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GA.25 12/13
Governance & Audit Committee
20th December 2012

Subject: **Internal Audit Plan 2012/13 – September to November Progress report**

Report by:	Lucy Pledge (Head of Service – Corporate Audit & Risk Management – Lincolnshire County Council)
Contact Officer:	Russell Stone, Financial Services Manager russell.stone@west-lindsey.gov.uk
Purpose / Summary:	The report gives members an update of progress, by the Audit partner, against the annual programme agreed by the Audit Committee on the 12th March 2012.

RECOMMENDATION(S):	1)	**Members consider the content of the report and identify any actions required.**

IMPLICATIONS

Legal: None directly arising from the report

Financial: None directly arises from the report.

Staffing: None.

Equality and Diversity including Human Rights:
None arising from this report

Risk Assessment: N/A

Climate Related Risks and Opportunities: None arising from this report

Background Papers: No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report**.**

Call in and Urgency:

Is the decision one to which Rule 14 of the Scrutiny Procedure Rules apply?

Yes　　　　　　　　　　　　　　**No**　　　　X

Key Decision:

Yes　　　　　　　　　　　　　　**No**　　　　X

Internal Audit - Progress Report 2012 / 13

Date: *December 2012*

Contents

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Introduction

1. The purpose of this report is to:

- Advise of progress being made with the Audit Plan
- Provide details of the audit work during the period
- Provide details of the current position with agreed management actions in respect of previously issued reports
- Raise any other matters that may be relevant to the West Lindsey Audit Committee role

Key Messages

2. Delivery of the Internal Audit plan has made greater progress since the last Audit and Governance meeting and is starting to back on track for complete delivery of the 2012/13 plan. 50% of the plan is now complete. The agreed protocol for sign off of audit briefs and final audit reports is currently working well.

Internal Audit work completed from 1st September to 30th November

3. The following audit work has been completed and a final report issued:

Full Assurance	Substantial Assurance	Limited Assurance	No Assurance
No reports	Progress and Delivery of the Corporate Plan	Risk Management	No reports

Note: The Audit Committee should note that the assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. Definitions levels are shown in Appendix 1.

4. We are reporting one limited assurance audit in this quarter – Risk Management – the key areas where we have recommended improvement include:
- Updating the Risk Management Strategy – recognising that how the Council manages its risks will need to change to respond to the current environment
- Review and update the Strategic Risk Register – with more focus on the make or break risks facing the Council

The executive summary is in Appendix 2. The above recommendations are now overdue. Management will update progress on implementing these as agreed.

5. Progress with the implementation of agreed management action on recommendations for audits resulting in 'No' or 'Limited' assurance is followed up and reported in Appendix 3. Project Management remains an area where agreed actions are outstanding.

6. In the audit giving Substantial Assurance, we confirmed that the Council has sound processes in place:

Progress and Delivery of the Corporate Plan
We found that the authority is still very much in the early stages of working towards achieving the objectives of the refreshed Corporate Plan; however early work is encouraging in that:
- Board structures are proposed and mostly in place to drive and monitor delivery of the five priority elements of the Corporate Plan.
- There is clarity and vision for delivery at a director level.
- A detailed delivery plan is in place for the Entrepreneurial Board in a format which is at varying stages of implementation for the other four boards.
- A framework for monitoring progress and delivery has been established.

Further audit work will be undertaken in 2013/14 to provide assurance around the successful delivery of priorities and the Councils performance framework.

Other Significant Work

7. Other audit work undertaken during the period has been

Benefit Subsidy Claim
Our annual work on behalf of the Audit Commission to provide evidence to support their sign off of the 2011/12 Benefits Subsidy claim is complete. We are pleased to report that no errors that affect the claim were identified.

Audits in Progress

8. The following audits are complete with the reports is scheduled for final sign off at the Corporate Strategy and Governance Board on 17th December 2012.

- Council Tax
- National Non Domestic Rates
- Localism

9. The following 2012/13 audits are currently in progress:

Change Programme
This review focused on New Ways of Working is at the draft report stage awaiting closure meeting. Our work focused on the relocation of all staff to the third floor, the purchase of ICT tablets, the development of SharePoint as a central hub for staff and communication and training of staff throughout the process.

Gainsborough Regained
This audit is at draft report stage. Our audit focused on the planning for phase two of this programme of regeneration work.

