

Wolverhampton City Council

OPEN INFORMATION ITEM

Audit Committee

Date **24 September 2012**

Originating Service Group(s)	<u>DELIVERY</u>	
Contact Officer(s)/	<u>P MAIN</u>	<u>P FARROW</u>
Telephone Number(s)	<u>4410</u>	<u>4460</u>
Title/Subject Matter	INTERNAL AUDIT MANAGEMENT ARRANGEMENTS UPDATE	

SUMMARY

That Members of the Audit Committee note the continued management and leadership arrangements for Internal Audit.

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1. PURPOSE AND BACKGROUND

- 1.1 To provide an update on the arrangements to extend the partnership with Sandwell MBC for the role of Head of Audit.

2. DETAILS

- 2.1 Members will be aware that as from 1 January 2012 the Council has shared the Head of Audit role with Sandwell MBC. This arrangement has worked well over the first six months, with many successful outcomes, including:

- The introduction of a new risk-based audit methodology and plan focussing upon high risk areas, taking into account the results of the recent systems thinking intervention
- Developing the style and content of audit reports
- Establishing a Counter Fraud Unit within Audit Services
- Closer working relationships between Internal Audit and senior officers across the Council
- New terms of reference for both Internal Audit and the Audit Committee
- Developing the work of the Audit Sub-Committees
- Supporting the Members of the Audit Committee in their continued development and training
- The successful implementation of the recommendations made by PwC in their review on the effectiveness of internal audit
- Sharing of skills and experience of the audit teams between the two authorities
- Full reliance placed on the work of Internal Audit by the External Auditors

- 2.2 It is now planned to extend the current arrangement for a further 18 months to 31 December 2013, in order to continue to develop the closer working arrangements between the two teams, and fully realise the benefits and efficiencies that this arrangement brings. This includes a planned review of the structure of the team planned for completion by 31 December 2012 and plans to make more flexible use of staff across the two authorities, including initially in the areas of counter-fraud, school audits, the introduction of an audit management system and the wider assurance framework.

- 2.3 The Head of Audit's dual reporting lines and accountability for delivery of agreed outcomes will continue to be with the Section 151 Officers and Chief Executives at both Sandwell and Wolverhampton.

3. FINANCIAL IMPLICATIONS

- 3.1 Sandwell will charge a contribution of £30,000 per annum towards the Head of Audit's salary and on-costs. This will be funded from salary savings arising from vacancies within the Internal Audit team.

- 3.2 A key objective for the sharing initiative will be to identify opportunities for the delivery of the audit team's contribution to budget efficiencies. [GE/17072012/L]

4. LEGAL IMPLICATIONS

- 4.1 The Council is under an obligation to maintain an effective internal audit team and the proposals described in this report will underpin the continuation of the work undertaken by the team and ensure that it remains sharply focused. There is no requirement for a formal legal agreement to underpin the proposed sharing arrangement at this stage, but consideration will be given to options for formalising the arrangement through a service level agreement as the relationship between the two authorities continues to evolve.
[MW/17072012/J]

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no direct equal opportunities implications arising from this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from this report.

7. SCHEDULE OF BACKGROUND PAPERS

None