

Report to the Cabinet

Report reference: C/096/2007-8.
Date of meeting: 4 February 2008



**Epping Forest
District Council**

Portfolio: Finance, Performance Management and Corporate Support Services.

Subject: Internal Audit – Proposed Waiver of Contract Standing Orders.

Officer contact for further information: Joe Akerman (01992 – 564446).

Democratic Services Officer: Gary Woodhall (01992 – 564470).

Recommendations/Decisions Required:

That, in order to support the completion of the Internal Audit Plan in 2007-08, Contract Standing Order C4 (Competitive Quotations) be waived and Deloitte & Touche Public Sector Internal Audit Ltd be engaged to undertake further audit work up to the revised budget of £13,410.

Report:

1. A small part of the Internal Audit budget (3.2%) has been used in recent years to provide specialist audit services, and to assist in the completion of planned audits at times when the Team has suffered from shortages due to sickness and maternity leave. In the past the budget was variable and subject to the level of staff vacancies.

2. The original audit contractor budget for 2007-08 was set at £9,000, funded by the deletion of a vacant half post of Administrative Assistant. Further adjustments to working hours have been agreed with two members of staff during 2007-08, with the residual salary saving being transferred to the audit contractor budget to assist the delivery of the Audit Plan. The revised budget for audit contractors in the current year is now £13,410.

3. To date in 2007-08, £6,400 has been committed with 'Deloitte & Touche Public Sector Internal Audit Ltd', following a competitive quotation process earlier in the year, in accordance with Contract Standing Orders (CSOs). As a result, reports on two of the Council's key financial systems were produced in the third quarter.

4. Finance Services (Accountancy) have engaged the tax advisory arm of Deloitte & Touche LLP in 2007-08 to undertake a review of VAT in the context of off street car parking, including the submission of an appeal to the VAT and Duties Tribunal on the Council's behalf. The estimated cost of the consultancy is £3,500.

5. The overall level of work placed with Deloitte in 2007-08 is therefore just under £10,000, and is within the relevant quotation threshold in CSOs.

6. CSOs require that where the aggregate sum payable to one supplier (in this case the Deloitte corporation) exceeds the prescribed limits of authority (in this case £10,000), a further competitive process should be undertaken, or a waiver of Standing Orders sought. It is planned to utilise the remainder of the audit contractor budget in 2007-08, to undertake further planned audits before the end of the current financial year.

7. In the current circumstances it would normally be necessary to seek three quotes prior to commissioning any further audit work from Deloitte in 2007-08. However, that firm has submitted competitive prices in the market over the last two years, and the work has been to the expected standard. It would also be beneficial to take advantage of the familiarity of Deloitte's staff with the Council's systems, in undertaking two further audits before the end

of the current financial year, in relation to the Council's contract partnering arrangements and system of corporate procurement. Deloitte have confirmed that they will retain their existing daily rates for the remainder of 2007-08.

8. The use of the audit contractors' budget in 2008-09 will be subject to new competitive quotations as in previous years.

Statement in Support of Recommended Action:

9. The waiver of CSOs will facilitate the effective use of the Internal Audit contractor budget in 2007-08, with value for money having been demonstrated by an earlier competitive quotation process.

Other Options for Action:

10. To seek further competitive quotations.

Consultation Undertaken:

11. With the Officer Corporate Governance Group.

Resource implications:

Budget provision: £13,410, within the existing Internal Audit revised budget for 2007-08.

Personnel: Not applicable.

Land: Not applicable.

Council Plan/BVPP reference: Not applicable.

Relevant statutory powers: Accounts and Audit Regulations.

Background papers: Quotations retained on file.

Environmental/Human Rights Act/Crime and Disorder Act Implications: Not applicable.

Key Decision reference: Not a key decision.