cost/ day	Avg
In-house	813	241	£296	£272
Bought-in [+]	156	41	£263	£277
Gross	969	282	£291	£272
Charged out	0	0	na	£273
Net to LA	969	282	**£291**	**£271**
Excluded work	0	0		
Mainline audit	**969**	**282**		

[+] Bought-in days are shown inclusive of non-chargeable days to show a consistent cost/day figure.

Basic data

	Authority
Gross Turnover £m	£85.5
FTE staff (on payroll)	5.1
FTE agency staff	0.0
Staff cost (on payroll) £'000	£176.0
Agency Staff cost £'000	£0.0
Overheads cost £'000	£65.0

Benchmarks

	Authority	Avg
Audit days per £m gross turnover	11.33	10.16
Cost per £m gross turnover	£3,297	£2,709
Days per auditor (staff on payroll)*	159	176
Cost per auditor (all staff)	£47,255	£47,630
Staff cost per auditor (all staff)	£34,510	£34,363
Overheads cost per auditor (all staff)	£12,745	£13,267

*see page 3 for details

Epping Forest

2005/06 ACTUALS

Audit cost per £m Turnover

Cost per Chargeable Day

Days/£'M

Cost per Auditor (In-House) £'k

Chargeable days per Auditor

Pay £'k

Overheads £'k

Epping Forest

CHARGEABLE DAYS PER AUDITOR - 2005/06 Actuals

"Non-chargeable days"

Chargeable days per Auditor

Staff (Payroll)	5.1
Agency Staff	0.0

Chargeable days - Staff on payroll

		days/FTE	avg
Total days pa	1330	260.8	*260.7*
Non-productive days:			
Bank holidays	27	5.3	*6.2*
Annual leave	131	25.7	*28.6*
Special leave	179	35.1	*5.0*
Sickness	38	7.5	*6.0*
Training - Audit qualification	12	2.4	*2.8*
- other	8	1.6	*6.4*
Available Days	935	183.3	*205.9*
Other non-chargeable days	122	23.9	*29.9*
Chargeable days	813	159.4	*175.9*

### Chargeable days - Agency Staff

Total agency staff days	0.0
Non-chargeable days	0.0
Chargeable agency staff days	0.0

Total Chargeable days - in house

Total days	813

Available Days per Auditor

Bank holidays

Annual leave

Training

Sickness
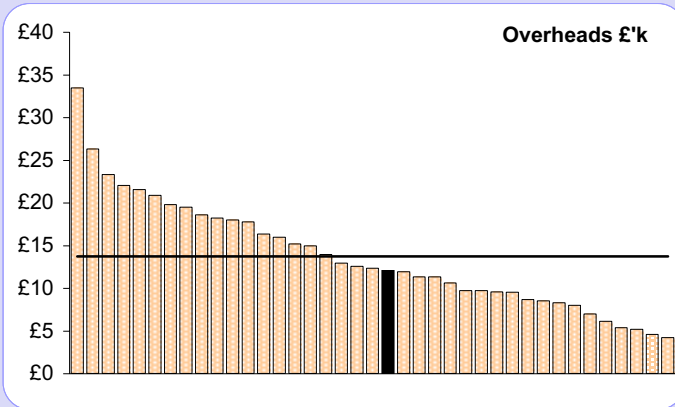

Other Non-chargeable days*

Epping Forest   11.2%   *Average   13.9%*

*This is displayed as a percentage of all available days, including Agency Staff and Bought-In Audit.

Epping Forest

OVERHEAD COSTS - 2005/06 Actuals

£'k per FTE

Total
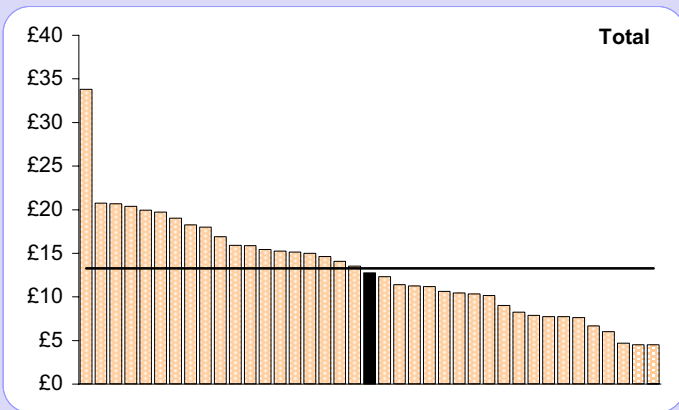
Overhead costs

	£'k	£'k/ FTE	*Avg*
Transport & Travel	4	0.8	*0.7*
Other running costs	9	1.8	*2.0*
Accommodation	14	2.7	*2.5*
IT	19	3.7	*2.9*
Other central charges	19	3.7	*5.2*
	65	12.7	*13.3*

Transport

Running Costs

Accommodation

IT

Central Charges

Epping Forest

2006/07 ESTIMATES

This tree diagram starts with the audit cost/£m of gross turnover and breaks it down to cost/audit day and audit days/£m gross turnover. The cost/audit day is further analysed by cost/auditor and audit days/auditor. Finally cost/auditor is split between pay and overheads. For each benchmark two figures are given, the first being the authority's value and the second (in italics) is the group average.

