

kpmg

Argyll and Bute Council

Plan to increase direct audit time

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KPMG

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1 Direct audit time

1.1 Introduction

1.1.1 The audit committee noted in its meeting on 24 May 2002 that the performance indicator set for the proportion of direct internal audit time for 2002-03 was a minimum of 67%.

1.1.2 The committee requested that Internal Audit, along with partners KPMG, identify steps that will be taken to ensure this proportion increases. This document outlines plans to do this during the current and future periods.

1.1.3 It should be noted that, included within the 33% time categorised as indirect audit time are:

- Internal Audit management;
- Planning and reporting;
- Training (formal and informal);
- Other development;
- Seminars and audit meetings; and
- Advisory.

1.1.4 This time should *not* be considered 'non-productive', rather shows time which is not directly on the client site / premises completing fieldwork. Time for planning and reporting is an integral part of each assignment, while training and development is critical to ensuring the service improves over the time of the strategic plan.

1.1.5 Additionally, the indirect time required in year one reflects the time required for supporting the risk assessment, strategic plan, performance indicators and developing the internal audit service to address the issues raised in the national value for money report on internal audit prepared by Audit Scotland.

1.2 Plans to increase proportion of direct audit time

1.2.1 In both the current and future periods, efforts will be focussed on reducing Internal Audit management time.

1.2.2 This will be achieved as new staff and more junior staff gain greater experience and are able to take greater responsibility and initiative. This will reflect the development of the service in terms of operating procedures and staff knowledge.

1.2.3 To reflect this, less time will be budgeted for Internal Audit management in years two and three of the strategic plan. Increasing the planned direct internal audit time from 67% to 82% over this period. As well as reducing internal audit management time, this has been largely achieved by reclassifying planning and reporting and advisory time as part of the core or direct audit time. This is shown in the following table.

1.3 Internal audit resource

	Year 1	Year 2	Year 3
Number of days in full year	1,700	1,700	1,700
Less: Public holidays	78	78	78
Annual leave	151	151	151
Sickness leave	30	30	30
Working days available	1,441	1,441	1,441
<i>Audit Support Work:-</i>			
IA management	172	160	140
Training (formal and informal)	47	47	47
Other development	22	22	22
Seminars and audit meetings	46	46	46
Total for Audit Support Work	287	275	255
	20%	19%	18%
Percentage Direct Audit Time	80%	81%	82%