Investment Decisions
This audit is in the initial stages and will focus on how lessons learnt from historic projects have influenced the commercial strategy and the investment decision making process.

Income Generation
This audit is in the initial stages and will focus on how lessons learnt from historic projects have influenced the commercial strategy and the investment decision making process.

Combined Assurance Model
The report format has now been agreed, and management are currently analysing their results and preparing commentary to be included in the report. The draft report will be presented to the Corporate Management Team this month for sign off, and the final version will be presented to the Audit Committee in March.

10. Prior year audit rolled forward:

Corporate Governance
The Corporate Governance audit, rolled forward from prior years was scheduled to be undertaken in quarter 3. New CIPFA Good Governance Guidance is due for release shortly so it seems more appropriate to do a review in 2013 /14. Our current work on the Combined Assurance Status report and Investment decisions will also give us an insight on the Council's governance arrangements including decision making and programme / project management.

Performance Information

11. Our current performance against targets is shown below:

Performance Indicator	Target	Actual @ 30/11/2012
Percentage of plan completed.	100% (revised plan)	50%
Percentage of key financial systems completed.	100%	43%
Percentage of recommendations agreed.	100%	100%
Percentage of recommendations implemented.	100% or escalated	54%

Performance Indicator	Target	Actual @ 30/11/2012
Timescales	Draft report issued within 10 working days of completing audit.	100%
	Final report issued within 5 working days of closure meeting / receipt of management responses.	100%
	Period taken to complete audit – by exception	
Client Feedback on Audit (average)	Good to excellent	Excellent

Other matters of Interest

12. Audit Committee Forum 3rd October 2012

11.1 The Audit Committee Forum met on the 3rd October 2012. The turnout was good with representation from different public sector bodies. The event covered two topics:

- New Public Audit Arrangements
- Getting the most out of your assurance arrangements (Changing face of good governance - trusting people to deliver and holding them to account)

New Public Audit Arrangements

11.2 KPMG attended and provided an update on the new Public Audit Arrangements. Some of the key messages:

- Financial Statements – Getting it right first time. Current practice in Local Authorities is to present 'draft' accounts for auditing with some 'loose' ends to be firmed up. Fee reduction based on accounts being ready for audit 'final' with no gaps and supported by good working papers.

Suggested Action:
Assurance from Section 151 Officer on lessons learnt from 2011/12 closure of accounts and that they have confidence in the Quality Assurance processes in place – particularly relevant if work undertaken by a third party.

- Reliance will be placed on Internal Audit wherever possible on fundamental financial systems.

Suggested Action:

Protocol developed that clarifies expectations and makes the best use of the combined Audit resource.

- Some questions were asked about when client engagement would commence There are some specific 'rules' prescribed by the Audit Commission on client engagement ie new providers could formally act with effect from the 1st November.

A copy of KPMG presentation is attached in Appendix 5.

Governance & Assurance Arrangements

11.3   Two interactive sessions were held to explore sharing good practice and experiences.   Feedback from these sessions captured views on ways to make Audit Committees more effective. The key messages are outlined below:

Be proactive and focus on what's important
Ensuring that the audit committee's agenda focuses on the key issues takes some work! Some ways to do this are:
- Play a more active role in setting the agenda – consider having a meeting with the Chair of the Committee a few weeks before the committee to help pull together the agenda.

- Use the Annual Governance Statement / Strategic Risk Register and other annual reports to help set an annual work plan.

- The work plan should be focused but flexible to enable the committee to delve deeper into issues as they arise.

- Keep informed of what's happening – do Directors keep you up to date? Should Directors keep you informed rather than wait to be asked?

- Have a good flow of information between the Board (or equivalent), Internal and External Audit and the Audit Committee. Meet in private (informally) if appropriate. It's important to let them know what the committee expects of them – both through the formal meetings and informally. Encourage (expect) frequent communications with the Head of Internal Audit and External Audit engagement partner.

- Understand the level of risk your organisation is prepared to take and how effective risk management is in practice. What's the risk culture – has there been any near misses – has lessons been learnt?

- Ensure you understand the accountability framework of the organisation.

- Understand how technology and innovation are changing the control environment and what levels of assurances are needed.

- Focus on the organisation transformational programmes – New strategies should appropriately balance risk and reward. Make sure risk and strategy is discussed together – each hinges on each other.

