

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 11 March 2024</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Regional Internal Audit Shared Services (RIASS) Partnership 2024
Purpose of Report:	To provide members of the Committee with a position statement on the renewal of the RIASS partnership arrangement from April 2024 and to allow new partners to join
Report Owner:	Head of Finance & Section 151 Officer
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The Regional Internal Audit Shared Service (RIASS) was formed in April 2019 and is hosted by the Vale of Glamorgan.</li> <li>• The initial partnership agreement was signed for three years and extended for two years.</li> <li>• At the five year anniversary, April 2024, the partnership needs to be refreshed and the original partners need to sign a new partnership agreement.</li> <li>• Positive feedback has been received in relation to audit service delivery from all four partner s151 Officers and senior management teams.</li> <li>• The Vale of Glamorgan Council is committed to continuing as host of the Regional Internal Audit Shared Service and taking it forward to achieve its objectives.</li> <li>• Rhondda Cynon Taf (RCT) has given notice that it does not wish to continue with the shared service partnership arrangement with effect from April 2024.</li> <li>• S 151 Officers from other South Wales unitary authorities have expressed an interest in joining the Regional Internal Audit Shared Service during 2024/25.</li> </ul>	

## **Recommendations**

1. That the Members of the Governance and Audit Committee consider the report in respect of the Regional Internal Audit Shared Service and recommend to Cabinet that the Vale of Glamorgan Council is happy to continue hosting the Shared Service arrangement and that they enter into a further partnership agreement for a further five years.
2. That the Members of the Governance and Audit Committee consider the matters set out in paragraphs 2.3 and 2.4 with reference to Appendix 1 under Part II of the agenda.

## **Reasons for Recommendations**

1. To keep the Governance and Audit Committee informed of the status of Regional Internal Audit Shared Service.
2. To allow the Committee to consider the Part II report.

## **1. Background**

- 1.1 On 1st April 2019 the Regional Internal Audit Shared Service (RIASS) was formed, bringing together the Internal Audit teams from Merthyr Tydfil CBC, Rhondda Cynon Taf CBC and the existing shared Internal Audit service for Bridgend and the Vale of Glamorgan Councils.
- 1.2 The objectives being to:
  - Deliver a robust internal audit service that meets the needs of participating councils and complies with legislative requirements.
  - Provide increased resilience and offer a wider range of internal audit specialisms (IT / contract audits) across the four Local Authorities.
  - Develop a commercial emphasis within the Service that is able to tender for work from other organisations.
  - Deliver efficiency savings for each Member authority.
- 1.3 The vision for RIASS was set out in a Consultation Report, dated 26th June 2021, which was:

*To be the provider of Internal Audit Services of choice to the public sector in South Wales and be a centre of excellence for public sector internal auditing. To be a service that is regarded as:*

- *Professional*
- *Approachable*
- *Flexible*
- *Independent but internal to the organisation – a critical friend.*

**1.4** The benefits of providing an Internal Audit service on a regional basis include:

- Increased resilience and capacity across all partners
- Greater sharing of experience of auditors and best practice across more organisations
- Improved development opportunities for staff; opportunity to specialise
- Better staff retention / opportunities to 'grow your own'
- More efficient use of audit resource
- Greater flexibility to respond to changing priorities
- Cost efficiencies over time / minimal duplication
- Develop innovative ways of working
- Wider opportunities to develop commercial opportunities

**1.5** The original agreement was for partners to sign up for three years with an option to extend to two years. RIASS has been in operation for nearly five years; at its five year anniversary, the position will need to be reviewed by April 2024 with original partners deciding to continue (or not) to be a part of the RIASS for at least a further five years.

**1.6** The service has worked well since its inception, providing a quality Internal Audit Service to all four partners and supported each Governance and Audit Committee, especially with the changes and increased expectations introduced with the Local Government and Elections (Wales) Act 2022. It has provided an appropriate level of assurance around internal controls, governance arrangements and risk management processes across all service areas of each partner and received positive feedback from all four partner s151 Officers and senior management teams.

## **2. Key Issues for Consideration**

**2.1** The Vale of Glamorgan Council is committed to continuing as host of the Regional Internal Audit Shared Service and taking it forward to achieve its objectives. Consideration therefore needs to be given to agree to continue with the shared service arrangements and sign a new partnership agreement for a further five years with an option to extend for three years.

- 2.2** Rhondda Cynon Taf (RCT) have given notice that they do not wish to continue with the shared service partnership arrangement. They have taken a report to Cabinet supporting the decision to take their Internal Audit Team back in house with effect from April 2024. RCT have provided the following statement:

*“As members of the regional service for the past 5 years, the Council has seen excellent continuity of its internal audit services underpinned by the continuation of sound arrangements in terms of audit planning, delivery, maintaining quality of service, and supporting our Governance and Audit Committee arrangements. This has benefited from the introduction of consistent working arrangements.*

*However, given the challenges we are facing locally it is opportune for the Council to reconsider our position and take the opportunity to bring back the service and resource internally, to align with other key areas of work which we are going to have to concentrate on over the next few years.*

*We are grateful to our regional partners for the valued and collaborative approach we have shared and enjoyed over the last 5 years.”*

- 2.3** S 151 Officers from other South Wales unitary authorities have expressed an interest in joining the Regional Internal Audit Shared Service during 2024/25; discussions are ongoing to determine the feasibility of this although the details need to remain confidential at this time.
- 2.4** Other organisations have also enquired about the provision of an internal audit service; consideration needs to be given to exploring the wider commercial opportunities.

Further details in respect of the matters set out at 2.3 and 2.4 above are contained within Appendix 1 which is reported under Part II of the agenda.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** The delivery of an Internal Audit Service through a shared service partnership will support Council services to demonstrate how they are achieving the five ways of working and how they deliver the well-being objectives.

### **4. Climate Change and Nature Implications**

- 4.1** None as a consequence of this report.

## **5. Resources and Legal Considerations**

### **Financial**

- 5.1** Any resource implications as a direct consequence of this report will be cost neutral.

### **Employment**

- 5.2** None as a direct consequence of this report.

### **Legal (Including Equalities)**

- 5.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

## **6. Background Papers**

None