Pay
£38,214   *£35,738*

Cost per auditor
£50,357   *£49,488*

Overheads
£12,143   *£13,750*

see page 8

Cost per audit day
in house   £276   *£281*
net to LA £276   *£276*

Days per auditor
182   *176*

see page 7

Cost per £m Gross Turnover
£3,201   *£2,886*

Audit days per £m
11.58   *10.58*

see Section 2
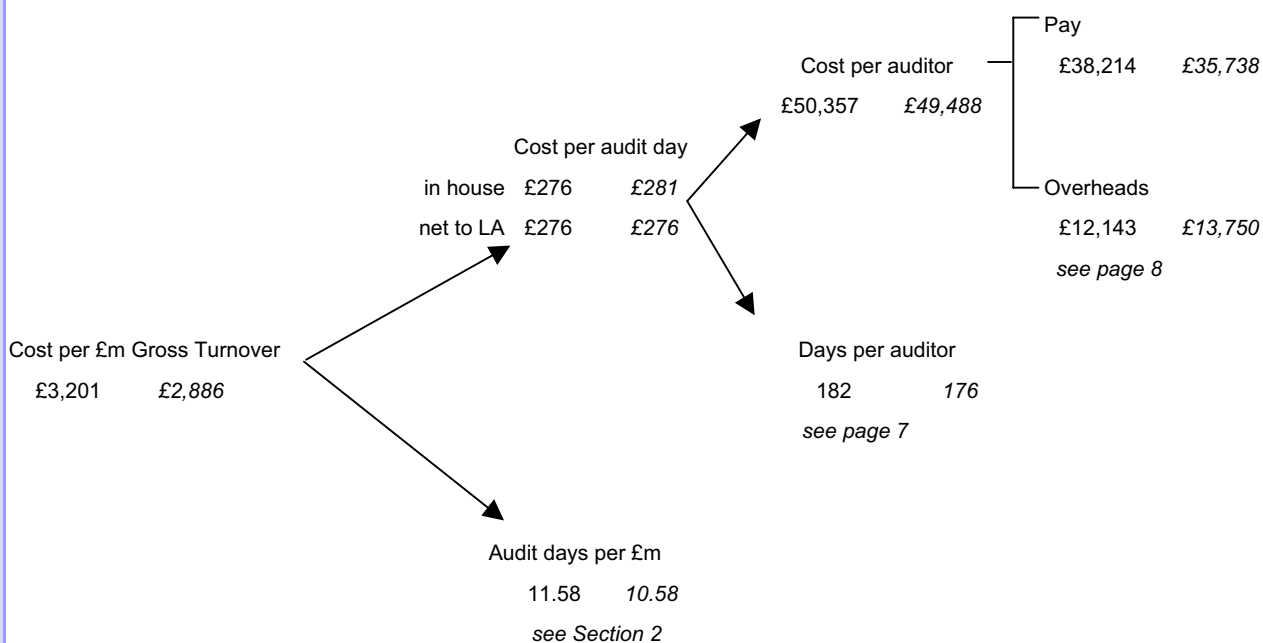
Chargeable Audit days

	Audit Days	Cost £'000	Cost/ day	*Avg*
In-house	1020	282	£276	*£281*
bought in	0	0	na	*£293*
Gross	1020	282	£276	*£277*
Charged out	0	0	na	*£262*
Net to LA	1020	282	**£276**	*£276*
Excluded work	0	0		
Mainline audit	**1020**	**282**		

Basic data   Authority

Gross Turnover £m	£88.1
FTE staff (on payroll)	5.6
FTE agency staff	0.0
Staff cost (on payroll) £'000	£214.0
Agency Staff cost £'000	£0.0
Overheads cost £'000	£68.0

Benchmarks   Authority   *Avg*

Audit days per £m gross turnover	11.58	*10.58*
Cost per £m gross turnover	£3,201	*£2,886*
Days per auditor (staff on payroll)*	182	*176*
Cost per auditor (all staff)	£50,357	*£49,488*
Staff cost per auditor (all staff)	£38,214	*£35,738*
Overheads cost per auditor (all staff)	£12,143	*£13,750*

*see page 7 for details
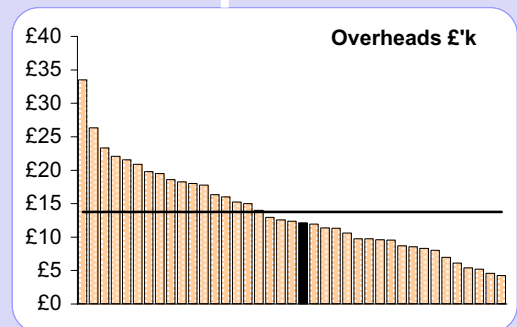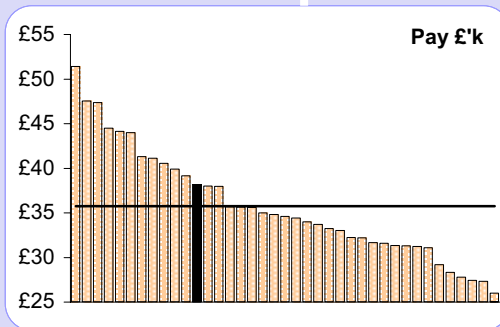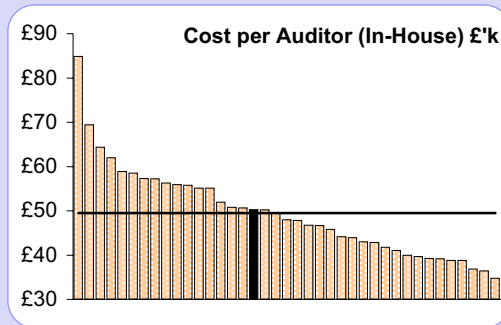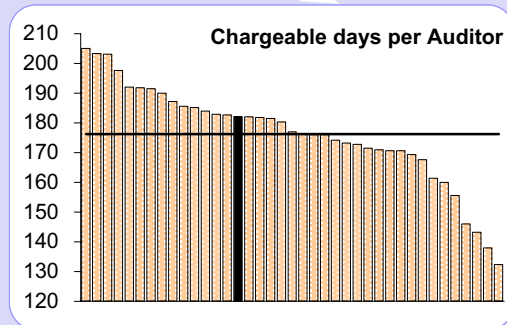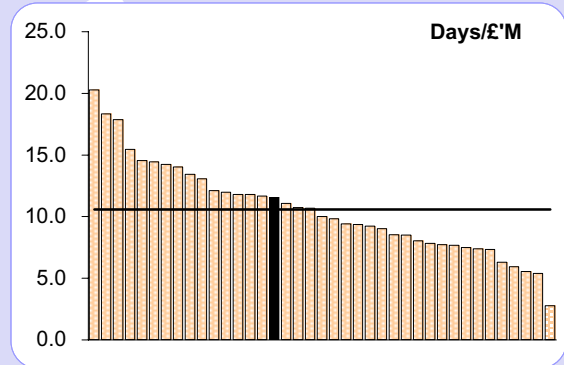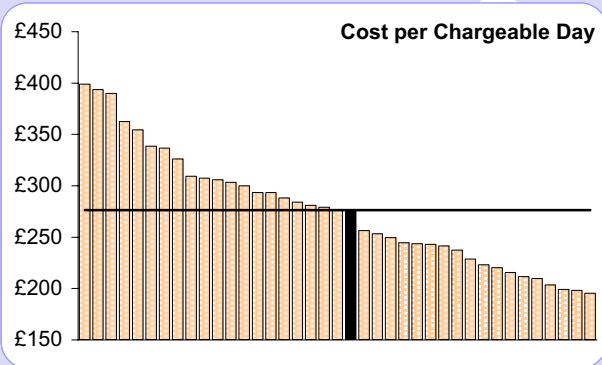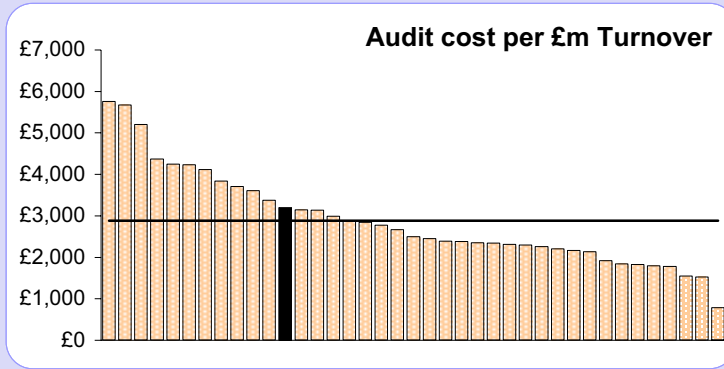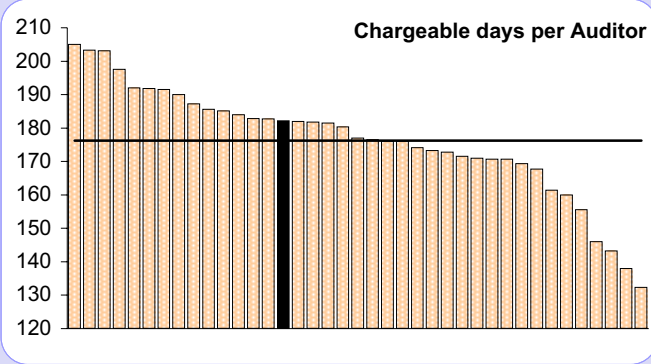
Epping Forest