- A key area of focus is business resilience and reputational risk – gain assurances on how management are addressing these risks. Ensure that you are familiar with the key risks facing the organisations / the key priorities and key projects. Understand and assess the assurances in place on these and how they are being managed.

- Take a hard look at how effective you have been as a committee – have you made a difference in how the organisation is run?

Making the most of your meetings

- Ensure that reports focus on key messages and action being taken to give assurance.

- Review work plans at each meeting – ensure that they do not have too much on the agenda - need to have sufficient time to constructively challenge what being told.

- Ensure the right people attend the meeting eg Senior Managers to explain how they are delivering agreed actions and providing assurance.

- Schedule your meetings to help ensure attendance and debate

- Meet up before the Committee starts to share thoughts and views on agenda papers and key issues / questions to ask to seek assurances on what actions being taken.

- Given the breadth of topics the audit committee may consider it is becoming more common to have 5 – 6 meeting a year. This helps the committee focus on it's core terms of reference and delve deeper into key areas.

- Some other questions you may consider:
    o Is the audit committee hearing views below and beyond senior management eg from middle management and business unit leaders and other third parties?
    o Does the information being presented by the Auditors tell a consistent story? What's being said by the customers, employees etc?
    o Does the organisation promote a culture of candour and constructive challenge – where raising red flags and challenging information (no matter how unpalatable) is welcomed?

Consider if the Audit Committee has the right mix of members

- Given the complexity of accounting arrangements it's helpful to have a member with some understanding of financial statements / accounts.

- Consider having an independent member on the committee to bring different views and perspectives.

- Have regular training on relevant topics.

- Try and attend other organisations Audit Committees to see how they operate – you can pick up tips from other sectors eg Health / Housing Associations.

11.4 There was a number of potential future topics of the Audit Committee Forum. These include:

- Understanding risk appetite and the risk culture of your organisation

- Sharing good practice on assurance arrangements

- Understanding any changes in good governance guidance (due out early 2013).

- Update on counter fraud – including Protecting the Public Purse and Fighting Fraud Locally.

13. Protecting the Public Purse 2012 by the Audit Commission

12.1 This report finds that councils are targeting their investigative resources more efficiently and effectively, detecting more than 124,000 cases of fraud in 2011/12 totalling £179 million. But it urges them not to drop their guard, as new frauds are emerging in areas such as business rates, Right to Buy, housing discounts and schools.

12.2 The report gives the results of the Audit Commission's annual survey of English councils. It says that, despite these detection rates, more can still be done. The National Fraud Authority (NFA) estimates that the total amount of fraud in the UK costs every adult in the country about £1,460 a year. Fraud targeting just local government exceeds £2.2 billion per year.

12.3 There are a number of recommendations the Council and this Committee should consider when it reviews the effectiveness of it's Counter Fraud Arrangements.

A copy of the full report is attached at appendix 6

14. The Audit Committees role in supporting the achievement of Value for Money

13.1 Whilst the Council receives some assurance from its External Auditors over value for money – it is retrospective and will be annual at best.

13.2 Much of the assurance process will form part of the day to day business processes and financial Control of the Council – where the Governance and Audit Committee can play a role is to have oversight of how effective these

arrangements are in practice and how these assurances are evaluated for the Annual Governance Statement. Some questions the Committee may ask are:

- What is the strategy for improving value for money? How effective is it in practice?
- What assurances does the Governance and Audit Committee receive on the Value for Money strategy? Is it from the right people?
- Does the Committee understand the Value for Money Strategy and how economy, efficiencies and effectiveness is addressed during service planning and setting the budget.
- What assurance is provided to the public on how well the Council manages it's money and provides value for money?

See CIPFA Better Governance Forum – Audit Committee Update – issue 9 October 2012

15.   Public Sector Internal Audit Standards and Local Government Application Note

14.1   The new standards will be issued by December 2012. The come into effect on the 1st April 2013 and will apply to public sector audit teams whether the service is provided in house, by a partnership or contracted out.

14.2   The Governance and Audit Committee should ensure that the Council's Internal Audit Service complies with the new standard. It is suggested that this is undertaken as part of the Annual Review of the system of Internal Audit and included in the Committee's work plan.

16.   Good Governance Guidance Note and Addendum

15.1   CIPFA will complete the addendum and the new Guidance Note by December 2012.   The Governance and Audit Committee should be aware of any changes in good practice as the addendum will apply to the Annual Governance Statement 2012/13. It is suggested that the Committee consider the impact of any changes to the Council's governance framework as part of its work plan.

