

**The Office of The Police and Crime Commissioner for Devon and Cornwall -
The Provision of Internal Audit Services to The Strategic Alliance**

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

Report of Head of Partnership

Recommendations:

That members:

1. Note the change in delivery arrangement for internal audit at the Office of The Police and Crime Commissioner for Devon and Cornwall
2. Note and accept the resignation from the Devon audit Partnership

1 Introduction

The purpose of this report is to update the Devon Audit Partnership Committee on the current progress of the Devon and Cornwall and Dorset strategic alliance and the future provision of internal audit services to the alliance joint internal audit function.

2. Background

Dorset and Devon & Cornwall Police (both Force and OPCC) are working together on a Strategic Alliance; the aim of which is to make best use of resources available, generating efficiency savings where possible. A number of work streams for the Alliance have been identified, and these will be worked on over the coming years.

Work streams that are currently being worked on include Finance and Governance (which includes Internal Audit). Early results from these work streams are that Finance and Governance will, in future, be led via Dorset. In terms of Governance, a Head of Governance has been appointed, and the Internal Audit function will report to this post.

For Dorset and Devon & Cornwall Police internal audit has previously (and is currently) provided by a mixture of in-house provision and the use of local audit partnerships, namely DAP & SWAP, with internal audit for Devon & Cornwall (both Force and OPCC), being delivered by an in-house Interim Head of Audit, supported by bought in services from the Devon Audit Partnership (DAP), of which the Devon & Cornwall Police are currently a “non-voting” member.

In Dorset, internal audit is provided by SWAP, of which Dorset Police are a member under the umbrella of Dorset County Council.

3. Proposals for The Future

From 1 April 2016 it has become clear that the Strategic Alliance will require a “single provider” to support and deliver the internal audit function across all four organisations. The Head of Governance has contacted both of the current internal audit providers (DAP and SWAP) to make them aware of the proposed changes from April 2016, and setting the providers the challenge of determining how they could support the Strategic Alliance going forward.

Both DAP and SWAP understand the challenges facing all four organisations, and the need to have in place, sound, effective, reliable and cost effective arrangements that can provide professional and consistent internal audit support and advice during this time of significant change.

Management of DAP and SWAP recently met to prepare “joint solution” to the challenge being posed. They are jointly proposing that, from April 2016, the bought in internal audit support for the Strategic Alliance can be effectively met through a single contract arrangement with SWAP, with SWAP then calling upon the skills and resources of DAP to support the plan in the most effective way.

An outline proposal has been made that refers to proposed audit provision by SWAP and DAP of around 430 days, of which around 125 days is expected to be delivered by DAP. The day rate for this work is expected to be £265 per day, in line with current arrangements.

It is very pleasing that our internal audit partnerships can work together to provide solutions that will aid the Strategic Alliance to progress in an effective way. The proposed arrangement will enable both PCCs and Chief Constables to continue to draw upon the knowledge, expertise and skills of staff from both organisations, and will enable the internal audit function to be delivered professionally and effectively, minimising down time from travelling and in learning about the client.

However, the proposal does require there to be a “lead” partner, and this has been determined (for reasons set out above) to be SWAP. This means that, should the proposal be adopted, then the OPCC for Devon and Cornwall will need to give formal notice to the Devon Audit Partnership to leave the Partnership arrangement and join with SWAP.

The proposal has been discussed and under the terms of the DAP agreement a formal notice of six months is expected. It is therefore expected that the OPCC will cease to be a partner at the end of July 2016. This timing will enable the OPCC to continue as a non-voting member at the March and June meetings of the Management Board and Partnership Committee.

In terms of payments and SLA's – each year the OPCC agrees an SLA with DAP for service delivery days. For 2016/17 this arrangement will change with the Strategic Alliance agreeing a service level with SWAP, with SWAP then agreeing services with DAP. As such the SLA between the OPCC and DAP for 2016/17 will be for zero days, but DAP will continue to provide input via sub-contractual arrangements with SWAP.

4. Conclusion

Both the Force and PCC at Devon and Cornwall have benefitted over the years from an excellent relationship with DAP as internal auditors which has since the transition to PCC been enhanced by membership of the DAP Board. The PCC and Chief Constable are keen to retain the services into the future with the strategic alliance and this proposal retains the valuable knowledge link plus the geographical closeness.

It is therefore recommended that in line with the agreement that formal notice is given for the termination of services at the end of July 2016. The PCC and Chief Constable will continue to receive the services of DAP as partners of SWAP.

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Electoral Divisions: All
Local Government Act 1972

List of Background Papers

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Background Paper	Date	File Ref
Nil		

There are no equality issues associated with this report