

Devon Audit  
Partnership

Cost and Service Delivery  
Comparisons

CIPFA Benchmarking data  
2013 / 14

*November 2014*

**OFFICIAL**



**Auditing for achievement**

# ITEM 9

## **Devon Audit Partnership**

---

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

---

## **Comparing the costs of delivering an internal audit service.**

### **1. Introduction**

1.1 Devon Audit Partnership is very keen to ensure that it provides a cost effective service, efficient and professional service.

1.2 We know all our partners and clients face considerable financial challenges, and they expect the Partnership to monitor costs to ensure “best value” is always maintained.

1.3 Part of our tool set in monitoring our costs is to be part of the CIPFA benchmarking club. We have elected to be part of the Internal Audit Benchmark Club for Unitary Authorities; we appreciate that a number of our partners / clients are non-local government, or operate under a different local government arrangement (county council, district council etc.); however, outputs from benchmarking with the unitary club enables us to drill down into a wide comparison data set and gain information about our performance across a wide range of organisational sectors (that would be limited if, say, the county benchmark group were adopted).

1.4 We submitted data relating to DAP and the internal audit service provided to Plymouth City Council for the 2013/14 financial year; we selected results from our work at Plymouth as this is seen as being representative of DAP overall. It is appreciated that local variances do affect the services we provide and, clearly, the resulting outputs, although we consider these local variances to be marginal and should have no material impact on interpreting results.

1.5 This is the 5<sup>th</sup> year that we have participated in the club, and so now have good trend analysis that helps us identify current and potential future trends and directions of travel.

1.6 It should be acknowledged and appreciated, that cost alone does not tell a complete story; we very much aim to provide a quality service and ensure this quality through:-

- Confirmation and adherence to professional standards – full compliance with the Public Sector Internal Audit Standards (PSIAS);
- Excellent awareness, understanding and delivery against customer needs – Customer Service Excellence (CSE) accredited;
- Having the right people with the right skills doing the right things at the right time – measuring ourselves against the principles of Investors in People (IiP) and having well developed and effective internal audit management arrangements (use of Mki system and ILM trained management team).

### **2. Results.**

2.1 The results from the survey were provided early June 2014. The results compare information provided from 47 Unitary authorities. As would be expected these authorities range in size and complexity and range from Anglesey to Cornwall to Tower Hamlets.

2.2 As a management team we aim to make good use of the overall comparisons, but then also look at closer “family” organisations (e.g. Blackpool, Sunderland etc.) to provide a reality and sense check and further enhance our knowledge.

2.3 The report is long (50 pages); however the key messages for senior management and the Partnership Committee are probably contained within a few pages of the report which highlights cost comparison figures – relevant extract pages have been attached as Appendix 1 to this report.

# ITEM 9

## 2.4 Analysis and Commentary on selected detailed results

- **Audit Cost per £m turnover** – this indicator helps to ensure that the level of audit coverage is “about right” and that the Audit Committee is being provided with a sufficient internal audit service that can provide assurance that risks are being identified and controlled. It is very pleasing that the input provided by DAP for Plymouth Council is very much in line with the sector average.

We continue to work, both independently and with colleagues (especially colleagues from the West of England Chief Auditor Group) to develop an effective model that can help organisations identify the level of audit input likely to be required; this work will further help to inform and revise input levels.

- **Net cost to LA per chargeable day** – Our cost per day to Plymouth is £250<sup>1</sup> (as per the Partnership agreement) – the average charge for the Unitary group for 2013/14 was £305. Of the 47 responders, DAP is shown as 37<sup>th</sup> in terms of cost per day, placing us firmly within the lower quartile (lower quartile value = £265.26).
- **Chargeable days (staff on payroll)** – On average, our auditors were chargeable for 179 days of the year against an average of 180 days. The Unitary club average has increased from 173 days in 2012/13 and represents the overall improved efficiency of audit teams across the country.

Our indicator was very slightly below the national average, and has been influenced by a higher than average sickness (8.2 days per FTE v. average of 5.2 days). During 2013/14 partnership staff were affected by some exceptional long term sickness issues which, we are pleased to report, have now been overcome.

- **Overhead costs** – it is pleasing to see that we are able to contain overheads costs at one of the lowest rates in the sector; this allows for the audit fee paid by partners / clients to be maximised on audit work.

## 3 Conclusion

3.1 The CIPFA results are useful to provide reassurance to senior management and members that the Partnership continues to provide a cost effective internal audit service, and that this service is delivering assurance in line with other audit teams.

3.2 The detailed information does take time to prepare, but the outputs are most useful to DAP management in understanding pressures, identifying areas for improvement and in ensuring that the Partnership is cost effective and efficient in providing audit services. We expect to continue to participate with the benchmark club in 2014/15.

Robert Hutchins

Head of Devon Audit Partnership  
November 2014

---

<sup>1</sup> The CIPFA return shows £249; however this is due to rounding issues.