2006/07 ESTIMATES

Audit cost per £m Turnover

Cost per Chargeable Day

Days/£'M

Chargeable days per Auditor

Cost per Auditor (In-House) £'k

Pay £'k

Overheads £'k

CHARGEABLE DAYS PER AUDITOR - 2006/07 Plan

"Non-chargeable days"

Chargeable days per Auditor

FTE Auditors	5.6

Chargeable days - Staff on payroll

		days/FTE	avg
Total days pa	1,466	261.8	*259.8*
Non-productive days:			
Bank holidays	45	8.0	*7.9*
Annual leave	153	27.3	*29.3*
Special leave	4	0.7	*4.3*
Sickness	32	5.7	*4.6*
Training - Audit qualification	12	2.1	*3.5*
- other	23	4.1	*6.0*
Available Days	1,197	213.8	*204.1*
Non-chargeable days	177	31.6	*27.9*
Chargeable days	1,020	182.1	*176.2*

Chargeable days - Agency Staff

Total agency staff days	0.0
Non-chargeable days	0.0
Chargeable agency staff days	0.0

Total Chargeable days - in house

Total days	1,020

Available days per Auditor

Bank holidays

Annual leave

Training

Sickness
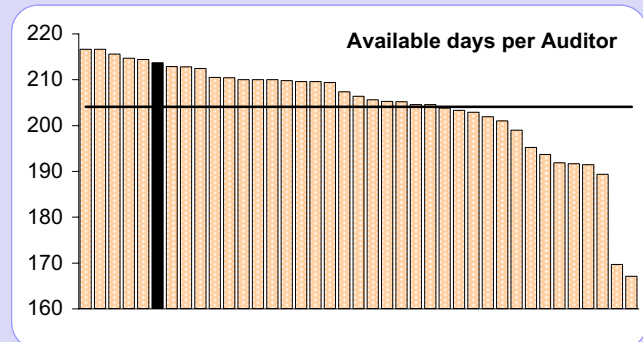
Other Non-chargeable days*
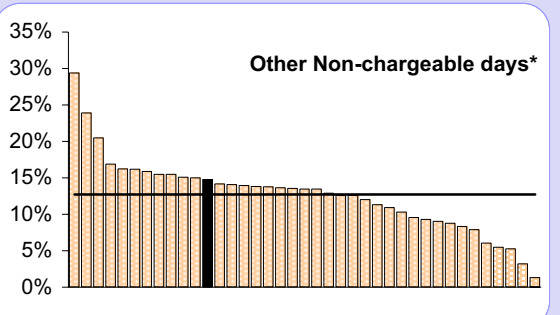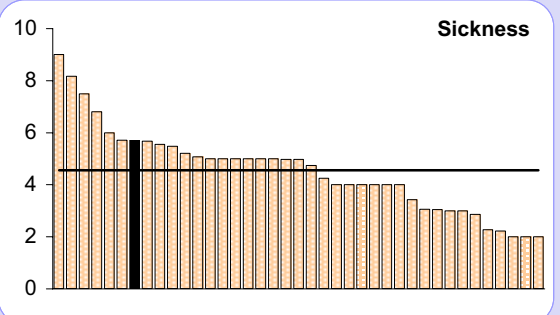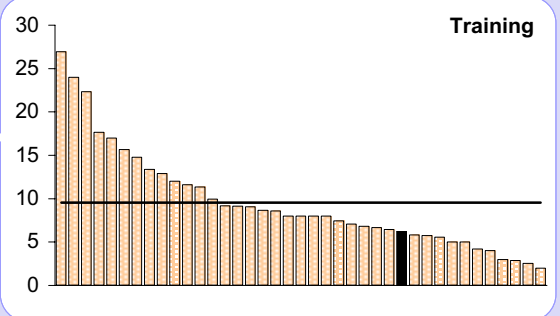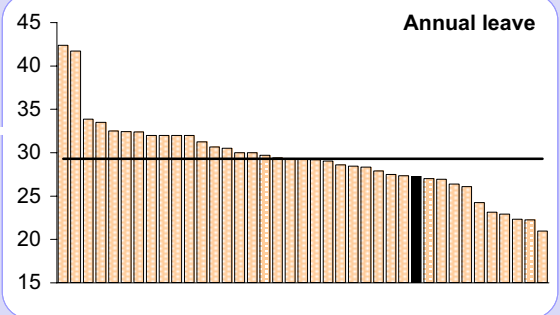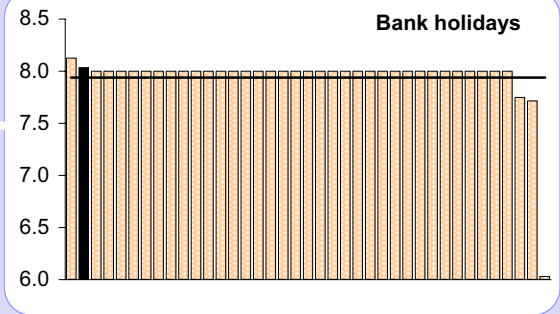
Epping Forest   14.8%   *Average*   *12.7%*

*This is displayed as a percentage of all available days, including Agency Staff and Bought-In Audit.

