

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Deputy Leader
2.	Date:	11 March, 2013
3.	Title:	Proposal to Provide Internal Audit Management for Doncaster Council
4.	Directorate:	Resources

5. Summary

This report outlines a proposal to continue the current shared service arrangement with Doncaster Council, which will involve Rotherham Council's Director of Audit & Asset Management leading Doncaster Council's Internal Audit Service.

6. Recommendations

The Deputy Leader is asked:

- To approve the continuation of the provision of internal audit management for Doncaster Council and to support the exploration of any further opportunities that might arise with regard to the provision of audit services.

7. Proposals and Details

Rotherham Council has provided leadership and management of Doncaster Council's Internal Audit service for the last 3 years. This has provided several benefits that both councils have enjoyed, including:

- Shared management costs
- Efficiencies deriving from the joint development of audit programmes
- Joint, and therefore more efficient, learning in relation to current developments
- Greater resilience through more depth of audit skills available to both Councils
- Sharing of good practice across the two teams and a resulting higher quality of service provision
- Positive reputation and regional recognition.

The net result of these improvements is that Rotherham and Doncaster Councils are able to operate with the two smallest audit teams in South and West Yorkshire (with both being at least 10% smaller than the next smallest service).

In addition to these benefits, Doncaster Council will pay Rotherham Council £35,000 per year for the service (i.e. £70,000 over two years).

As councils wrestle with substantial budget savings targets, they are looking at alternative ways of delivering services. For internal audit, some authorities are now buying in the service or are potentially more interested in collaborating in shared service arrangements. This might generate future opportunities that an existing joined-up service may be better placed to take advantage of. It is, therefore, considered that a continuing partnership with Doncaster Council will put the service in a stronger position with regard to any opportunities that might arise.

The Deputy Leader is asked to support the continuation of the provision of internal audit management for Doncaster Council and to support the exploration of any further opportunities that might arise with regard to the provision of audit services.

8. Finance

Details are set out in the section above. Rotherham Council's budget includes £35,000 income from Doncaster Council

9. Risks and Uncertainties

The provision of the service to Doncaster Council will be subject to a service level agreement between the two authorities. Failure to deliver services set out in the agreement could result in the cancellation of the agreement and could adversely affect the reputation of the Council and the Service. Regular monitoring and review of delivery will be carried out to ensure any emerging concerns relating to the service can be addressed as quickly as possible.

The arrangement also potentially provides an opportunity to extend the provision of this service over time to other public sector organisations.

10. Policy and Performance Agenda Implications

The provision of (shared) services is consistent with the Council's approach to addressing future budget challenges.

The Director of Audit & Asset Management will be required to ensure Rotherham Council's performance relating to the provision of audit and governance services is not adversely affected by the Council's involvement in this shared service.

11. Background Papers and Consultation

Draft agreement between Doncaster Council and Rotherham Council relating to the provision of Internal Audit Management by Rotherham Council for Doncaster Council.

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