

By: Roger Gough – Member for Corporate Support Services
and Performance Management
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To: Governance and Audit Committee – 15 September
2010
Subject: INTERNAL AUDIT BENCH MARKING RESULTS
Classification: Unrestricted

Summary: This report summarises the 2009/10 Internal Audit Benchmarking Results.

FOR INFORMATION

INTRODUCTION

1. Internal Audit is a member of the CIPFA/IPF Audit Benchmarking Club. Through this, information about Internal Audit's costs and productivity is compared against other county councils. We also compare our costs and productivity to the previous years to establish if we are improving and/or areas where we need to improve.
2. Our benchmarking results have remained relatively similar to 2008/09. The number of 'chargeable' days per auditor has decreased slightly from 181 to 179, but is still above the average of 177. This is a comparison against all county councils that submitted data (20); Appendix A details the comparator group. Chargeable days represent the number of days that are spent on direct audit or audit related work. Non chargeable days represent non audit work for example administration, team meetings etc.
3. However, all staff are committed to continuous improvement and to increasing their chargeable time. To achieve this we continued the action that we had started in the previous year as detailed below -
 - We reviewed the way we used our internal time recording system to ensure that any non chargeable time could be quickly identified and monitored;
 - All staff were set targets for their chargeable time and this was monitored regularly during 'one to ones', reported on a monthly basis and discussed at each team meeting;
 - All potential chargeable work was identified in advance (for example pro active fraud work, completing terms of

references etc) so that any 'down time' and potential non chargeable time was minimised.

4. An area that was identified as needing addressing from the 2008/09 benchmarking was our charge out rates. This has improved in 2009/10. One of the reasons is that we have introduced more detailed coding within the time recording system so that external work can be better identified and therefore the correct amount of time charged for work carried out. This is an area that has been and will continue to be reviewed during 2010/11. Our charge out rate ranges from £260 to £400 per day, with an average of £323 per day. In 2008/09 the average was £270 per day.

Summary of 2009/10 position

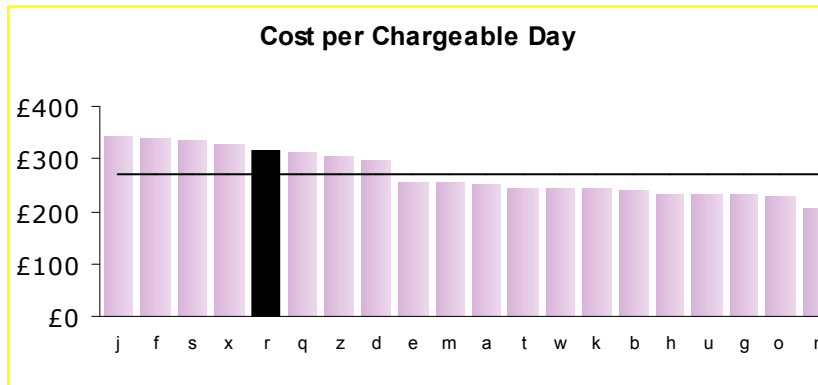
The table below shows Kent's position against other counties.

	Kent	Average	Lower quartile	Median	Upper quartile
Cost/auditor £k					
Pay	£42.5 (£38.4)	£42.0 (£42.4)	£40.24 (£38.42)	£41.9 (£40.0)	£44.0 (£42.7)
Overheads	£10.4 (£10.6)	£6.1 (£10.8)	£3.29 (£7.26)	£4.7 (£10.6)	£8.2 (£13.1)
Total	£52.9 (£49.1)	£48.1 (£52.0)	£43.80 (£46.31)	£46.4 (£51.2)	£52.2 (£54.2)
Days per auditor	179 (181)	177 (173)	170 (166)	176 (171)	180 (179)
Cost per day (net to LA)	£318 (£315)	£272 (£299)	£238 (£261.78)	£253 (£304)	£314 (£326)
Days per £m	1.01 (1.00)	2.06 (2.27)	1.86 (1.71)	2.19 (2.22)	2.29 (2.54)
Cost per £m	£321 (£316)	£557 (£666)	£496 (£537.44)	£542 (£605)	£597 (£813)

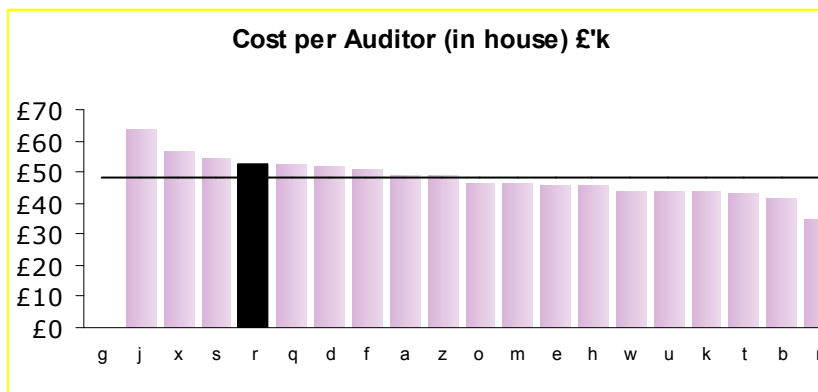
The figures in brackets shows data for 2008/2009

