

Supporting Information and Impact Assessment

Service / Policy:	Finance - Internal Audit
Executive Lead:	Councillor Mills
Director / Assistant Director:	Asst Director Corporate and Business Services

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Section 1: Background Information

1. What is the proposal / issue?

Devon Audit Partnership (DAP) was created in April 2009 to discharge the Internal Audit responsibilities for Torbay, Plymouth and Devon Councils by way of a partnership arrangement. It originally had an agreement to run for three years, but the success of the Partnership has meant that the agreement has been extended for further periods, up to 31 March 2017.

The Partnership Management Board and Partnership Committee are satisfied that the Partnership continues to meet its aims and objectives, and discharges the role of Internal Audit in an effective and professional manner. Both Board and Committee have recommended that the Partnership agreement be extended for a further 7 years (April 2017 to March 2024), subject to appropriate "release" clauses to reflect the uncertainty facing public sector, and in particular public sector finances.

It is proposed that the Partnership be extended for a further 7 years (from April 2017 to March 2024) and that a Deed of Variation be agreed between the Partners to permit this. This Deed of Variation recognises the continuing financial uncertainty affecting the public sector; internal audit requirements and the contribution from each Partner will be re-assessed on an annual basis to reflect each Partners' requirement.

The agreement expects that, by 31 December every year, an internal audit budget for each Partner Council will be agreed for the next Financial Year. The agreed budgets shall then be reported to the Management Board and thereafter submitted for approval to the February/March meeting of the Partnership. In the spirit of collaborative working, and with the purpose of trying to maintain stability and continuity of service, each Council shall use reasonable endeavours to avoid significant fluctuations and/or significant reductions in its budget between Financial Years.

There is financial uncertainty facing the Partnership, and this will need to be managed through continued modernisation of working practices and through effective wider partnership working.

2. What is the current situation?

As outlined above, Internal Audit for Torbay is currently provided as a partnership

	<p>arrangement with Plymouth and Devon councils via the Devon Audit Partnership.</p> <p>Devon Audit Partnership is governed by a Management Board, comprising of the Section 151 officers from Torbay, Plymouth and Devon Council, which then reports to the Devon Audit Partnership Committee which comprises of two members from Torbay, Plymouth and Devon Councils. For Torbay, the Management Board is attended by the Chief Accountant (Martin Phillips) and the Partnership Committee is attended by the Chair of the Torbay Audit Committee (Cllr Alan Tyerman) and Vice Chair (Cllr James O'Dwyer).</p>
<p>3.</p>	<p>What options have been considered?</p> <p>The Partnership Management Board and Partnership Committee are satisfied that the Partnership continues to meet its aims and objectives, and discharges the role of Internal Audit in an effective and professional manner. Both Board and Committee have recommended that the Partnership agreement be extended for a further 7 years (April 2017 to March 2024), subject to appropriate "release" clauses to reflect the uncertainty facing public sector, and in particular public sector finances.</p> <p>The Partnership has proved to be most successful in meeting these objectives and more recent challenges. In particular, the Partnership has delivered substantial financial savings to all partners, whilst still providing a robust, professional and reliable internal audit function that meets the requirements of the Public Sector Internal Audit Standards.</p> <p>Should the partnership arrangement not be extended then Torbay would need to consider</p> <ul style="list-style-type: none"> a) reverting to an in-house internal audit team; or b) tendering for an external provider for the service. <p>Both options would need to take account of probable TUPE implications.</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>The role of internal audit is to ensure that the organisation identifies and understands its risks, and puts in place suitable measures to control these risks. Internal audit will test the suitability, reliability and compliance to controls, to help ensure risks are mitigated.</p> <p>As such Internal Audit supports the Council in meeting the key objectives in the Corporate Plan effectively.</p>
<p>5.</p>	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Internal Audit is an independent function that support management and those charged with governance.</p> <p>The extension has been discussed and agreed with the Head of Finance (Martin Phillips), Assistant Director Corporate and Business Services (Anne Marie Bond), Chair of Audit Committee (Alan Tyerman) Vice Chair of Audit Committee (James</p>

	<p>O'Dwyer), Senior Leadership Team (SLT) and Joint Operations Team Management Meeting.</p> <p>The Councils external auditors (Grant Thornton) also rely upon the work of internal audit when planning and scoping their assurance work.</p>
6.	<p>How will you propose to consult?</p> <p>The above have been consulted on the proposals to extend the Partnership arrangement.</p>

Section 2: Implications and Impact Assessment

7.	<p>What are the financial and legal implications?</p> <p>A Deed of Variation has been prepared and agreed between the legal representatives of the Partners (Plymouth, Devon and Torbay councils) to permit this.</p> <p>This Deed of Variation recognises the continuing financial uncertainty affecting the public sector; internal audit requirements and the contribution from each Partner will be re-assessed on an annual basis to reflect each Partners' requirement.</p> <p>The agreement expects that, by 31 December every year, an internal audit budget for each Partner Council will be agreed for the next Financial Year. The agreed budgets shall then be reported to the Management Board and thereafter submitted for approval to the February/March meeting of the Partnership. In the spirit of collaborative working, and with the purpose of trying to maintain stability and continuity of service, each Council shall use reasonable endeavours to avoid significant fluctuations and/or significant reductions in its budget between Financial Years.</p> <p>There is financial uncertainty facing the Partnership, and this will need to be managed through continued modernisation of working practices and through effective wider partnership working.</p> <p>Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:</p> <p>“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.</p> <p>From April 2013, organisations in the UK public sector are required to adhere to the Public Sector Internal Audit Standards (the Standards).</p>
8.	<p>What are the risks?</p> <p>The current Partnership arrangement ends on the 31 March 2017. If Torbay does not wish to extend the Partnership arrangement then alternative means of delivery</p>

	will need to be considered and put in place for the 1st April 2017.
9.	<p>Public Services Value (Social Value) Act 2012</p> <p>Torbay Council currently discharge the statutory function of Internal Audit via a Partnership arrangement.</p> <p>The Partnership is governed as a Joint Committee under Section 20 of the Local Government Act 2000. The Joint Committee has two Members from each of the three Councils, supported by a Management Board comprising the three Directors of Finance (Section 151 Officers) and the Head of Partnership.</p>
10.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>We have sought the views of the Partnership Management Board (which includes the Chief Accountant for Torbay) and the Partnership Committee (which is attended by the Chair and Vice Chair of the Torbay Audit Committee).</p>
11.	<p>What are key findings from the consultation you have carried out?</p> <p>Both Management Board and Partnership are satisfied that the Partnership meets the aims and targets set for it, and continues to provide a professional and cost effective internal audit service.</p> <p>At the meeting of the Devon Audit Partnership Committee in August 2016 it was "MOVED by Councillor Tyerman, SECONDED by Councillor Clatworthy and RESOLVED that the Head of Devon Audit Partnership progress the extension of the partnership agreement...".</p>
12.	<p>Amendments to Proposal / Mitigating Actions</p> <p>No changes have been required.</p>

Equality Impacts

13	Identify the potential positive and negative impacts on specific groups		
	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	Yes		
People with caring Responsibilities	Yes		
People with a disability			Yes
Women or men			Yes
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			Yes
Religion or belief (including lack of belief)			Yes
People who are lesbian, gay or bisexual			Yes
People who are transgendered			Yes
People who are in a marriage or civil partnership			Yes
Women who are pregnant / on maternity leave			Yes

	Socio-economic impacts (Including impact on child poverty issues and deprivation)			Yes
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			Yes
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None known		
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None known		