

AUDIT COMMITTEE

5 December 2011

UPDATE REPORT ON THE INTERNAL AUDIT PARTNERSHIP AND INTERNAL
AUDIT RESOURCES AT WINCHESTER CITY COUNCIL

REPORT OF INTERNAL AUDIT MANAGER

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RECENT REFERENCES:

PS442 – Internal Audit Strategy and Audit Plan 2011/12 to 2013/14 – 7 March 2011

AUD001 – Review of the Effectiveness of Internal Audit (including End of Year Report to 31 March 2011) – 29 June 2011

AUD010 – Internal Audit Progress Report to 31 August 2011 – 26 September 2011

AUD017 – Internal Audit Progress Report to 30 November 2011 (including update on outstanding high risk audit actions due for implementation prior to 31 October 2011) – 5 December 2011

AUD018 – Anti-Bribery Policy and Action Plan – 5 December 2011

AUD019 – Internal Audit Charter – 5 December 2011

EXECUTIVE SUMMARY:

The arrangements for the Internal Audit Partnership are currently under review by the Partnering Councils as to whether the current model is the preferred option for the future. There is a possibility that the Partnership might expand in 2012/13 or 2013/14 as consideration is being given to East Hampshire District Council joining the Partnership.

Winchester City Council has a vacant post within the Internal Audit Team and a review of Internal Audit resources to maximise cost efficiencies is currently underway. A report has recently been considered by the Personnel Committee proposing a reduction of half an audit post. The future structure or changes in the working arrangements of the Audit Partnership could offer opportunities for further job sharing.

The Internal Audit Manager will present a paper to the Corporate Management Team in January 2012 on the possible options for the resourcing of Internal Audit and the results of this will be reported to the Audit Committee with a revised Audit Plan for 2012/13 to 2014/15 in March 2012.

Full consultation will take place on any reduction of audit days or any consequent changes to the structure of the Internal Audit Team with the Corporate Management Team, the Head of Finance (S151 Officer), Human Resources and the Internal Audit Team.

RECOMMENDATIONS:

1. To note the update and to advise of any considerations to be taken into account as part of the consultation on the proposed reduction to internal audit days from 2012/13.

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INTERNAL AUDIT RESOURCES AT WINCHESTER CITY COUNCILREPORT OF INTERNAL AUDIT MANAGERDETAIL:1 Background

- 1.1 The Internal Audit Partnership with Havant Borough Council has been in place since 2002 and with Test Valley Borough Council from April 2010. It is currently based on an agreement which is reviewed annually and includes a performance letter covering the role of the Internal Audit Partnership Manager. This enables each Council to monitor performance and achievement of Internal Audit objectives.
- 1.2 The Internal Audit Partnership Manager is employed by Havant Borough Council but shared currently on an equal basis between the three partnering councils and has overall responsibility for managing the audit team at each council and in maximising the effective use of sharing audit resources across the councils where appropriate.
- 1.3 The Partnership has been regarded as having been a success to date.
- 1.4 Senior Management from Havant Borough Council and East Hampshire Borough Council have been in discussion with the Heads of Finance (S151 Officers) at Winchester City Council and Test Valley Borough Council about future options for the Partnership. Discussions currently are at an early stage and it is planned to hold a meeting in January 2012 to determine the preferred way forward.
- 1.5 The Internal Audit Manager met with the Corporate Management Team on 22 November 2011 to discuss current and future audit resources and it was agreed that the Internal Audit Manager would produce a consultation paper on the possible options for the future structure of Winchester's Internal Audit Team. This will include an impact assessment on the reduction of available audit days that would result from removal of half a full time audit post and of any other options that may be considered.
- 1.6 Full consultation will take place on any reduction of audit days with the Corporate Management Team, the Head of Finance (S151 Officer) and the Internal Audit Team.

OTHER CONSIDERATIONS:

2. SUSTAINABILITY COMMUNITY STRATEGY AND CHANGE PLANS
(RELEVANCE TO):

- 2.1 Internal Audit contributes through the annual audit plan to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the Sustainable Community Strategy and the Council's Change Plans.

3. RESOURCE IMPLICATIONS:

- 3.1 Reduction in the Internal Audit resources available for the annual audit Plan.

4. RISK MANAGEMENT ISSUES

- 4.1 Internal Audit plans are directly linked to the Corporate Risk Registers to ensure where possible and appropriate, Internal Audit review those areas considered to be of the most significant risk. The annual plan was approved by Principal Scrutiny Committee and continues to be reviewed to ensure they are in line with the risk registers and as a consequence have an audit programme closely linked to the Sustainability Community Strategy and Change Plans. This role now rests with the Audit Committee.
- 4.2 Any future changes to the internal audit resources available will be based on a full risk assessment .

BACKGROUND DOCUMENTS:

Working papers and reports held within the Governance Group.

APPENDICES:

None