Epping Forest

OVERHEAD COSTS - 2006/07 Estimates

£'k per FTE

Overheads £'k

Transport

Other running costs

Accommodation

IT

Other central charges

Overhead costs

	£'k	£'k/FTE	Avg
Transport & Travel	6	1.1	0.8
Other running costs	12	2.1	1.9
Accommodation	15	2.7	2.4
IT	24	4.3	3.1
Other central charges	11	2.0	5.5
	68	12.1	13.7
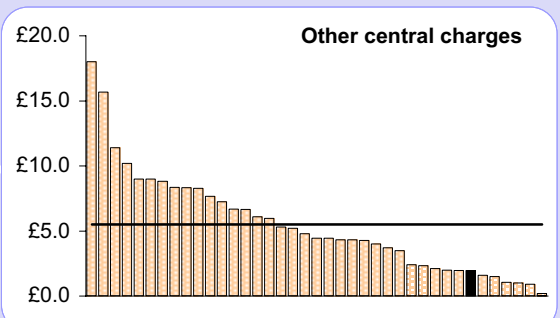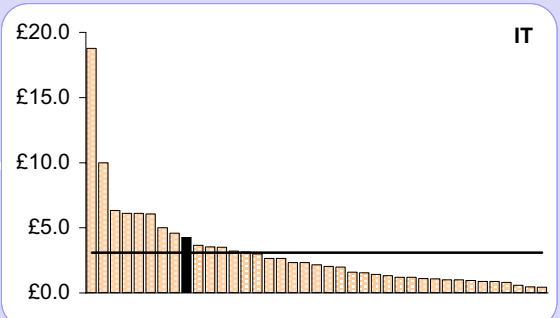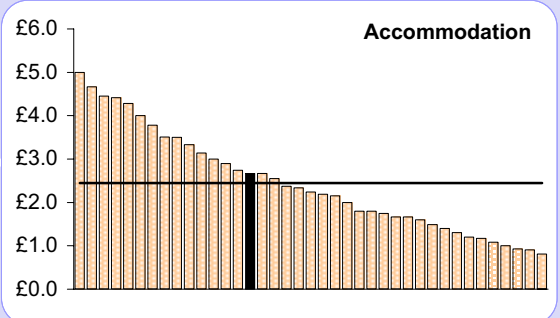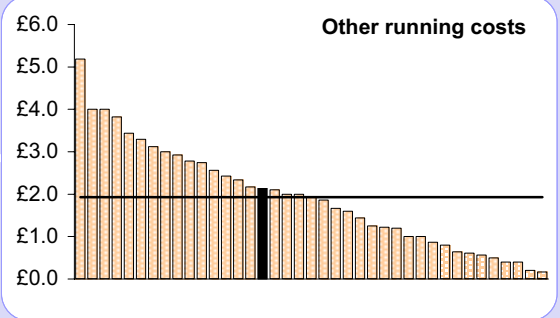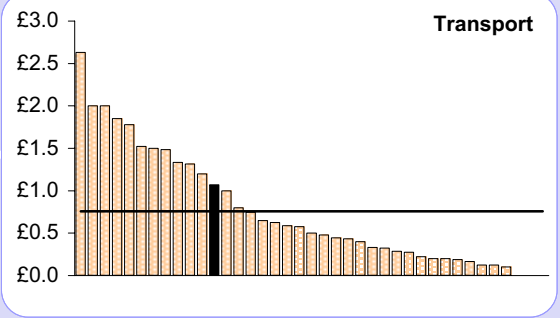
SECTION 2 - AUDIT COVERAGE

AUDIT DAYS PER £'m 2006/07

by type of audit
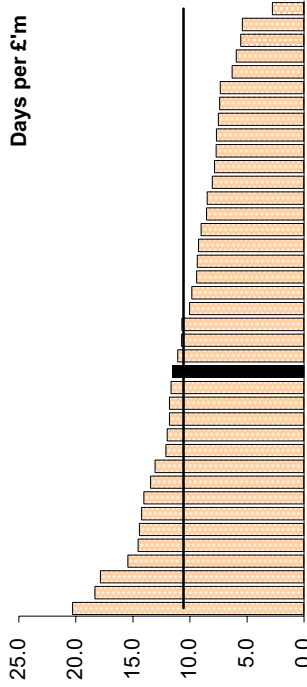
Days per £'m

Gross Turnover £'m 88.1

Audit days per £m	Days	days/£m	avg
Fundamental financial systems	345	3.92	2.85
Assurance work on other systems	343	3.89	3.11
Corporate governance	45	0.51	0.72
Educational Establishment audit	0	0.00	0.00
Other Establishment audit	47	0.53	0.58
Audit of IT systems	60	0.68	0.65
Fraud etc	55	0.62	0.44
Contract audit	15	0.17	0.39
Consultancy, advice	50	0.57	0.59
Other	10	0.11	0.83
Contingency*	50	4.9%	4.4%
	1,020	11.58	10.58
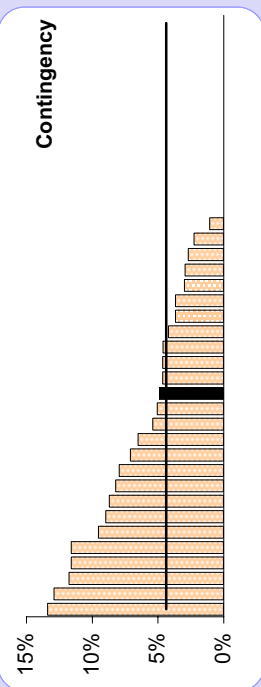
Audit of IT systems

