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**INTERNAL AUDIT BENCHMARKING**

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**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to inform the Audit and Scrutiny Committee (the Committee) about the establishment of an internal audit benchmarking group and the associated activity that has been agreed by the Council's Chief Internal Auditor (CIA) with the Chief Auditors of five other Scottish councils.

**2. RECOMMENDATIONS**

- 2.1 Endorse a set of performance indicators.
- 2.2 Agree that the CIA will bring a report to the Committee on an annual basis (each December) to report on the indicators and any additional benefits obtained from the ongoing engagement with the established benchmarking group.

**3. DETAIL**

- 3.1 The Council's Performance Improvement Framework (PIF) sets out the structure of the Council's planning, performance and improvement functions. It states that the functions that contribute to performance and improvement activity can be summarised as a continuous circle of activity comprising:
- Looking ahead
  - Making it happen
  - Monitoring and review
  - Implementing change
- 3.2 The monitoring and review phase includes activities relating to performance management, benchmarking, evaluation activity and scrutiny. These activities combine to help identify areas for improvement. Internal audit already have a variety of ways of monitoring and reviewing their work including the annual Public Sector Internal Audit Standards assessments, quarterly team development meetings, and customer satisfaction surveys.
- 3.3 Benchmarking was an area identified by the CIA as requiring improvement. There was a degree of internal audit benchmarking performed facilitated by CIPFA however the CIA was of the view this added limited value as the other public sector bodies who had opted in were not similar to the Council either in size or demographics. Furthermore there was no established working relationship with the other bodies which meant there was no genuine scope for discussion and learning.
- 3.4 Consequently Internal Audit have entered into a benchmarking group with:
- Clackmannanshire Council
  - East Dunbartonshire Council

- Falkirk Council
- West Dunbartonshire Council
- West Lothian Council

- 3.5 For the past 18 months the CIA has met with the chief auditors of these five councils on a regular basis (approximately quarterly) in order to discuss ways of working, consider topical issues, and share knowledge and resources. The overall objective of the group being to identify best practice, and deliver continuous improvement.
- 3.6 In addition the group has developed and agreed a set of performance indicators which will inform future discussions about the possible reasons for variations in the calculated performance indicators across the six councils.
- 3.7 The agreed indicators and their current values are provided at Appendix 1. With the exception of PI 3b, which relates to 2019/20, they all relate to 2018/19. The Council's values are shown in the first column and it has been agreed that the values for the other councils will be provided anonymously. These are shown in Appendix 1 as Council A through to Council E.
- 3.8 The group will next meet in January 2020 and the CIA will continue to use these meetings, and the performance indicator discussions, to help identify areas for improvement within the working practices of the internal audit team.

#### **4. CONCLUSION**

- 4.1 Internal Audit have established a benchmarking group with agreed performance indicators. These indicators, and the wider discussions within the group will help deliver continuous improvement in the working practices of the team.

#### **5. IMPLICATIONS**

- 5.1 Policy - None
- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
- 5.5.1 Equalities – None
- 5.5.2 Socio-Economic Duty – None
- 5.5.3 Islands Duty - None
- 5.6 Risk – Continuous improvement of the internal audit function will help to strengthen the assurances the service can provide over the Council's management of risk, governance and controls.
- 5.7 Customer Service – None

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#### **APPENDICES**

Appendix 1 – Internal Audit Benchmarking – 2018/19 Performance Indicators

## Appendix 1 – Internal Audit Benchmarking – 2018/19 Performance Indicators

		<b>ABC</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
PI	Contextual Information - Full time equivalents in Internal Audit	5	2.3	5	3.5	5.1	3.1
1	Planned productive audit days per £1m gross revenue expenditure	2.11	1.72	1.88	0.79	1.71	0.56
2	Customer Satisfaction	96%	Note 1	96%	Note 1	94%	96%
3a	2018/19 Average planned productive days per core review	20.65	21.45	22.29	19.71	24.55	16.25
3b	2019/20 Average planned productive days per core review	21.82	25.70	21.36	19.71	25.00	16.25
4	Average time spent per core review	21.19	20.80	23.63	18.53	33.07	17.45
5	PSIAS Compliance	92.31%	Note 2	97.44%	Note 2	89.74%	94.87%
6	Cost of audit per £million of gross revenue expenditure	682.53	682.85	683.65	333.33	563.39	228.05

Note 1 - Councils A and C do not routinely issue customer satisfaction surveys

Note 2 - the 2018/19 PSIAS report for councils A and C were not structured in a way that allowed this PI to be calculated - this will be remedied from 2019/20 onwards.