

Corporate Governance Committee - 10 December 2009

Future of Internal Audit Provision

Report of Strategic Finance Officer

(This matter is the responsibility of Executive Councillor Nicola Wilson)

Executive Summary

South West Audit Partnership (SWAP) was set up to run from April 2005 for five years and therefore the current legal agreement is due to end on 31st March 2010. This report recommends that Taunton Deane Borough Council remains in the Partnership for the next five years ending 31st March 2015.

1. Purpose of Report

- 1.1 This report seeks members' approval to continue with the South West Audit Partnership for another five years commencing 1st April 2010.

2. Background

- 2.1 South West Audit Partnership (SWAP) was formed in April 2005 to provide an effective internal audit service to Taunton Deane Borough Council and South Somerset District Council for five years.
- 2.2 Since then, Mendip District Council, West Somerset District Council, Sedgemoor District Council, Somerset County Council, Weymouth and Portland Borough Council, West Dorset District Council and Forest of Deane District Council have joined the partnership.
- 2.3 The Partnership is operated as a Joint Committee.
- 2.4 The current legal agreement between the partners expires on 31st March 2010.

3. Performance of the Partnership

- 3.1 The Partnership required £60,000 of start up funding. This Council contributed £20,000 towards this and agreed that this would be repaid in four annual instalments. The Partnership has repaid £15,000 and is on track to repay the remaining start up funding this year as agreed.
- 3.2 The Partnership's financial performance is robust as is its business plan. The Partnership holds a reserve that as at 31st March 2009 stood at £76,822. This

reserve is being used in 2009/10 to fund the purchase of up to date ICT equipment.

- 3.3 The Partnership has largely delivered against its performance targets over the first five years.

4. Internal Audit provision 1st April 2010

- 4.1 The Partnership is currently drawing up a plan for the next five years to include its aims and objectives, governance structure, financial model and strategy for admitting new partners.
- 4.2 The Partnership is proposing that, should we remain in the Partnership, our fees remain at the 2009/10 level of £131,600 for the next five years, with the Partnership creating efficiencies to maintain a balanced budget.
- 4.3 There are other options for the provision of internal audit. We could bring the service back in house. This would mean we would lose all the benefits of being in the Partnership and would not have the financial stability of a fixed cost for five years. We could also tender for the provision of internal audit. This would take some time and there would be uncertainty over the costs to TDBC.

5. Conclusion

- 5.1 The Partnership has been very successful and has delivered the audits planned for this Authority.
- 5.2 The Partnership is future proofing this Council from future increases in fees for the next five years and is delivering efficiencies for this Authority.

6. Recommendations

- 6.1 It is recommended that Taunton Deane Borough Council remains within the South West Audit Partnership for the provision of its internal audit function for the five years commencing 1st April 2010.

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