

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

10 JANUARY 2017

REPORT OF THE CHIEF EXECUTIVE

INTERNAL AUDIT SHARED SERVICE UPDATE

1. Purpose of Report.

1.1 The purpose of this report is to propose an extension to the Internal Audit Shared Service Partnership Agreement until the 31st January 2020.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background

3.1. The provision of Internal Audit is recognised by all councils as core to their effective governance, risk management, and control arrangements. The requirement for councils to maintain appropriate and effective internal audit arrangements is set out in the Accounts and Audit (Wales) Regulations 2014 as amended from time to time.

3.2. Cabinet at its meeting held on 6th March 2012 approved the proposal that Bridgend County Borough Council become a partner in the Internal Audit Shared Service (IASS) partnership as a joint discharge of functions under Section 101 of the Local Government Act 1972; with the Vale of Glamorgan Council operating as the host authority and authorised the Section 151 Officer in consultation with the Monitoring Officer; to make the necessary arrangements to establish the IASS, subject to an agreed Partnership Agreement and Contract.

3.3. A formal Partnership Agreement was signed and sealed by both Councils on the 1st February 2013, whereby an Internal Audit Shared Service would be provided by the Vale of Glamorgan Council as the Host Authority for a period of three years to Bridgend County Borough Council.

3.4. Cabinet at their meeting held on the 1st September 2015 approved the extension of the Internal Audit Shared Service Partnership Agreement for a period of two years to 31st January 2018.

4. Current situation / proposal

4.1. On the 1st February 2017 the Internal Audit Shared Service will be commencing its fifth year of collaboration. Contained within the Partnership Agreement at paragraph 3.4 it states that "This Agreement may be extended by the Authorities for a period not exceeding two years at a time. For the avoidance of doubt, this Agreement may be extended on more than one occasion".

4.2. In addition at paragraph 26.4 the Agreement states "If either Authority wishes to withdraw from this Agreement on or after the third anniversary of the Service Transfer Date the withdrawing Authority may do so on giving not less than twelve months' notice to the other Authority of its intention to do so"

4.3. Overall the Internal Audit Shared Service continues to meet its objectives:-

- Being affordable and representing value for money;
- Enhancing the professionalism and quality of audit services provided to both Councils through shared knowledge and best practice;
- Remaining flexible and responding to changing service requirements and priorities;
- Extending access to specialist audit services and other disciplines to both Councils;
- Delivering efficiencies and economies of scale;
- Improving the investment in staff training and development and providing opportunities for career progression for staff within the service.

4.4. The performance of the Partnership has been very good in respect of the delivery of the Audit Plan and feedback from customers, all of which have been reported regularly to the respective Audit Committees. The overall cost of service has been delivered year on year within the budgets set. Further details are set out in Appendix A attached.

4.5. Therefore, in order to ensure that both Councils remain compliant with the terms and conditions of the Partnership Agreement, Cabinet is requested to approve an extension for a further period of two years to 31st January 2020. On 12th December 2016 The Vale of Glamorgan Council's Cabinet agreed that they wish to this extension.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None as a direct consequence of this report

6. Equality Impact Assessment.

6.1. There are no equality issues as a direct consequence of this report.

7. Financial Implications.

7.1. Specifically for Bridgend County Borough Council since April 2013 the budget allocated to the Internal Audit Shared Service has been reduced from £420,155 to £379,000 which represents an overall reduction of 10%. In addition, for the financial years 2013/14 and 2015/16 the overall budget has been underspent.

8. Recommendation.

8.1. That Cabinet approve an extension to the Internal Audit Shared Service partnership arrangement as follows:

- Extension of the Internal Audit Shared Service Partnership for further period of two years to 31st January 2020.

Darren Mepham
Chief Executive

Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None