

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

4th April 2017

REPORT AUTHOR: Strategic Director Resources (S151 Officer)

SUBJECT: Update on the Internal Audit Delivery Model

REPORT FOR: Information

1.0 Introduction and Background

- 1.1 The Council's Cabinet made a decision in 22nd November to appoint South West Audit Partnership (SWAP) as the provider of Internal Audit Services and to join the Partnership.
- 1.2 The appointment followed a selection process and the new arrangement will see Powys become a partner in the not for profit company that was started in 2005 as a Joint Committee. In 2013 SWAP became a publically owned company limited by guarantee and is "Teckal" compliant. Powys will have a place on the Board of SWAP along with other partners.
- 1.3 The 22nd November report noted that as SWAP is a Teckal compliant company, and because Powys would become a partner, there would be no requirement to enter into a formal tendering process. A Teckal exemption is a principle permissible under UK procurement regulations (Public Contracting Regulations 2006) that supports greater collaboration between councils through the establishment of public-public shared-services arrangements. It can apply where a contracting authority can exercise the same level of control over a wholly-owned entity that is similar to the control it has over its own 'in-house' departments ("the control test"); and the entity carries out the essential part of its activities for that authority. The control test can be satisfied even where the entity is covered by several authorities. A Teckal exemption confirms that an authority does not need to run a procurement procedure where the exemption applies. It was on this basis that the Council has proceeded.

2.0 Progress to date

Since the Cabinet's decision to become part of SWAP a series of engagement events with the wider Internal Audit Team and also on an individual basis have taken place. SWAP representatives have also met with the Strategic Director Resources to gain an understanding of the council's operating and risk environment.

The Internal Audit team have been consulted with as part of their transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) with effect from 1st April 2017. This means the team will then be employed by the South West Audit Partnership Ltd that is jointly owned by the current member authorities of SWAP Ltd. This will include Powys County Council. An individual's period of continuous service in local government will count as continuous employment, so any statutory employment rights depending on length of service will be maintained.

The transition has required a move to involve SWAP in early discussions about the audit plan and they have worked with the Internal Audit Manager (now Assistant Director in SWAP) to develop the Audit Plan that is presented elsewhere on the agenda.

Since the agreement of Cabinet to proceed SWAP required the existing Board to agree that Powys joins the Partnership and this has now happened.

It was also agreed by Cabinet on 22nd November that the Strategic Director Resources would be the council's representative Company Director on the SWAP Company Board. In addition the Chair of Audit Committee is nominated as the council's representative on the SWAP Member Board. The SWAP Board meeting on 19th April will be attended by the Strategic Director Resources.

Recommendation:	Reason for Recommendation:
That Committee note the current position regarding the Council becoming a partner in South West Audit Partnership Ltd	To ensure the Committee is updated on the current position

Person(s) To Implement Decision:	Not applicable – information report
Date By When Decision To Be Implemented:	

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