

Crawley Borough Council



Report to Audit & Governance Committee 10 December 2013

Internal Audit – Shared Service Arrangement

Report of the Head of Finance, Revenues & Benefits – Report FIN/321

1. Purpose

- 1.1 The Council is entering into a shared service arrangement with Mid Sussex District Council for the provision of an internal audit service at both Councils. The purpose of the report is to advise the Committee of that arrangement.

2. Recommendation

- 2.1 That the Committee note the position

3. Reasons for the Recommendation

- 3.1 The Committee needs to be aware of the new arrangements for delivering internal audit.

4. Background

- 4.1 The Council is facing major financial challenges with the need to identify savings of £5 million over the next three years. The size of the challenge is such that that all services are looking at how they can make savings whilst continuing to deliver current service levels.

- 4.2 The Council were aware that Mid Sussex District Council had their internal service provided by an external firm and that the contract was due to end on 31st March 2014. An approach was made to the relevant officer at Mid Sussex to ask whether they would consider a bid from the Council.
- 4.3 In the subsequent discussion, the possibility of a joint service was raised. It was agreed to go forward with a shared service that would be managed by this Council. All staff will be employed by Crawley.
- 4.4 A memorandum of understanding has been drawn up and the fine details are being considered by officers at both councils. This will set out the obligations that both Councils have under the arrangement, as well as some of the protocols that will operate. The agreement will be for a period of three years initially, with the ability to extend it by mutual agreement. Either Council can cancel the agreement by giving six months written notice

5. Information & Analysis

- 5.1 The shared service will provide an agreed number of days to Mid Sussex District Council. The balance of days will be available to Crawley. The number of days for Mid Sussex has been set at 220 a year. Mid Sussex will pay a set fee to the shared service.
- 5.2 The memorandum of understanding does allow Mid Sussex to request additional days, for which there will be an additional fee.
- 5.3 The work at both Councils will be carried out by the existing Crawley staff. In order to be able to deliver this, two changes are being made. The first is that an additional member of staff will be employed to deal with Freedom of Information (Fol) requests. This will be a part time post and will free up around 150 days of audit resources. This will avoid skilled audit resources being used in a major way to deal with Fol work.
- 5.4 The second change is that the Audit Team will no longer carry out fraud investigations. Instead, these will be carried out by the Fraud and Inspectors Team. This change has already been put into effect. In the past, 75 days a year has been allocated in the Audit Plan for carrying out fraud investigations.
- 5.5 In addition, as part of the purpose and measures work, the Team have been looking at ways of streamlining the audit process. Initial work ideas are being piloted. Inevitably, because of the nature and small number of individual audits, it will take a few months to fully test the new processes. However, initial findings are suggesting that the processes will reduce the time taken to complete many audits, thereby giving further capacity.
- 5.6 The budget for the current service includes an allowance for buying in resources. That allowance will be available to the shared service.

6. Implications

- 6.1 The arrangement will provide financial savings for the Council and Mid Sussex District Council.
- 6.2 There are sufficient resources for the team to complete the audit plans for both authorities. However, this is dependent on the team being fully staffed. There is a risk that vacancies or long term sickness could threaten that situation. In those

circumstances the Council would need to bring in additional resources that could reduce the savings being made.

7. Background Papers

None

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