Fundamental financial systems

Fraud etc

Assurance work on other systems

Contract audit

Corporate governance

Consultancy, advice

Educational Establishment audit

Other

Other Establishment Audit

Contingency

Contingency is shown as a percentage of the total number of days

Epping Forest

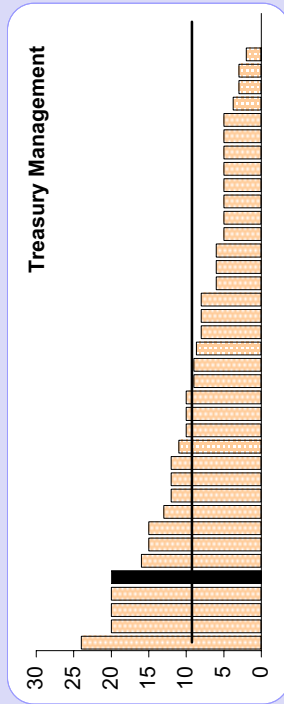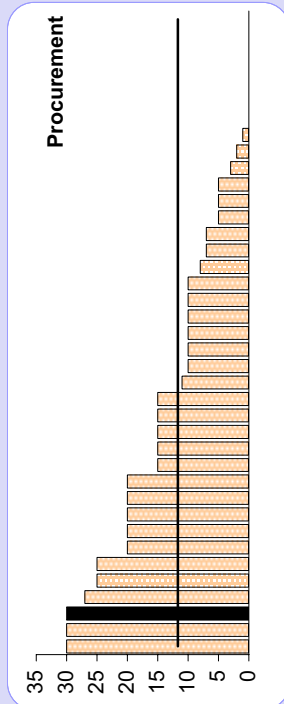**FUNDAMENTAL FINANCIAL SYSTEMS - AVG DAYS PER YEAR OVER PLANNING CYCLE - with no adjustment for size of authority**

2006/07

Main Accounting

Cash/bank

Budgetary control
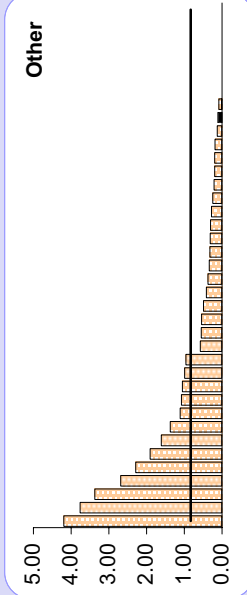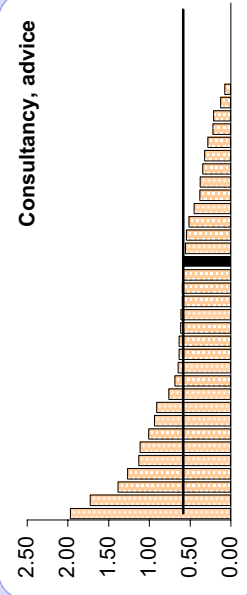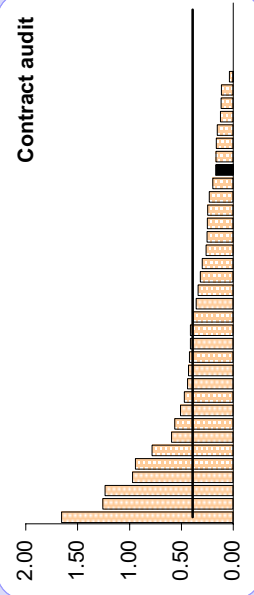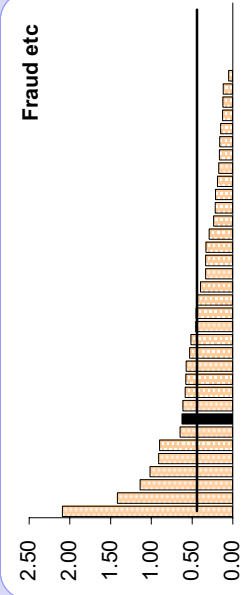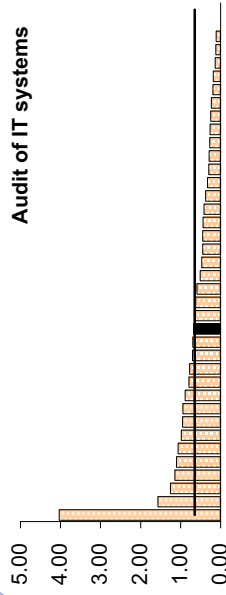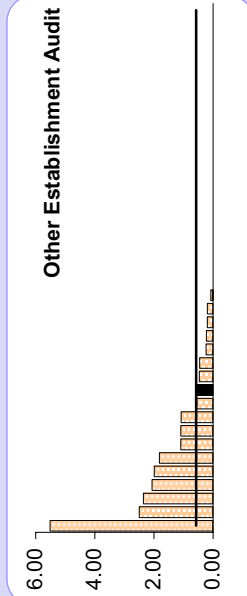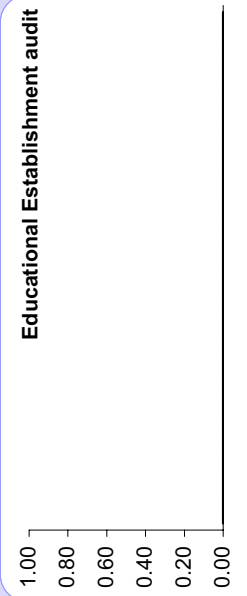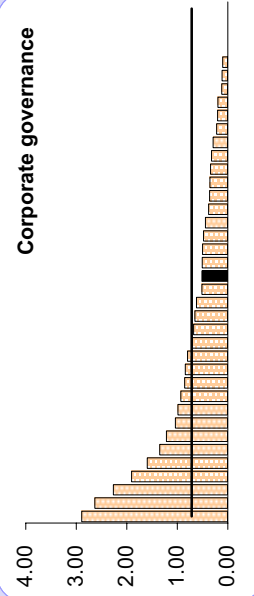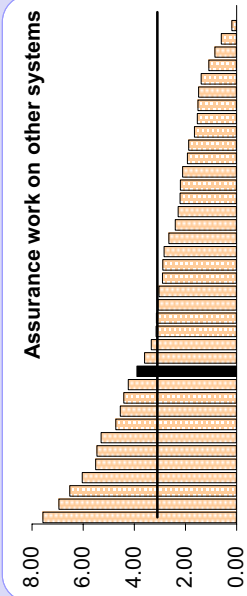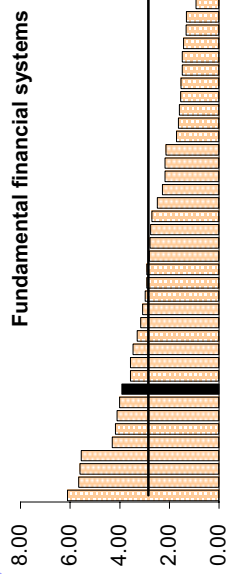
Payroll