17.   Information Governance

16.1   The Information Commissioner has undertaken a number of audits in the public sector - key areas assessed included:

- Data protection governance
- Training & awareness
- Records management
- Security of personal data
- Requests for personal data
- Data sharing

16.2   They audited 19 local authorities and gave the following assurance ratings

- 37% fell within the reasonable assurance range.
- 53% fell within the limited assurance range.
- 5% were identified as providing very limited assurance.
- One local authority was identified as having a high level of assurance

16.3 There's a local authority toolkit available on the Information Commissioners web site by which Council's can assess their information governance arrangements against good practice and provide assurance over how the council handles its data and records.

16.4 This may be an area of assurance the Governance and Audit Committee may wish to include in its work plan.

Appendix 1 - Assurance Definitions

Full Assurance	Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance. The risk of the activity not achieving its objectives or outcomes is low. As a guide there are a few low risk / priority actions arising from the review.
Substantial Assurance	Our critical review or assessment on the activity gives us a reasonable level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance. There are some improvements needed in the application of controls to manage risks. However, the controls are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low. As a guide there are low to medium risk / priority actions arising from the review.
Limited Assurance	Our critical review or assessment on the activity identified some concerns on service delivery arrangements, management of risks, and operation of controls and / or performance. The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high. As a guide there are medium and a few high risk / priority actions arising from the review. Our work did not identify system failures that could result in any of the following: - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements
No Assurance	Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance. Our work identified system failures that could result in any of the following: - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high. As a guide there are a large number of medium and high risks / priority actions arising from the review.

Appendix 2 – Audits where assurance is assessed as 'No' or 'Limited' (Executive Summaries only)

Risk Management

Introduction and Scope

We have completed an audit of the risk management activities at West Lindsey District Council. The review was completed as part of the 2011/12 audit plan.

The aim of the audit was to provide assurance on the effectiveness of the Council's risk management framework to identify, assess, manage and monitor key (corporate) risks.

At the time of the audit, it was noted that the organisation was going through a restructure which includes changes to the governance arrangements of key groups and senior management. This has affected the consistency of the way risk management is conducted.

Executive Summary

Assurance Opinion – Limited Assurance

We found that the Council has systems and processes in place for managing risk. However, as the organisation is changing these need to adapt to change the way the Council approaches risk management i.e. taking well measured risks which improve overall performance and decision making. Our work identified that the Corporate Risk Register needs reviewing / updating to ensure that it focuses on what is of Corporate importance to the Council.

Areas where we suggest improvement include:

- Risk management strategy should be revisited in light of recent structural changes and the Risk Appetite work undertaken by the Council.
- The Corporate Risk Register should, in our view, only include the 'make or break' risks facing the Council - those risks that affect successful delivery of the Councils' strategic direction and priorities. Currently the Corporate Risk Register holds approximately 70 risks. This makes the register difficult to manage and to focus senior managements' attention on what's important.
- How risks are escalated should be clarified to help ensure that there are 'no surprises' but the focus is maintained on what's corporately important. Currently there is limited challenge to what is escalated onto the Corporate Risk Register and some of the risks contained are Amber risks - possible / minor impact.

Other key findings were:

- Structures and processes for escalating emerging big risks and/or project risks to the corporate risk register are not clearly defined or understood.
- Managers have received no formal training on the use of SharePoint and therefore the effectiveness of using this system to capture and monitor risks may not be the best use of time and resources.

Evidence of good practice noted during the audit included the following:

- The wider management team and the Leaders panel have recently engaged in two risk appetite workshops. This has helped the organisation in understanding their appetite for risk. This demonstrates a willingness to continue to develop their risk management approaches, which, when properly understood and clearly defined becomes a powerful tool, not only in taking well measured risks, but also for improving overall performance and decision making.
- There is ongoing induction training for new starters in risk management, albeit, this has not happened for some time due to there being no new recruits to induct.
- Members of the Governance & Audit Committee have received risk management training.

Actions & Priorities

There are a few high actions and they are highlighted below;

- Agree approach to embed risk appetite work into risk strategy
- Update the risk strategy to include the 'tone from the top'
- Define what a 'Corporate' risk is
- Rationalise the list of Corporate risks
- Create the new risk register
- Roll out risk management training

The other actions which were medium are;

- Obtain agreement from Leaders panel as to a new member champion
- Obtain Wider Management Team briefing with follow up of offer for support if required.

