

Report to the Audit and Governance Committee

Date of meeting: 24 November 2008



**Epping Forest
District Council**

Subject: Internal Audit Benchmarking.

Responsible Officer: Joe Akerman (01992 564446).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

To note that the additional information provided in this report confirms the earlier conclusion that EFDC's Internal Audit costs and other performance indicators are close to the average for the comparator group.

Summary

1. The purpose of the report is to provide the Committee with further benchmarking data following a request at the last meeting, when the Committee considered a report on CIPFA's annual benchmarking exercise for 2008.

Background

2. At the last meeting, the Committee noted and commented upon on the results of the CIPFA Internal Audit benchmarking exercise for 2008. The report compared the performance of EFDC Internal Audit with the other shire districts that chose to participate in the Club. The comparisons were presented in numbers, charts and time series, with comparisons of actual figures for 2007/08 and estimates/plans for 2008/09.
3. The output from the exercise comprised two reports. The first report compared EFDC with all shire districts. The second report was in the same format but was based on a comparison with ten other districts across southern England chosen because they display similar characteristics to EFDC, including a fully in-house audit service.
4. During the discussion of the item, comment was made regarding the summary data presented in respect of the second report, which had been provided by CIPFA in respect of 2008/09 estimated expenditure. It was agreed that similar summary data, based on 2007/08 actual expenditure, would also be sought in case this provided a different overall picture of unit costs between authorities. Further information is provided in paragraphs 5 to 7. A question was also asked regarding the nature of 'Strategic Risks' included in the returns, and EFDC's position at below average for this category in the benchmarking reports. This issue is covered in paragraph 8.

Supplementary Benchmarking Information

5. Following the last meeting, further summary data for the sample comparator group has been obtained from CIPFA for 2007/08 actual expenditure and is presented in the appendix. The figures for EFDC are highlighted, the other authorities have been anonymised at CIPFA's request. This does not dilute the use of the data, as the purpose of the report is to compare EFDC's costs in general terms with the comparator group, rather than focus on a specific comparator authority.
6. The following comments are made in the context of the benchmarking data for both years, including the new summary data for 2007/08 included in the attached table:

- The cost per auditor including overheads was around the group averages in both years despite the specific cost factors applying to EFDC, related to its proximity to London. The increase between the two years for EFDC is accounted for by inflation, however there are wide variations for several of the comparator authorities. This was mainly due to the level of overheads not appearing to vary in line with staffing changes between the two years.
 - The average number of chargeable days and estimated cost per audit day for both years are also close to the average. There are wide variations between the two years for three of the comparator authorities, which could be explained by factors such as sickness absence.
 - The overall cost per audit day is a reflection of the other two columns in the table commented on above, and shows a consistent position for EFDC because the staffing numbers, costs and time analysis remained stable over the two years covered by the current benchmarking report.
7. The earlier report concluded that the cost, coverage and performance of the Internal Audit service at EFDC remains at or around the average for the majority of the key indicators covered by the survey. This conclusion is also borne out by the comparisons with other districts using the additional summary data for 2007/08, notwithstanding the variations included in those authorities' returns between the two years.

Strategic Risks

8. The EFDC benchmarking return for 2007/08 categorised two audits as addressing strategic risks, namely corporate procurement and data security. The returns for the comparator group have been compared with EFDC's submission. The variations reflect the differences in authorities' risk profiles based on their local circumstances and key priorities. For example, some authorities have included audits of performance and partnerships in the 'strategic risk' category, whereas EFDC categorised these topics as 'corporate governance' and 'operational' respectively. Had the items been categorised as strategic by EFDC the position would have been closer to the average in all three categories. In addition, some authorities had included certain service audits as strategic, which no doubt reflects their relative priority in those authorities, but raises issues of interpretation and consistency that can arise in statistical comparisons. These issues will be reviewed when compiling and interpreting the returns next year.

Resource implications

From existing resources

Legal and Governance Implications

The use of benchmarking data to assist in assessing service quality and value for money is an established part of the Authority's governance arrangements.

Safer, Cleaner and Greer Implications

No specific implications

Consultation Undertaken

Corporate Executive Forum

Background Papers

CIPFA Benchmarking reports

Impact Assessments

The benchmarking reports draw attention to any areas where the Internal Audit costs and coverage are markedly different to other districts. There are no equalities impacts.

SUMMARY DATA - Epping Forest

Appendix

	FTE Auditors		Cost per Auditor (£)			Chargeable days per Auditor (in-house)			Overall cost per day (in-house) (£)			Days bought in	
	2007/08 Actual	2008/09 Est.	2007/08 Actual	2008/09 Est.	% inc / dec	2007/08 Actual	2008/09 Est.	%inc/dec	2007/08 Actual	2008/09 Est.	% inc/dec	2007/08 Actual	2008/09 Est.
Epping Forest	5	4.9	52,727	55,510	5.28	173	176	1.73	305	315	3.28	40	45
a	3.6	3.6	53,361	57,639	8.02	181	189	4.42	294	305	3.74	25	30
b	5.7	7.2	51,327	49,030	-4.48	176	178	1.14	288	275	-4.51	35	-
c	3.8	3	45,733	52,000	13.70	191	181	-5.24	239	288	20.50	-	-
d	7.1	6.6	55,507	61,212	10.28	153	175	14.38	351	337	-3.99	-	-
e	3	2	52,000	57,000	9.62	187	186	-0.53	279	306	9.68	48	186
f	5.4	5.5	62,407	62,909	0.80	176	171	-2.84	355	367	3.38	-	-
g	3.6	4.5	52,222	40,000	-23.40	141	192	36.17	333	204	-38.74	-	-
h	4	4	40,125	41,275	2.87	182	193	6.04	221	214	-3.17	-	-
l	3	2.2	54,633	70,455	28.96	105	197	87.62	520	357	-31.35	-	-
j	3	2.1	55,333	67,143	21.34	186	189	1.61	298	355	19.13	22	23
Average			52,307	55,834		168	184		317	302			