Debtors

Creditors

Average days audit per year

|	Days pa	avg
Payroll	30	18
Debtors	30	16
Creditors	30	19
Main Accounting	25	14
Cash/bank	30	16
Budgetary control	20	6
Overall Systems	20	6
Council Tax	30	15
NNDR	25	13
Procurement	30	12
Housing Rents	25	11
Housing Benefits	35	31
Treasury Management	20	9
Others	0	5
Total	350	191
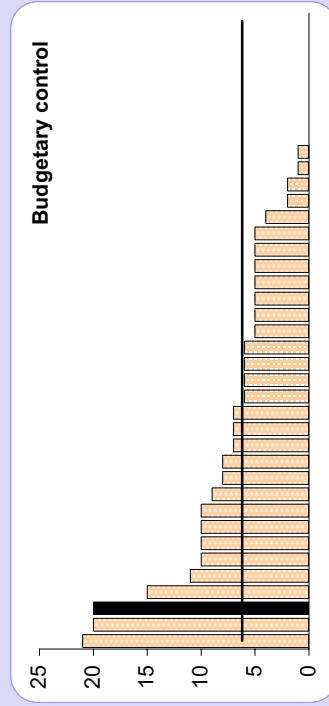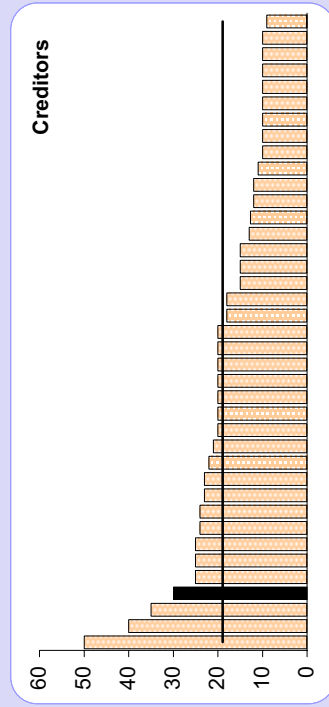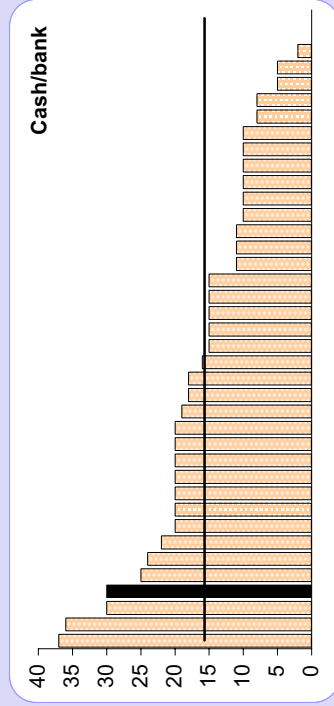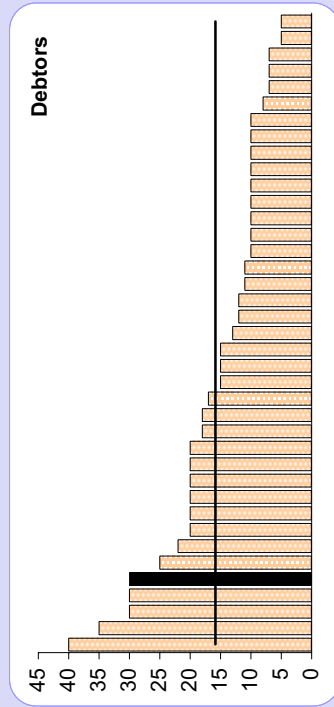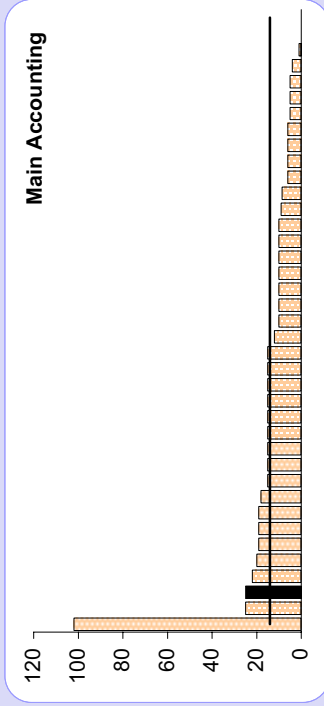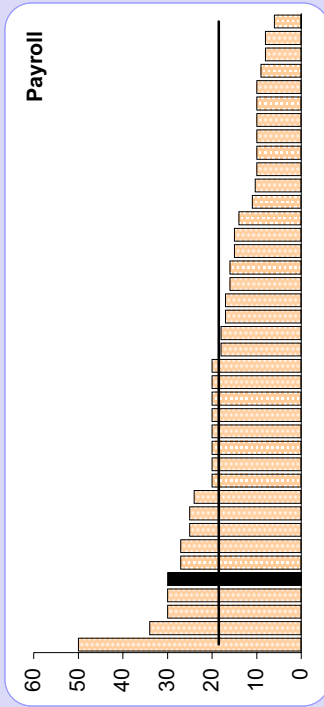
Page 59

FUNDAMENTAL FINANCIAL SYSTEMS (continued) - AVG DAYS PER YEAR OVER PLANNING CYCLE - with no adjustment for size of authority

2006/07

Housing Rents
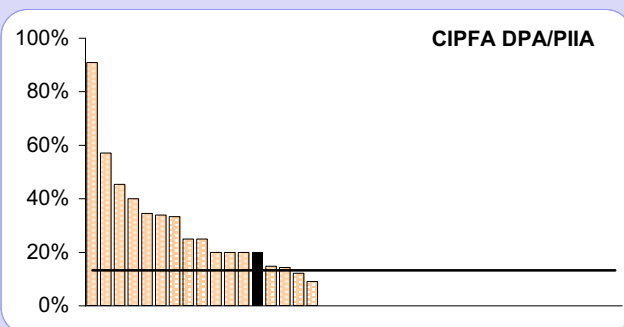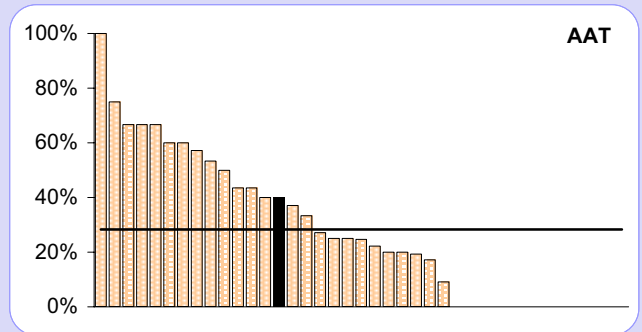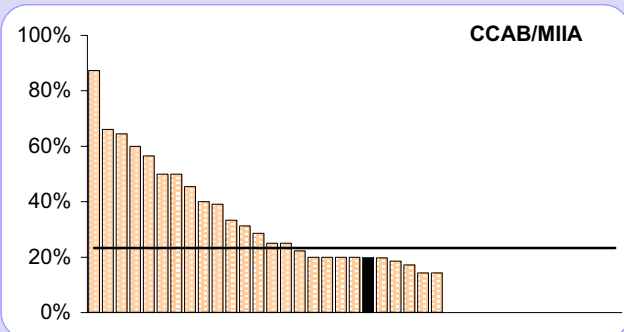
Housing Benefits

