



INTERNAL AUDIT SHARED SERVICES PARTNERSHIP - UPDATE

SUMMARY

- 1.1 The internal audit shared services partnership with South Derbyshire District Council commenced on 1 January 2012. The Governance arrangements for the partnership require the establishment of a Partnership Board. The Board will consist of a representative from each partner's Audit Committee. This report seeks a nominee from the Audit and Accounts Committee to serve on the Board.

RECOMMENDATION

- 2.1 To nominate a member of the Audit and Accounts Committee as Derby City Council's representative on the Partnership Board.
- 2.2 To nominate a substitute for the nominee if they are unable to attend the Board.

REASONS FOR RECOMMENDATION

- 3.1 To meet the governance arrangements of the partnership.

SUPPORTING INFORMATION

- 4.1 The internal audit shared service partnership with South Derbyshire DC commenced on 1 January 2012. Two staff have transferred into the partnership from South Derbyshire DC. The aim of the partnership is to reduce the overall cost of internal audit to each partner organisation over the period of the arrangement.
- 4.2 The partnership will have its own 'brand' to promote the shared service ethos and is known as the central midlands audit partnership.
- 4.3 The arrangement will be governed through the Partnership Agreement which will set out the arrangements in place, standards and expectations and performance targets. The Partnership Agreement will be agreed by all parties. The partners will establish and maintain throughout the agreement period a Partnership Board through which the governance of the partnering relationship between Derby City Council and South Derbyshire District Council will be managed.

- 4.4 One Member from each Council's Audit Committee will sit on the Partnership Board. The Host Authority will nominate the Chair. Each member of the Partnership Board will have one vote. The Chair will not have a casting vote. Any disputes will be referred to the individual partner's democratic processes. The terms of reference for the Partnership Board are attached at Appendix 2.
- 4.5 The Partnership Board will be responsible for monitoring and approving the governance framework of the Partnership. The addition of any new partners will require a review of the Board arrangements. The Board will approve reports from the Operational Management Board and the Head of the Partnership on the budget, the partnership strategy, work programmes and new partners.
- 4.6 An Operational Management Board will be led by the Section 151 officers of the two councils. They will be accountable for the operational delivery of the services within the partnership. The Board will oversee the operation and performance of the Partnership and receive and approve reports from the Head of the Partnership.
- 4.7 Whilst the partners will jointly oversee the performance of the partnership, the responsibility for the adequacy of the whole system of internal audit will remain with the Councils themselves, who will retain responsibility for approving audit plans and monitoring delivery via the Councils' respective Audit Committees (or equivalent). The individual Councils will continue to:
- be responsible for overseeing the effectiveness of the internal audit function at Council level, and holding the Head of the Internal Audit Partnership to account for delivery
 - be responsible for the effectiveness of their respective governance, risk management and control arrangements, holding managers to account for delivery
 - receive regular progress updates on internal audit work, consider key themes and issues, and take them forward as necessary.

OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	
---	--

For more information contact: Background papers: List of appendices:	Richard Boneham, Head of Governance and Assurance, 01332 643280 richard.boneham@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Terms of reference for the Partnership Board
---	---

IMPLICATIONS

Financial and Value for Money

1.1 None directly arising.

Legal

2.1 None directly arising.

Personnel

3.1 None directly arising.

Equalities Impact

4.1 None directly arising.

Health and Safety

5.1 None directly arising.

Environmental Sustainability

6.1 None directly arising.

Asset Management

7.1 None directly arising.

Risk Management

8.1 None directly arising.

Corporate objectives and priorities for change

9.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

Terms of Reference and Constitution of the Partnership Board

1. One member per partner.
2. Equal voting rights – one member, one vote.
3. A Substitute should be nominated by each Partner to ensure that partner is represented at a Board meeting.
4. Each Partner must be represented for the Board meeting to take place.
5. Changes to legal or governance arrangements require agreement from all members of the Board.
6. The Board will meet at least three times per year.
7. The Board will receive reports from:
 - Operational Management Board.
 - Head of the Internal Audit Partnership
 - External Audit.
 - Host Authority.
8. The Partnership Board will manage the strategic aspects of the Service and the joint/shared Internal Audit Service generally and will prepare reports and recommendations for consideration by the Audit Committee of each authority.
9. The Board will :
 - Approve the annual budget for the Partnership
 - Monitor the effectiveness of the Audit Partnership Strategy and collectively review the options for the future delivery of the Service to meet the aims and objectives of the Strategy.
 - Recommend the annual audit plans to the Partnering authorities for approval.
 - Approve the admission of new partners.
 - Approve the dismissal or removal of the Head of the Internal Audit Partnership.