

## **The Vale of Glamorgan Council**

### **Cabinet Meeting: 12 December, 2016**

#### **Report of the Leader**

#### **Internal Audit Shared Service**

##### **Purpose of the Report**

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

##### **Recommendation**

1. That Cabinet approve the extension of the Internal Audit Shared Service Partnership Agreement for a further period of two years to 31st January 2020.

##### **Reason for the Recommendation**

1. To facilitate monitoring of the Internal Audit Shared Service for the Internal Audit function.

##### **Background**

2. Cabinet at their meeting held on 14th March 2012, approved that the Vale of Glamorgan Council becomes a partner with Bridgend County Borough Council and hosts the Internal Audit Shared Service (IASS). The Head of Paid Service and the Section 151 Officer were authorised, in consultation with the Leader, to make the necessary detailed arrangements under delegated authority to establish the IASS, including admission of further interested parties if appropriate subject to a Partnership Agreement and Contract.
3. The original commitment was for a period of three years to 31st January 2016.
4. On the 27th July 2015 Cabinet approved the extension of the Internal Audit Shared Service Partnership for a period of two years to 31st January 2018.

##### **Relevant Issues and Options**

5. 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".

6. 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 ....."
7. 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.
8. The performance of the Partnership has been very good in respect of the delivery of the Audit Plan and the 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.
9. 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. Bridgend County Borough Council's Chief Executive has expressed his wish to continue with the Shared Service and a similar report will be presented to Bridgend's Cabinet as soon as practicable.

### **Resource Implications (Financial and Employment)**

10. Specifically for the Vale of Glamorgan Council, since April 2013 the budget allocated to the Internal Audit Shared Service has been reduced from £553,311 to £427,245 which represents an overall reduction of circa 23%. In addition, for the financial years 2013/14 to 2015/16 the overall budget has been underspent for the Council.

### **Sustainability and Climate Change Implications**

11. None directly from this report.

### **Legal Implications (to Include Human Rights Implications)**

12. Provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014.
13. The IASS is underpinned by a legally binding Partnership Agreement and Contract to protect the interests of both Councils.

### **Crime and Disorder Implications**

14. Pursuing initiatives to prevent, detect and deter crime is encompassed within the terms of reference under which the audit function operates.

## **Equal Opportunities Implications (to include Welsh Language issues)**

15. None as a direct result of this report.

## **Corporate/Service Objectives**

16. The work of internal audit is intended to assist in the achievement of all corporate and service objectives.

## **Policy Framework and Budget**

17. The proposals in this report are in accordance with the policy framework and budget and the extension of the Partnership Agreement is a matter for Executive decision by Cabinet .

## **Consultation (including Ward Member Consultation)**

18. No further consultation is proposed.

## **Relevant Scrutiny Committee**

19. Corporate Performance and Resources

## **Background Papers**

None

## **Contact Officer**

Helen Smith - Operational Manager - Audit

## **Officers Consulted**

External Audit

## **Responsible Officer:**

Carys Lord - Head of Finance / Section 151 Officer