Management Response

Members of the Corporate Strategy and Governance Board agreed and signed off the audit report when they met on 10th September 2012.

Appendix 3 - Outstanding recommendations as at 30th November 2012

Audit Area	Date	Assurance	Number of Recs	Implem'd	Outstanding			Not Due Date
					H	M	L	
Business Improvement								
Project Management 11/12	Sept 2011	Limited	16	6	5	5	0	
Risk Management	May 2012	Limited	6	1	3	1	0	1
Planning								
Joint Planning Unit 11/12	March 2012	Limited	5	4	0	1	0	

Appendix 4 – Internal Audit Plan & Schedule 2012/13

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Critical Service Activities						
Planning and Regeneration						
Gainsborough Regained	15	Review of projects within Gainsborough Regained considering the integration of projects focusing on growth point, town centre regeneration and deprivation. Include how Council co-ordinates / works with partners to deliver this initiative / investment	May 2012	August 2012		Draft Report
Resources						
Financial Strategy	5	To ensure the Council has a sustainable medium to long term finance strategy to address future reduced government funding whilst continuing to meet the needs of the community and effective service delivery.	April 2012	April 2012	May 2012	Complete Substantial
Housing Benefits Subsidy & Systems Review	20	Review of the housing benefit systems in conjunction with	July 2012	July 2012	N/A	Complete

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
		testing to support the external audit of the subsidy claim.				
Progress and Delivery	10	To review how effective the corporate governance model for programmes, performance / delivery and financial monitoring is in delivering the Corporate Plan priorities.	May 2012	July 2012	28/09/2012	Complete Substantial
Sub Total	50					
Due Diligence						
Resources						
Finance Systems – provisional areas: Creditors NNDR Debtors Payroll Income	35	To review systems and test transactions for finance systems feeding into the Council's accounts in liaison with external audit.	January 2013	October 2013		NNDR – Limited Council tax - Substantial
Finance Management	10	Identify how effective finance management systems are in allowing managers to manage and monitor their budgets, understand their costs through their cost centre / business centres.	January 2013			
Sub Total	45					

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Strategic Risks						
Income generation	10	Assess the changes in service demand and legislation on income, including: Car parking Rents Planning fees Building Control Land Charges	November 2012	November 2012		In Progress
Investment decisions	10	Review of the process (due diligence) for major investments decisions , consider: Commercial Strategy Adequacy business cases Decisions Making process Future sustainability / impact of investment I	June 2012	November 2012		In Progress
Sub Total	20					

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
Emerging Risks						
Change programme	10	Review of Organisational Development and how effective this has been to embed: New ways of working Delivery of Corporate Objectives	June 2012	August 2012		Draft Report Substantial
Big Society & localism agenda	10	To Establish how the council is responding to the localism agenda (Big society), including any potential changes to governance arrangements.	August 2012	August 2012		Complete Substantial
Emerging risk contingency	5	To audit any significant emerging risks arising in the year.				
Sub Total	25					
Other relevant Areas						
Assurance mapping	5	Update assurance map with service managers and gain management assurances and third party assurances.	May 2012	May 2012	N/A	Complete
Annual Governance Statement	5	Follow up improvements / actions taken by the Council to address the areas in the				

Area	Days	Indicative Scope	Planned Start Date	Actual Start Date	Final Report Issued	Status / Assurance Level Given
		2012 statement.				
Sub Total	10					
ICT Audit.						
	20	Our ICT audit strategy is being revised. This includes a risk assessment which will identify areas for audit focus.	December 2012			
Sub Total	20					
Non-Audit						
Advice	5					
Liaison	5					
Annual Report	1					
Audit Committee	5					
Contingency	5					
Sub Total	**21**					
Total Audit Plan for 2012/13	**191**					

Audit Commission role

- The Audit Commission Act 1998 sets out the statutory responsibilities of the **Audit Commission**, including:
  - ➤ appointing auditors to councils, NHS bodies (excluding NHS foundation trusts), police authorities and other local public services in England
  - ➤ setting audit fees
  - ➤ overseeing the local public audit regime
  - ➤ managing the contracts for audit and related services
- The Commission's **Audit Practice** (formerly District Audit Service) has been undertaking audit appointments under the Audit Commission regime

Audit appointments for 2012/13

- Until 2012, the Commission outsourced around 30% of the work of its Audit Practice to audit firms, such as KPMG