Treasury Management

Others

Overall Systems

Council Tax

Procurement

NNDR

SECTION 3 - STAFFING

Staff Salary Bandings as at 31 March 2006
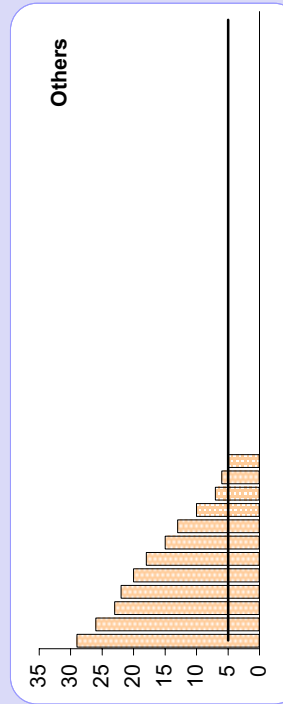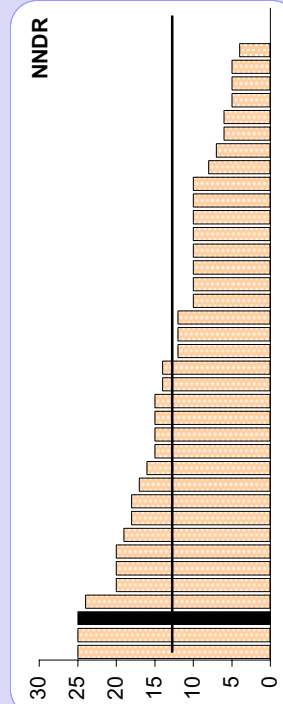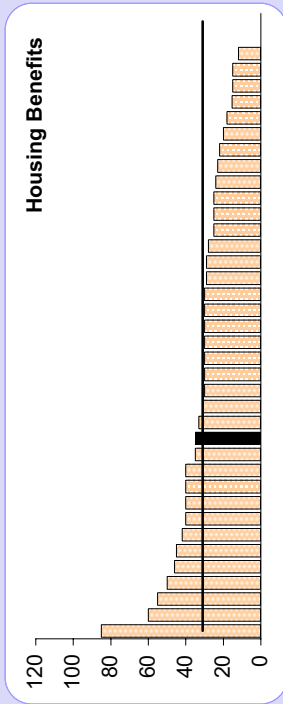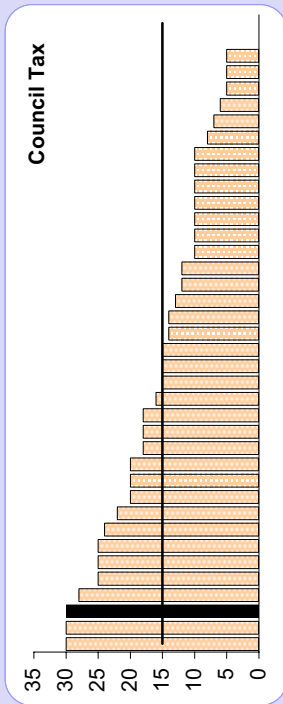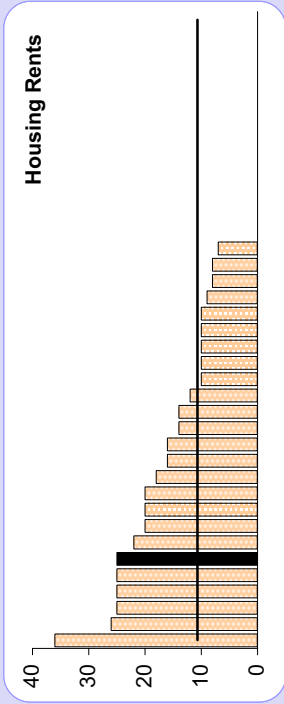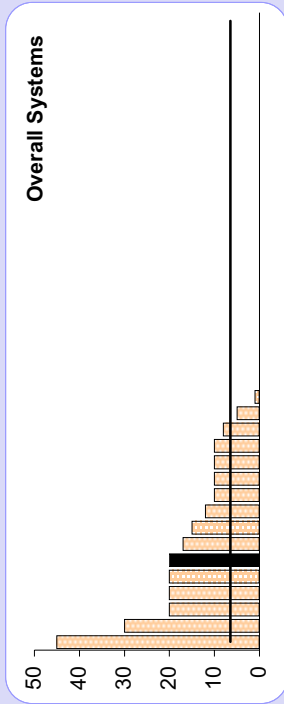
under £20k

