
**ARGYLL & BUTE COUNCIL
FINANCE**

**AUDIT COMMITTEE
20 FEBRUARY 2004**

ANNUAL AUDIT PLAN 2004 - 2005

1. SUMMARY

This report introduces the Annual Audit Plan for 2004/05, which is part of the 3 year Strategic Audit Plan/Audit Needs Assessment presented and approved by the Audit Committee on the 24th May 2002.

2. RECOMMENDATIONS

2.1 The Annual Audit Plan for 2004/05 is approved. In approving this, Members should consider whether additional resources be provided or audit scope, timescales and assessments modified.

3. DETAILS

3.1 As an ongoing 3 year audit programme the Annual Audit Plan for 2004/05 is attached. (See Appendix 1).

3.2 The Audit Plan for 2004/05 has been drawn up from an Audit Needs Assessment prepared in conjunction with our internal audit partners KPMG and Council senior management. Audit Scotland have reviewed and agreed the plan.

3.3 In accordance with the 3 years Strategic Audit Plan agreed by the Audit Committee the plan attached represents the 3rd and final year. In accordance with the previous annual plans there are 3 specific sections to the plan in Core Financial Systems, Non Financial Systems and Special Investigation & Risk Assessment. The number of audit days for 2004/05 is shown against each audit area.

3.4 As for all of the audit areas a risk ranking methodology has dictated that specific audit coverage be given to particular audit headings and that although covered in 2003/04 a different aspect will be looked at in 2004/05. This enables Internal Audit to satisfy that over the period of 3 years critical audit areas identified through our risk assessment methodology have been comprehensively reviewed.

3.5 In 2004/05 within Core Financial Systems it is intended to devote audit days above a normal allocation for the Unified Benefits System and Payroll audits. For the Unified Benefits System a total of 51 days have been assigned. The days are divided as follows:

- 21 days for the Housing Benefit Grant Claim for Audit Scotland
- 25 days for a Housing Benefits Systems Audit, and
- 5 days for a Follow up Review of the audit work done in 2003/04.

At the same time 43 days will be spent on Payroll. This allocation has been made in respect of the continued requirement for Internal Audit to audit the Human Resource (HR) Payroll system implementation. Within the plan 31 days have been allocated to Creditor Payments and this time will be used for the audit of the implementation across the Council of e-procurement.

- 3.6 For Non-Financial Systems in 2004/05 it is intended to direct audit time to the 5 departments. A total of 67 days has been allocated to the Chief Executives Department and will be split between Best Value and Performance Management Planning (PMP). In specific internal audit will look at Community Planning and Partnerships in preparation for the external best value audit review that has been scheduled for 2004/05. Audit time will also have to be spent on follow up of the preparation work done on Best Value by internal audit in 2003/04. Time will also be spent on PMP follow up as local management completes the remnants of Audit Scotland recommendations.
- 3.7 The Operational Services Department has been allocated a total of 90 days The DLO Property Maintenance will be audited to review that improvement remains on track. The DSO Catering & Cleaning will receive 48 days as their maybe impact on this service from the implementation of the Education NPDO. KPMG will carry out an initial review in March 2004 and this will give an indication as to audit day requirement in 2004/05. The Community Services Department will receive 42 days split between Education and Housing & Social Work. The Corporate Services Department will receive 32 days for IT/MIS review and the Development Services will receive 21 audit days being spent on Asset Management. The remaining audit day allocation is 43 days for Performance Indicators and it is hoped that the one-day workshop internal audit carried out with departmental staff will enable us to remain within the audit days allocated and a further 32 days have been allocated for Corporate Governance.
- 3.8 Special Investigations and the Assessment of Risk have been given more audit days in 2004/05 because of the additional days that were required to be expended in 2003/04.

4. CONCLUSIONS

The Audit Plan addresses the key areas highlighted in the Audit Needs Assessment and will provide an annual assurance statement on the Council's overall internal audit framework.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

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