**Audit  
Benchmarking Club  
2014**

**Plymouth City Council**

compared with  
**47 unitary authorities**

**FINAL REPORT**

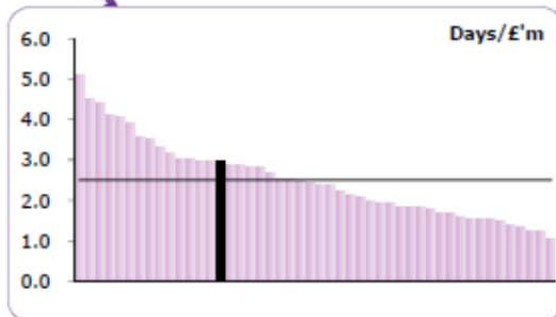
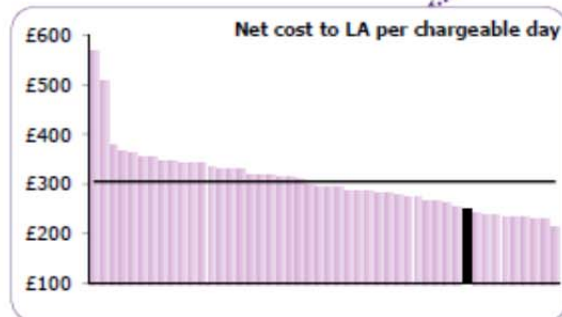
*Copyright:  
CIPFA Business Limited  
3 Robert Street, London, WC2N 6RL  
Tel: 020 3117 1859*

# ITEM 9

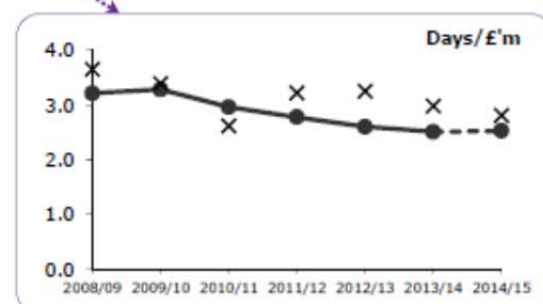
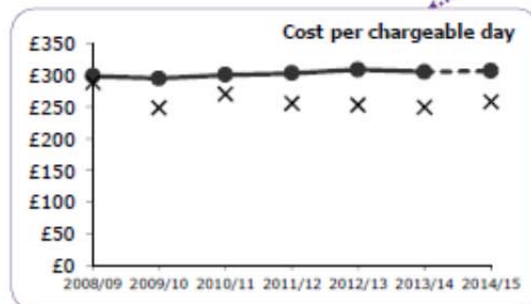
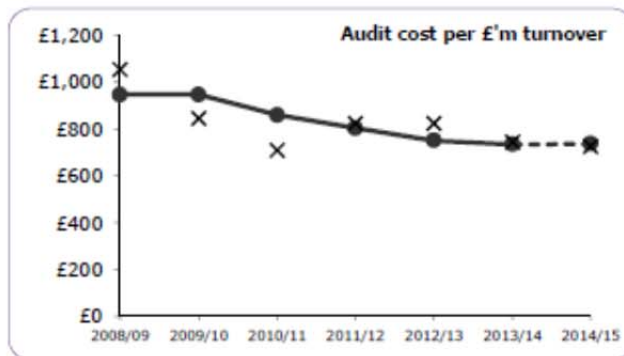
## SECTION 1 - SUMMARY

Summary of cost headlines across the club (2013/14) and the trendlines between 2008/09 and the estimates for 2014/15. The trendlines and table below are based on the data received from all members of the club.

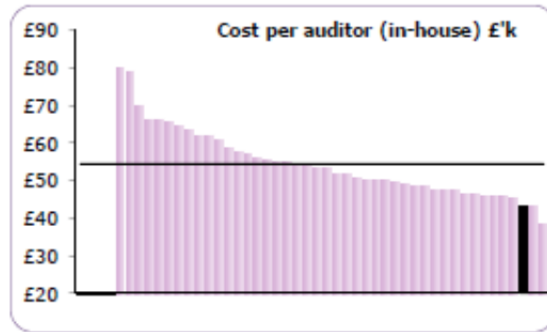
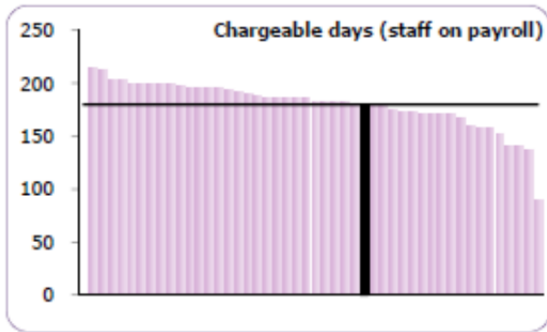
### 2013/14 Actuals



### Timeseries



## 2013/14 Actuals



# ITEM 9

## 2013/14 Actuals

charts are shown  
in thousands

