
REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM:	9
DATE OF MEETING:	22nd FEBRUARY 2012	CATEGORY:	RECOMMENDED
REPORT FROM:	CHIEF EXECUTIVE	OPEN	
MEMBERS' CONTACT POINT:	CHIEF FINANCE OFFICER KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC:	u/ks/audit committee/feb12/appointment to board
SUBJECT:	INTERNAL AUDIT PARTNERSHIP: GOVERNANCE ARRANGEMENTS	REF:	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:	AS 02

1.0 Recommendations

- 1.1 That a nominee to represent the Council on the Partnership Board is recommended to Finance and Management Committee.
- 1.2 That a nominated substitute is recommended to Finance and Management Committee.

2.0 Purpose of Report

- 2.1 The Internal Audit Shared Services Partnership with Derby City Council commenced on 1st January 2012. The Governance arrangements for the Partnership require the establishment of a Partnership Board.
- 2.2 The Board will consist of a representative from each authority's Audit Committee. Consequently, this report seeks a nominee (and substitute) to represent the Council on the Board.

3.0 Detail

- 3.1 The aims of the Partnership are to combine resources to improve the scope and quality of audit across the two authorities. In addition, some cost savings will also be realised.
- 3.2 The Partnership will also undertake audits for a neighbouring authority and two other agencies under contract. The aim of the Partnership is to expand and it will have its own "brand" to promote shared services to other local authorities and agencies.
- 3.3 The Partnership will be governed by a Board. This will not focus on operational detail but will have responsibility for:

- Overseeing performance including the deployment of resources.
- Progress on the delivery of Audit Plans.
- Monitoring the broader performance targets of the Partnership to ensure economies of scale, joint working, best practice, etc.
- Developing a strategy for expanding the Partnership.

Terms of Reference

3.4 These are set out in the Partnership agreement and are as follows:

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.

- 3.5 Where any disputes arise which cannot be settled by the Board, they will be referred back to each authority for wider consideration.
- 3.6 Whilst the partners will jointly oversee performance, 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 through the respective Audit Committees.
- 3.7 As part of this responsibility, each authority will hold the Head of the Internal Audit Partnership to account for operational delivery.

4.0 Financial Implications

4.1 None directly.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Implications

6.1 None directly.

7.0 Background Papers

None

