

DEVON AUDIT PARTNERSHIP – Request for North Devon District Council to join the Devon Audit Partnership

Report of the County Treasurer

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

Recommendation: that the Committee approve North Devon District Council becoming a member of DAP from 1st April 2020.

1. Introduction

1.1 The internal audit provision for North Devon District Council (NDDC) is currently delivered by Mazars; Mazars being a mainly London based firm providing audit, accountancy, and legal services. Mazars deliver service by way of a “3 year plus 2” contract. The first three years of the contract ended on 31 March 2019, and it was agreed to extend for a further one year for the 2019/20 financial year.

2. Service Requirements

2.1 North Devon DC are aware that the internal audit provision for close neighbours (e.g. Torridge and Mid Devon) is provided by Devon Audit Partnership (DAP). As the Partnership is a “Teckal compliant” organisation, hosted by Devon County Council, the Partners can discharge their statutory need for internal audit via DAP without the need for entering into tendering arrangements; in effect the Partners have control over DAP, much in the way that they control their other in-house teams (e.g. finance, HR etc)

2.2 The Head of Resources at North Devon DC has had initial conversations with the Head of DAP about the possibility of NDDC joining as a partner. A paper has been taken to the NDDC Governance Committee (5th November 2019) with two recommendations, namely:-

- That members approve that North Devon Council join the Devon Audit Partnership (DAP) as a partner from 1st April 2020 onwards, for the provision of internal audit services; and
- That the Head of Resources work with the Head of Devon Audit Partnership (DAP) and respective Legal, Human Resources and Finance teams to prepare and sign contracts to enable the above partnership to take place.

2.3 The internal audit plan for North Devon currently shows delivery of around 200 days of internal audit per year, with NDDC retaining a small contingency budget to enable further “call off” of services as and when needed.

2.4 NDDC have been made aware of the day rate that DAP would expect to charge and that this day rate is strongly influenced by pay and price inflation and so a pay award for staff from April 2020 will have an impact on this rate.

2.5 The Head of DAP has explained that each year (around late November / early December) DAP would require initial indications for NDDC of the internal audit requirements for the coming year; it is recognised that this can go up or down, depending upon activity, risk and how the internal audit function can support the Council. To aid DAP management in planning and resourcing delivery it is expected that annual fluctuations will be limited to around 10% of the total plan.

3 Staff & operational considerations.

3.1 There is the potential of a TUPE transfer relating to an employee currently working with Mazars. If this transpires then the Head of DAP will work with NDDC, Mazars and HR colleagues to arrange for a suitable TUPE transfer.

3.2 DAP would expect previous audit files to transfer from Mazars to them, and NDDC expect that the contract allows for this.

3.3 DAP use the MKi audit management system and would look to introduce this to NDDC.

3.4 DAP have identified that their reporting (assignment and summary) styles are similar to that NDDC currently receive and will work with the Head of Resources to ensure reports meet Council requirements.

4 Impact on DAP

4.1 DAP currently provide internal audit services to a number of District Councils (Torrige, Mid Devon etc) and so have the experience and knowledge to deliver this work. To deliver an additional 200 days would require additional resource, and DAP management will consider the best and most effective way to deliver the requirements of the contract. The impact of any TUPE transfer will form part of this assessment.

4.2 As a Partner, NDDC would be expected to provide an officer to attend and vote at the Partnership Management Board, and two members will be invited to attend the Devon Audit Partnership Committee, at which NDDC will be a voting member.

4.3 Surpluses / deficits as at 31 March 2020 will be "frozen" to the existing members (Plymouth, Torbay, Devon, Mid Devon and Torrige). Any future surpluses / deficits will be shared between the partners, with allocations being based upon the expected percentage of contribution made by each partner as at 1 April 2020.

5 Proposal

5.1 It is proposed that NDDC will become a partner of the DAP w.e.f. 1 April 2020.

5.2 In November / early December (2019) the Head of Resources and head of DAP will meet to set out the expected internal audit input for the coming year.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

List of Background Papers

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<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report