- In March 2012 the Commission outsourced the remaining 70% of the work of its Audit Practice to four suppliers in ten lots; KPMG won the East Midlands contract

- Audit Practice staff will transfer to these suppliers on 1 November

- All contracts will last for five years from 2012/13 with 40% reduction in audit fees for most bodies

- Until abolished by legislation, the residual Audit Commission will continued to fulfil its statutory functions

Background on UK KPMG LLP

UK Employees

11,000

UK Locations

23 offices

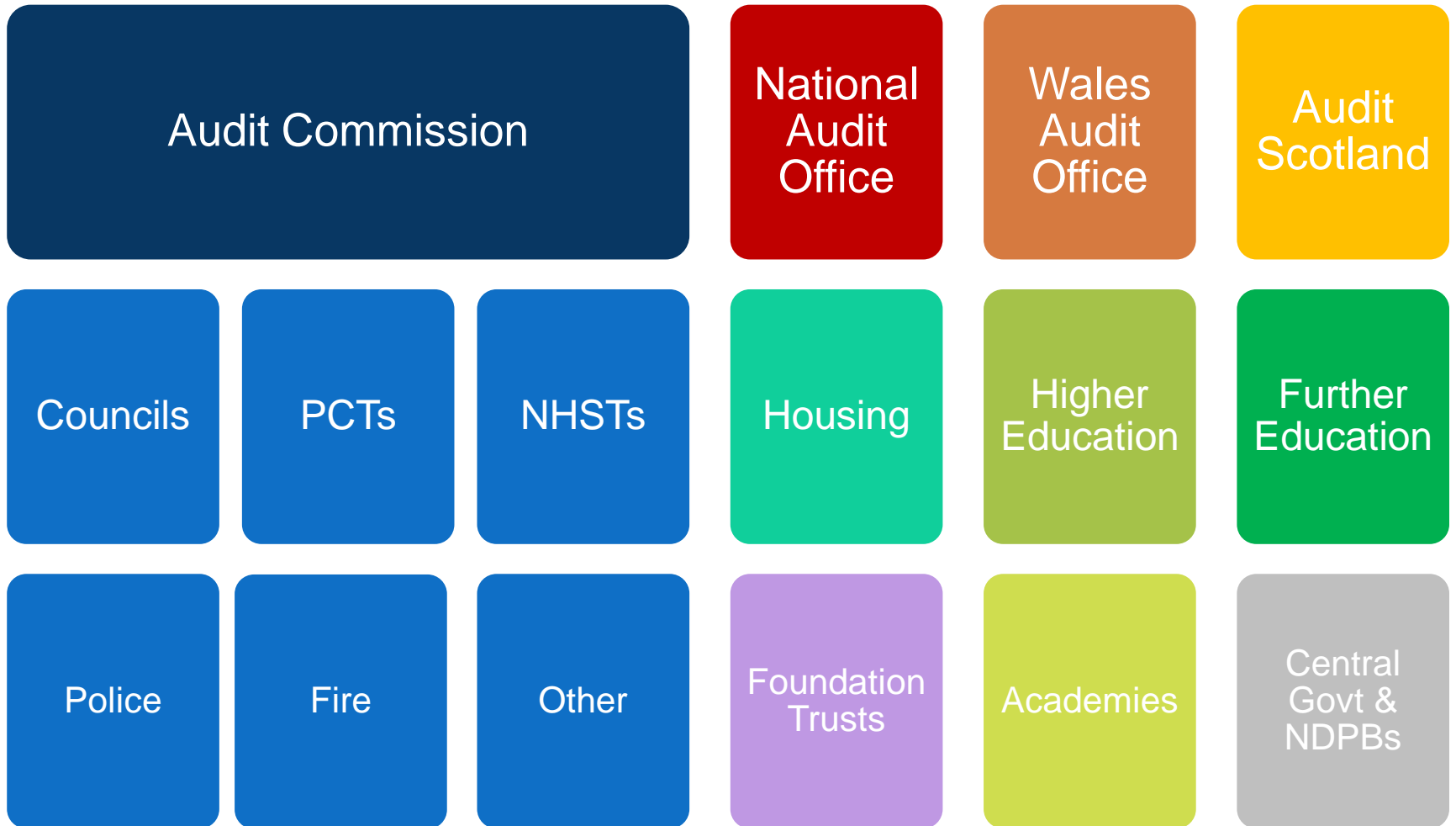UK Turnover in 2011

£1.48 billion

KPMG's public sector audit practice

Our public sector audit practice covers:

