

AUDIT AND RISK COMMITTEE

23 September 2014

INTERNAL AUDIT – SERVICE UPDATE

Report of the Director of Resources

STRATEGIC AIM	All
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1. PURPOSE OF THE REPORT

- 1.1 To brief the Committee on changes in the Internal Audit team following the departure of the previous Head of Audit.

2. RECOMMENDATIONS

- 2.1 **That the Committee notes the arrangements in place up until the end of the financial year.**

3. BACKGROUND

- 3.1 The Head of Audit retired at the end of August 2014 and the Council was not able to appoint a new Head of Audit. This was disappointing because all member Councils of the Welland Internal Audit Board agreed to offer a market supplement on the post to try and attract a greater number of candidates. There were only five applicants for the role.
- 3.2 The Welland Internal Audit Board therefore reviewed its short term options to ensure the audit plan can be delivered for 2014/15. Options included:
- i. Appointing an interim member of staff;
 - ii. Re-running the recruitment exercise; and
 - iii. Working with another Internal Audit provider to cover the gap.
- 3.3 The Board met with some interim candidates (fees ranged from £420 - £570 per day) who were suitable albeit some were not immediately available. The Board also received an offer from the Local Government Shared Service (LGSS - a shared service venture owned by Cambridgeshire and Northamptonshire County Councils) to provide interim support. LGSS have over 50 audit staff and provide internal audit services to a number of councils.

- 3.4 Following meetings with LGSS, the Board decided to appoint LGSS from 4 August 2014 until the end of March 2015 to provide internal audit management support. A Service Level Agreement (SLA) has been put in place with LGSS and this will be overseen by the Assistant Director – Finance. LGSS will effectively fulfil the role of Head of Audit, provide line management support to all internal audit staff and deliver some audits directly. The arrangement also gives the partnership additional capacity and resilience should there be other staff changes.
- 3.5 The officers from LGSS who will be working with the Council are Johnathan Idle (Head of Internal Audit, LGSS) and Rachel Ashley-Caunt (Principal Auditor, LGSS). The cost to the Council of this arrangement is £400 per day and hence less than the cost of Agency interim cover albeit c£15k over the original budget. A payment by results clause has been built into the agreement so that the Council can withhold an element of the fee should performance fall below the required level.
- 3.6 The Board will be preparing a paper shortly in relation to options beyond the end of March 2015.

4. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	Action to address the departure of the Head of Audit has been taken.
Viability	Medium	The Council has put in place a Service Level Agreement.
Finance	Low	There is a potential additional cost in the region of £15k for this Council which has been factored into latest forecasts.
Profile	Medium	The profile of Internal audit is relatively high.
Equality and Diversity	Low	EIA screening produced a low result; therefore a full EIA was not required.

Background Papers

Report Author

Saverio Della Rocca
 Tel No: (01572) 722577
 e-mail: enquiries@rutland.gov.uk

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