£30-35k

£20-25k

£35-40k
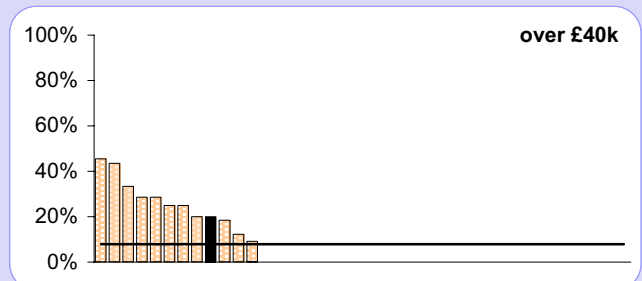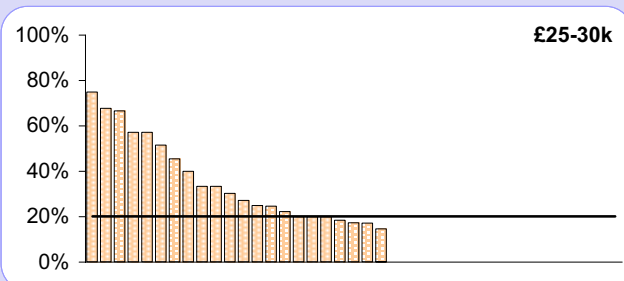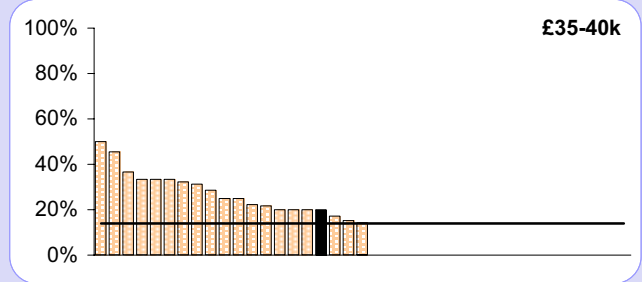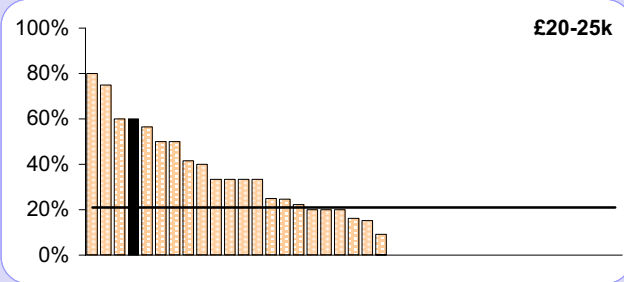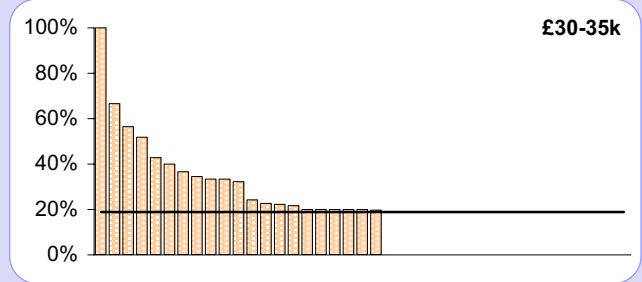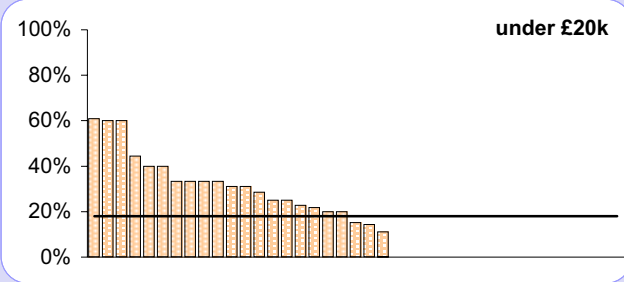
£25-30k

over £40k

Salary bandings							
	FTE	%	Avg		FTE	%	Avg
under £20k	0.0	0%	18%	£30-35k	0.0	0%	19%
£20-25k	3.0	60%	21%	£35-40k	1.0	20%	14%
£25-30k	0.0	0%	20%	over £40k	1.0	20%	8%
					5.0		

Qualifications

CCAB/MIIA

AAT

CIPFA DPA/PIIA

Qualifications			
	FTE	%	avg
CCAB/MIIA	1.0	20%	23%
CIPFA DPA/PIIA	1.0	20%	13%
AAT	2.0	40%	28%
Other specialists	0.0	0%	6%
Part Qual/Trainees	0.0	0%	15%
Non-Qualified	1.0	20%	14%
	5.0		

Epping Forest

SECTION 4 - TIMESERIES
Estimates: e.g. 2006 refers to this years 2006/07 estimates

The 2006 averages are the actual club averages. For previous years, the averages shown here are scaled up or down from the 2006 figure based on the average rate of change in each year. This is calculated using data from members who supplied figures in consecutive years, otherwise the simple average in each year would be distorted by changes in the composition of the club from year to year.

Cost per Day (net)

Cost per £m

Days per £m

Cost per LA Auditor £k

Days per LA Auditor

KEY: *Club Average - Black Line*   *Epping Forest - Crosses*

Timeseries data	2000	2001	2002	2003	2004	2005	2006
Cost £000*	213	219	233	245	267	274	282
FTE Auditors	6.0	6.0	6.0	6.0	6.0	6.1	5.6
Cost per LA Auditor £k	£35,500	£36,500	£38,833	£40,833	£44,500	£44,918	£50,357
Average	*£35,090*	*£36,047*	*£38,487*	*£40,549*	*£43,760*	*£45,966*	*£49,488*
Days per LA Auditor	188	188	173	165	176	178	182
Average	*168*	*164*	*167*	*172*	*176*	*178*	*176*
Cost per £m	£3,672	na	£2,913	£2,852	£2,670	£2,425	£3,201
Average	*£2,848*	*£2,670*	*£2,714*	*£2,754*	*£2,906*	*£2,643*	*£2,886*
Cost per Day (net)	£189	£192	£224	£246	£253	£253	£276
Average	*£198*	*£213*	*£224*	*£232*	*£252*	*£259*	*£276*
Mainline Audit Days	1,125	1,125	1,038	1,020	1,054	1,083	1,020
Turnover £m	58	0	80	88	100	113	88
Days per £m	19.4	na	13.0	11.6	10.5	9.6	11.6
Average	*13.7*	*12.1*	*11.8*	*11.7*	*11.5*	*10.2*	*10.6*

* Figure shown is the cost of your In-House Audit section

Epping Forest

SECTION 5 - QUARTILE FIGURES

Shire districts

2005/06	Epping Forest	*Average*	Lower Quartile	Median	Upper Quartile
Cost/auditor £000					
Pay	£34.5	*£34.4*	£30.5	£34.0	£38.7
Overheads	£12.7	*£13.3*	£8.6	£12.7	£16.4
Total	£47.3	*£47.6*	£41.2	£47.3	£55.3
Days per Auditor	159	*176*	165	177	191
Cost per Day (net to LA)	£291	*£271*	£238	£270	£294
Days per £'m	11.33	*10.16*	7.90	9.52	12.35
Cost per £'m	£3,297	*£2,709*	£2,042	£2,504	£3,169

2006/07	Epping Forest	*Average*	Lower Quartile	Median	Upper Quartile
Cost/auditor £000					
Pay	£38.2	*£35.7*	£31.5	£34.6	£39.5
Overheads	£12.1	*£13.7*	£9.1	£12.4	£18.1
Total	£50.4	*£49.5*	£41.4	£48.0	£55.8
Days per Auditor	182	*176*	171	177	185
Cost per Day (Net to LA)	£276	*£276*	£233	£277	£307
Days per £'m	11.58	*10.58*	7.78	10.02	12.60
Cost per £'m	£3,201	*£2,886*	£2,183	£2,495	£3,493

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