- 4 regions: North, Midlands, South West, and London/ Eastern Counties

- 385 employees

- 470 external audit clients

- 230 non-audit clients

KPMG public sector audit work

Audit Commission			National Audit Office	Wales Audit Office	Audit Scotland
Councils	PCTs	NHSTs	Housing	Higher Education	Further Education
Police	Fire	Other	Foundation Trusts	Academies	Central Govt & NDPBs

KPMG clients – Audit Commission framework

- KPMG is now the second biggest audit supplier to the Commission, responsible for around 25% of audits
- Our clients include:
  - 41 single and upper tier local authorities
  - 45 borough and district councils
  - 23 other local authorities
  - 23 pension funds
  - 41 primary care trusts
  - 21 NHS trusts

KPMG UK offices

Aberdeen	Birmingham	Bristol	Cambridge	Cardiff
Edinburgh	Gatwick	Glasgow	Ipswich	Leeds
Leicester	Liverpool	London	Manchester	Milton Keynes
Newcastle-upon-Tyne	Nottingham	Plymouth	Preston	Reading
	Southampton	Stoke-on-Trent	Watford	

KPMG Public Sector Audit Leadership

Name	■ Mike McDonagh
Position	■ Head of Audit, Public Sector
Role	■ Overall national responsibility for all of KPMG's public sector audit work
	■ KPMG national lead for local government & central government
	■ Engagement lead for Audit Commission audits

Name	■ Trevor Rees
Position	■ Partner, Public Sector
Role	■ Contact Partner for Audit Commission contract
	■ Engagement lead for Audit Commission audits

Quality track record

- Long history of positive assessments through the Audit Commission's Quality Review Process for:
  - the quality of KPMG's work
  - our compliance with the Audit Commission's requirements
  - audited body satisfaction
- Positive outcome from cyclical AIU reviews in 2010
- Since the introduction of an overall scored QRP report, KPMG has been:
  - top scoring audit supplier in 2010
  - second highest scoring supplier in 2011
- Our approach is based on a strong focus on quality, embedded in how we work and our culture

Our reputation for service excellence

- KPMG was named 'Global Firm of the Year' at the Accountancy Age Awards 2010

- Our Audit Commission team was 'Audit Team of the Year' in 2009

- Audit Firm of the Year in the British Accountancy Awards 2011

- And many more......

Our values

- We lead by example

- We work together

- We respect the individual

- We seek facts and provide insight

- We are open and honest in our communications

- We are committed to our communities

- We act with integrity.

Delivery of audit work

Staffing

- Maintain continuity
- But introduce mixed teams

Technical excellence

- Comprehensive technical support
- Network of specialists

Efficiency

- Focused & risk based audit
- Faster delivery, less time on site
- Technology

Reporting

- Plain English
- Concise
- Adding value

KPMG

cutting through complexity ™

Audit Committee Institute
Sponsored by KPMG

Audit Committee Institute

Audit Committee Institute

- Recognising the importance of audit committees, the Audit Committee Institute (ACI) has been created to serve audit committee members and help them to adapt to their changing role.

- Sponsored by KPMG, the ACI provides knowledge to audit committee members and is a resource to which they can turn for information or to share knowledge.

ACI – Key publications

- Key publications include:
  - Toolkit – 'A Practical Guide – Shaping the UK audit committee agenda'
  - Annual ten to-do's for audit committees
  - ACI Quarterly
  - Briefings

ACI – Key initiatives

- Key initiatives include:
  - Professional Development Programme
  - Chair 100 Group – FTSE 100
  - BOFI Programme – Training and development for NEDs of Banks & Other Financial Institutions
  - FTSE 350 Breakfast programme
  - Local Government Programme

ACI – Local Government Programme

- Currently runs twice yearly

- Early evening events around the country

- Designed specifically for local authority members with Audit Committee (or equivalent) responsibilities.

- Mixture of presentations and round table discussions

- Forum for Audit Committee members to network and share ideas

- Autumn session for the Midlands is on 13 November in Leicester and in Leeds on 28 November

- On the agenda this autumn: Hot topics briefing; Partnership governance; 'The Brilliant Local Authority of the Future' – threats and opportunities facing local government