The following charts provide further details:-

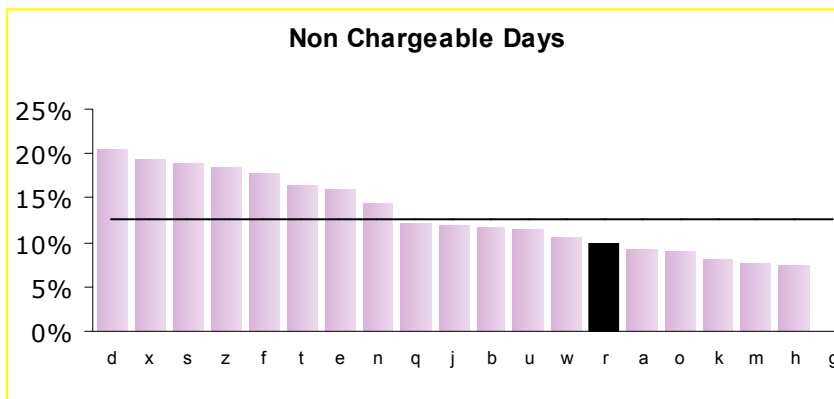
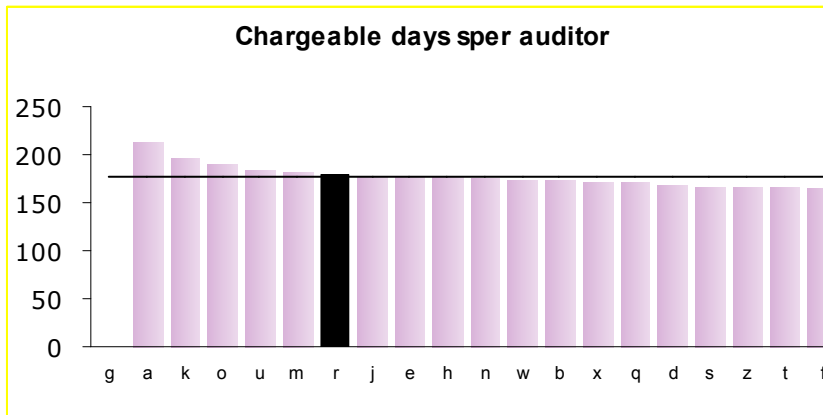
- Our **cost per chargeable day** was £406 in 07/08, £315 in 08/09 and was £318 in 2009/10. The cost per chargeable day is above the average of £272 per day this is because we have used external providers to deliver part of our service (mostly ICT audit work) and some agency staff.



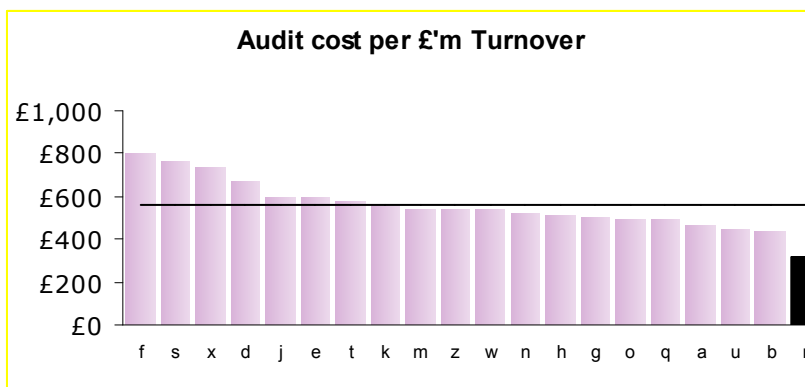
- The cost per chargeable day is affected by two variables: the **cost per auditor** (broken down into pay and overheads) and the **chargeable days per auditor**.



- Our **cost per auditor** has risen from £ £49,051 in 08/09, (13th highest) to £52,862 which is above the average of £48,118. However, this includes a proportion of the Head of Audit and Risk's salary and the cost of agency staff.



10. The **chargeable days per auditor** is affected by many factors namely bank holidays, annual leave, training, sickness, and other 'non-chargeable' days for example administration, team meetings and other tasks that are not directly related to audit work. The number of **chargeable days per auditor** was 179 which is slightly above the average of 177 but is a slight reduction from 2008/09 when the average number of days was 181. However, the Internal Audit Section is supporting four members of staff to obtain professional qualifications and this therefore, reduces the number of available days. Our **non chargeable days** is 10% which is below the average of 12.5%



11. Kent spends the least per £m gross turnover on its audit service than other county councils. However, Kent does not carry out 'school audits' ie compliance visits, or the Financial Management Standards in Schools (FMSiS) assessments that a number of other (although not all) councils do. This is carried out by teams in the Children, Families and Education directorate. If these teams' costs were included this would put our costs nearer the mid range.

12. A full version of the Benchmarking report is available upon request.

Recommendation

13. Members are asked to note this report.

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27 August 2010

Code	County Council
a	Devon
b	Suffolk
d	Cumbria
e	Leicestershire
f	Hampshire
g	Somerset
h	Buckinghamshire
j	Surrey
k	Essex
m	Cambridgeshire
n	North Yorkshire
o	Staffordshire
q	West Sussex
r	Kent
s	Gloucestershire
t	Lincolnshire
u	Nottinghamshire
w	Norfolk
x	East Sussex
z	Lancashire