

## **SHARED SERVICES FOR INTERNAL AUDIT**

### **Report of the Acting Executive Director of Finance, IT & Trading**

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

**Recommendation - that Members note the progress that has been made towards the formation of a consortium between Devon County Council, Plymouth City Council and Torbay Council for the provision of shared Internal Audit services, and the associated governance arrangements.**

#### **Background**

1. This committee has received previous reports on the Shared Services project, most recently on 25<sup>th</sup> September 2008. At its meeting on 14<sup>th</sup> October 2008, the Executive approved the formation of a consortium between Devon County Council, Plymouth City Council and Torbay Council for the provision of Internal Audit Services, both as a means of improving services through joint working arrangements and maximising efficiencies through economies of scale. The agreed implementation date for these arrangements is 1<sup>st</sup> April 2009. This Shared Services arrangement will be known as the Devon Audit Partnership.
2. Further approval was given for the establishment of a Joint Committee of Members of Devon County, Plymouth City and Torbay Councils and for the Party Whips / Secretary to be authorised to determine the appointment of the County Council's 2 representatives at the appropriate stage. Similar approvals have been given by the appropriate Member groups and committees at Plymouth City and Torbay Councils. The County Council's Audit Committee will continue to operate under its existing Terms of Reference and receive reports on the Council's governance and audit arrangements.
3. The project for implementation of these arrangements is being delivered in accordance with the Council's project planning procedures. The principles adopted are similar to PRINCE2 methodology that are closely aligned to the "Devon Way" project management methodology. The Project Board established has the three Directors of Finance / Section 151 Officers as the main board members. Arrangements have also been put in place to ensure that appropriate consultation with staff and the unions takes place throughout the project.
4. This report provides an update to Members on progress towards implementation on 1<sup>st</sup> April 2009. A similar report is due to be received by the Council's Executive on 27<sup>th</sup> March.

## Progress to date

5. The project is currently on course for implementation on 1<sup>st</sup> April 2009. It has been agreed that Devon County Council will act as the host authority for the partnership, and that audit staff will transfer from Plymouth and Torbay to Devon as the host authority under TUPE arrangements on 1<sup>st</sup> April.
6. A series of joint meetings with all staff and union representatives have been held as part of the consultation process, with the most recent one on 17<sup>th</sup> March. A JCC for the project has also met regularly, involving HR and union representatives from all 3 Councils, together with the project director and/or project manager.
7. Martin Gould, who is currently Assistant Director – Internal Audit with Torbay Council, has been appointed as Head of Partnership with effect from 1<sup>st</sup> April, and is now working closely with the Project Board, all working groups and all the staff involved, to ensure that all the key requirements are in place at implementation and a smooth transition to the new arrangements.
8. The three current Heads of Audit, who have been leading this project from early 2007, continue to hold regular monthly meetings to progress and coordinate all developments, more recently in conjunction with the Project Board. They are supported in this by various working groups in specialist areas; all of these groups include representation from each of the Councils.
9. The HR working group, in conjunction with the JCC mentioned above, has been ensuring that all of the necessary personnel issues and policies are followed in preparing for the transfer of staff in April, and their subsequent employment by Devon County Council as the host authority.
10. The Finance working group has been bringing together the respective budgets of the 3 current audit sections into a joint budget to be overseen by the Partnership from 2009/10. The IT Infrastructure Group is ensuring that the new joint team will have in place effective and efficient IT arrangements that will facilitate communications between all staff and access to appropriate systems across the Councils. It has been agreed that Devon's ICT Services will provide the support for the partnership's IT infrastructure. Appropriate security and confidentiality arrangements will be in place.
11. The Legal working group has been ensuring that the necessary agreements will be in place between the three Councils before April. Key documents in this respect are the Partnership Agreement and Trading Agreements between the Councils. Both of these documents are at advanced stages of agreement and close to finalisation.
12. The initial Partnership Agreement is for a term of 3 years, with the option to extend by a further 2 years at the end of that period. The agreement includes details of the governance arrangements and the respective responsibilities of the Joint Committee and the Management Board (see next section).
13. Further working groups of senior auditors and managers have also been making good progress towards ensuring that the benefits from joint working can be delivered from

the outset through agreement of a range of consistent working practices built on the sharing of best practice between the three current teams.

### Governance Arrangements

14. The corporate governance arrangements will be accommodated through a Joint Committee of Members of all three authorities, alongside a Management Board comprising the Section 151 officers, or their nominated representatives. There will be two representatives from each authority on this committee, which is expected to meet twice a year, probably in July and January. Locations for the meetings will be rotated. It is expected that membership of the Joint Committee will be confirmed at the County Council's Annual Meeting on 25<sup>th</sup> June 2009.

15. The intention is that the Joint Committee will have a strategic role in overseeing the work of the Partnership with the Management Board providing at a senior level the monitoring and supervision of the shared audit services.

16. The key responsibilities of the Partnership / Joint Committee will be to:

Receive and consider reports from the Management Board, the Head of Internal Audit Partnership, External Audit and the Host Council
Approve the annual accounts of the Partnership
Approve the budget in respect of the Functions
Approve the annual work programme in respect of the Functions
Approve the appointment of the Head of Internal Audit Partnership
Resolve any disputes that are still unresolved after reference to the Management Board

17. The key responsibilities of the Management Board will be to:

Agree the partnership budget subject to the Partnership approval
Approve all changes to budgets subject to the approval of the Councils where appropriate
Approve all changes to staffing levels, grades and other employee issues (including terms and conditions of employment)
Agree the audit plans
Agree changes to audit plans that impact upon the Partnership
Receive and approve performance reports from the Head of Internal Audit Partnership
Carry out any Performance Reviews
Resolve disputes

Mary Davis

Electoral Divisions: All  
Local Government Act 1972

#### List of Background Papers

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Background Paper	Date	File Ref
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Nil

Executive member: Councillor Brian Greenslade