

KPMG work plan for Internal Audit partnering contract

1. SUMMARY

- 1.1 | This report proposes a schedule of work to be undertaken by KPMG as internal audit partners with the in house internal audit team and requests that the Committee approve it.

2. RECOMMENDATIONS

- 2.1 That this committee approves the proposed work plan for the current year.

3. DETAILS

- 3.1 Following a review of the internal audit function at all Scottish Local Authorities performed by Audit Scotland and a consequent review of the internal audit provision at Argyll and Bute Council by Professor Arthur Midwinter of the University of Strathclyde, the Council entered into a partnership agreement with the accounting and advisory firm KPMG.
- 3.2 The objective of the partnering arrangement is to develop the internal audit function at the Council to a position where:
- It services the Council's internal audit requirements in accordance with good practice; and
 - In any follow-up review of internal audit functions at Scottish Local Authorities by Audit Scotland, that of Argyll and Bute will be classed as amongst the best.
- 3.3 It is reported elsewhere about the results of Audit Scotland's follow-up review. The purpose of this report is to inform the Committee about how KPMG and Argyll and Bute's internal audit team intend to build on the work already undertaken and specifically the input provided by KPMG.
- 3.4 The Appendix details a work plan for 2004-2005 agreed with Internal Audit. The main points of this plan are:-
- Continuing to support the development of the internal audit team in terms of compliance with the CIPFA code of practice for internal audit and in particular at ways in which to embed continuous improvement (by use of the EFQM framework);
 - Assistance with the Council's risk management process and its use as a basis for the development of a new strategic plan for internal audit;
 - Production of an Audit Committee handbook to assist members in discharging their responsibilities;
 - Provide training for the Audit Committee and members of the internal audit team. Training will address areas raised in Argyll and Bute Council's

local follow-up report by Audit Scotland. For example, the selection of a testing methodology in the course of audits and issues surrounding sample sizes, materiality and interpretation. It is also proposed to undertake training on general IT controls which are common in undertaking system reviews.

- KPMG propose to conduct two audits. Firstly a review of IT Disaster Recovery arrangements and secondly to look at the implementation of e-planning. These two audits will use resources from KPMG's specialist Information Risk Management (IRM) team.

4. IMPLICATIONS

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

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216)

Steve Keightley
Manager
29 July 2004
KPMGworkplan2004

Appendix

Activities	Days	Detail	Personnel	Timescale
Risk Assessment / Audit Strategic Plan 2005 onwards	25	Assist with development of risk management process across the Council and its basis for the 3/5 year strategic audit plan. Scope outlined in covering report.	Steve Keightley	25 days from end of July to November
Management and professional support	15	Advice and information relating to audit practice. Support with Local Report recommendation implementation. Scope outlined in covering report.	Steve Keightley main contact	Throughout the year
Training - formal	15	Audit Committee training / induction for new start / IT in systems audits / direct audit testing. Scope outlined in covering report.	Steve Keightley with assistance from Information Risk Management (IRM) and public sector teams	Throughout the year
Audit Committee Handbook	10	Production of handbook to assist members of the Audit Committee in understanding their role and responsibilities. Further detail in covering report.	Steve Keightley	Draft for discussion by end of August
IT audit	20	1/ Disaster Recovery 2/ e-planning. Scope of each audit in covering report.	IRM Team	1/ Delayed to October at the request of management 2/ August / September
Other direct audit time	20	EFQM. Scope outlined in covering report.	Performance Improvement Team	November / December
Audit committee attendance	8		Steve Keightley / Grant Macrae	Throughout the year
Meetings/relationship management/audit functioning	12		Various	Throughout the year
Total	125			