

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 November 2012

PART A

AGENDA ITEM

10

Title: INTERNAL AUDIT

Report of: Director of Corporate Resources & Governance

1. SUMMARY

1.1 This report seeks approval to enter into an agreement with the Hertfordshire Shared Internal Audit Service to provide internal audit services.

2. RECOMMENDATIONS

2.1 That internal audit services be provided by the Hertfordshire Shared Internal Audit Service and the Strategic Director of Finance (Watford) and the Director of Corporate Resources and Governance (Three Rivers) be delegated in consultation with the Chairman and Vice-Chairman of the Committee to enter into an appropriate agreement.

Contact Officer:

For further information on this report please contact:

David Gardner – Director of Corporate Resources & Governance – Three Rivers D.C.

telephone number: 01923 776611

email: david.gardner@threerivers.gov.uk

Report approved by:

Bernard Clarke – Head of Strategic Finance – Watford B.C.

3. DETAILED PROPOSAL

3.1 Attached at Appendix 1 is a proposal from the Hertfordshire Shared Internal Audit Service (SIAS) to provide internal audit services. At Appendix 2 is the Annual Report of SIAS for 2011/12.

3.2 This report is presented to the Committee in the light of:-

- the need for resilience following the resignation of the Head of Internal Audit who has accepted a post elsewhere (remaining staff only have the capacity to provide 330 audit days), and
- the request from Three Rivers D.C. that the Joint Committee achieve savings from internal audit.

4. IMPLICATIONS

4.1 Policy

4.1.1 The recommendations in this report are within the policies of the Joint Committee, Three Rivers District Council and Watford Borough Council to achieve resilience, improvement in service and savings from the functions delegated to the Joint Committee.

4.2 Financial

4.2.1 The current internal audit plan allows for 492 days. It includes 20 days consultancy for Watford (which will cease), and 25 days contingency (which will only be bought in if necessary). There is also a contract for 29 days specialist audits from Deloitte on ICT network infrastructure, virtualisation, and governance. SIAS will take over this work. In total this amounts to 447 days at £299 per day.

4.2.1 The revenue implications are as follows:-

	Current Year 2012/13 £	2013/14 £	2014/15 £	Future Years per Annum £
Revenue				
Current Costs		187,610	190,950	194,340
SIAS Charge		133,650	133,650	133,650
Saving		53,960	57,300	60,690

The table above excludes any inflationary increase from SIAS for years two and three and the reduction to 'partner rates' in year 4.

4.3 Legal Issues (Monitoring Officer)

4.3.1 The Head of Legal and Democratic Services comments that the authorities that comprise SIAS have agreed that the arrangement contributes to the promotion and improvement of the economic well-being of Hertfordshire and as such is permitted under Section 2 of the Local Government Act 2000. The authorities collaborate under Section 1 of the Local Authorities (Goods and Services) Act 1970.

4.4 Risk Management and Health & Safety

4.4.1 The subject of this report is covered by the Finance service plan. Any risks resulting from this report will be included in the risk register and, if necessary,

managed within this plan.

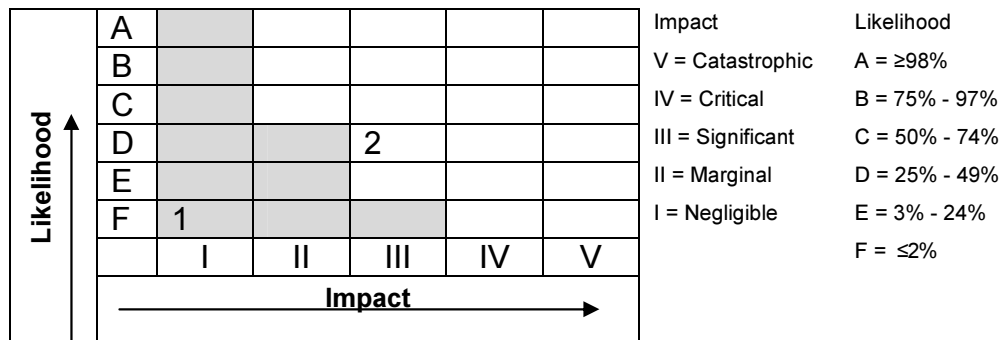
4.4.2 The following table gives the risks if the recommendation is agreed, together with a scored assessment of their impact and likelihood.

Description of Risk		Impact	Likelihood
1	That an agreement is entered into and SIAS fail to provide the service	III	F

4.4.3 The following table gives the risk that would exist if the recommendation is rejected, together with a scored assessment of its impact and likelihood:

Description of Risk		Impact	Likelihood
2	That the current in-house service loses resilience and fails to deliver savings	III	D

4.4.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood. Risks are tolerated where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require either monitoring or managing, in which case a treatment plan is prepared.



4.5 Staffing

4.5.1 Existing staff would transfer to SIAS under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). Staff are being kept informed of developments and there will be appropriate formal consultation should members agree the recommendation.

4.6 Equalities, Accommodation, Community Safety, Sustainability & Environment, Communications & Website and Customer Services

4.6.1 None specific.

Appendices

1. Watford / Three Rivers Proposal – SIAS
2. Annual Report 2011/12 - SIAS

Background Papers

No papers were used in the preparation of this report.