

TITLE	Update on Shared Internal Audit & Investigation Service
FOR CONSIDERATION BY	Community and Corporate Overview and Scrutiny Committee on 19 January 2021
WARD	None specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance that the shared service arrangement for internal audit and investigation services are meeting the needs of the authority and delivering the objectives of the original business case for moving to this model of service delivery.

RECOMMENDATION

The Committee is asked to note the initial update and consider what further information and evidence required to make a full assessment of the shared service arrangement.

SUMMARY OF REPORT

This report provides an initial overview of the Shared Internal Audit & Investigation Service (SIAIS) to inform the Committee of the detailed evidence of performance, quality and outcomes of the service that they will wish to see presented to a future meeting.

The Shared Service commenced in October 2014 following the approval of the business case by the Executive in June 2014. It should be noted that Wokingham BC is the host employer.

A series of strategic and operational objectives were set for SIAIS which are referenced in the business case.

The Assistant Director Governance Services will attend to provide an overview of the service and discuss with the Committee what further information would be relevant to complete their assessment of the effectiveness of the shared service.

Background

- 1.1 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:-
 - Section 151 of the Local Government Act 1972 requires every local authority make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
 - The Accounts and Audit Regulations 2015 (England) states that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”
- 1.2 Up to 2014, the Council had delivered internal audit through a small in-house team. In June 2014, the Council’s Executive took the decision to create a shared service partnership with the Royal Borough of Windsor & Maidenhead. A copy of the Business Case is provided at Appendix 1
- 1.3 Whilst there were modest savings associated with moving to a shared service model, the key drivers were:-
 - Team resilience
 - Access to a wider pool of skills; and
 - Development of best practice through working across more than one authority

Initial Analysis of Issues

2. Scope of the Service

- 2.1 The two partner authorities of the Shared Service are Wokingham BC and the Royal Borough of Windsor & Maidenhead (RBWM). The requirements of both Councils for internal audit and investigation services are met through the shared service.
- 2.2 In addition, the Shared Service also provides internal audit services to two other local authorities which are local to Wokingham.

3. Quality of Service

- 3.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1st April 2013 (revised 2016 and 2017). The standards require periodic self-assessments and an assessment by an external person at least every five years.

- 3.2 The service was last assessed externally in 2018 by CIPFA (Chartered Institute of Public Finance). The conclusion from that assessment stated, “from the evidence reviewed as part of the external quality assessment, it is apparent that the Shared Internal Audit Service is a competent, professional, and well-qualified internal audit service that follows best practice. Although they are well thought of by their clients, they are keen to improve their overall efficiency and effectiveness, and adapt to the changing needs of their clients. The SIAS are providing objective risk based internal audit services to their clients. Nonetheless, there are opportunities to enhance and develop the SIAS’ operations that they should consider embracing if they are to maintain their status with their clients, and enhance the SIAS’ conformity to the PSIAS and the LGAN.”
- 3.3 The full assessment report is provided as an appendix to this report and provides a good overview of the quality levels of the service.

Performance Information

- 4.1 SIAS reports to Wokingham’s Audit Committee every quarter. In addition, an annual report is produced which includes the “internal audit opinion” on governance and internal control environment in the Council.
- 4.2 The latest annual report to the Audit Committee is provided as an appendix to this report.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£Nil	Yes	Revenue
Next Financial Year (Year 2)	£Nil	Yes	Revenue
Following Financial Year (Year 3)	£Nil	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
Not applicable.

Public Sector Equality Duty	
This is an update report on which is why an equalities assessment is not required.	
Reasons for considering the report in Part 2	
Not applicable	
List of Background Papers	
Audit Committee papers on WBC website	
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