

**24 September 2019**

**Provision of Internal Audit and Risk  
Management Services 2020 to 2023**



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**Report of Paul Bradley, Chief Internal Auditor and Corporate Fraud  
Manager**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 The purpose of this report is to present the Committee with proposals for the continued delivery of Internal Audit and Risk Management Services by Durham County Council to cover the period April 2020 to March 2023.

**Executive summary**

- 2 It is proposed that a 3 year SLA is agreed covering the period 2020/21 to 2022/23. In practice as the annual reporting of work carried out and the annual audit opinion is not concluded until after the financial year end the proposed agreement will continue up to June 2023. The proposed SLA, covering both internal audit and risk management services is attached at Appendix 2.
- 3 The proposed annual plan of work to be carried out under this agreement, reflecting the same level of service as currently supplied, is set out in Schedule 2 of the SLA. The annual fee for each of the 3 years is also shown in Schedule 2.
- 4 The SLA is supplemented by a detailed Internal Audit Charter which sets out the terms of reference and audit strategy for how the internal audit service is to be delivered. The Charter is subject to annual review and was last approved by the Joint Committee at its meeting of 27 September 2018.
- 5 In considering the agreement of the SLA, the Committee is reminded that each year the County Council's Audit Committee carries out a review of the effectiveness of the Internal Audit Service, in accordance with the requirements of the Accounts and Audit Regulations 2015.

- 6 As a smaller body under these regulations, there is no requirement for the Joint Committee to carry out such a review. However, in accordance with previous practice, the outcomes of the last review, carried out by the Chief Internal Auditor and Corporate Fraud Manager in June 2019, have been considered by the Treasurer to the Joint Committee. A report summarising the findings has been presented for consideration of the Joint Committee as a separate agenda item for this meeting.

### **Recommendation(s)**

- 7 The Joint Committee is asked to:
- Approve the proposed Internal Audit & Risk Management Services SLA with Durham County Council covering the next 3 financial years as attached at Appendix 2.
  - Approve the proposed annual audit plan and fee as set out in Schedule 2 of the SLA.
  - When considering the above, to have regard to the report prepared by the Joint Committee's Treasurer relating to the effectiveness of Durham County Council's Internal Audit Service.

## **Background**

- 8 The current service level agreement for the provision of Internal Audit and Risk Management Services, approved by the Joint Committee at its meeting on 28 September 2016 expires on 31 March 2020.

## **Other useful documents**

Existing SLA covering the period April 2017 to March 2020

Public Sector Internal Audit Standards (revised 01 April 2017) and CIPFA's accompanying Local Government Application Note (PSIAS and LGAN)

Annual Review of Effectiveness – Report of Chief Internal Auditor and Corporate Fraud Manager to DCC Audit Committee 28 June 2019

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## **Appendix 1: Implications**

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### **Legal Implications**

Completion of the self-assessment review ensures compliance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

### **Finance**

The annual audit fee for the three-year period is set out at Schedule 2 to the proposed SLA, fees are summarised below:

2020/21 Internal Audit Fee - £5,900

2021/22 Internal Audit Fee - £6,050

2022/23 Internal Audit Fee - £6,200

The 2019/20 Internal Audit Fee is £6,250.

### **Equality and Diversity / Public Sector Equality Duty**

There are no implications

### **Human Rights**

There are no implications

### **Crime and Disorder**

There are no implications

### **Staffing**

As identified in the report.

### **Accommodation**

There are no implications

### **Risk**

There are no direct risk implications arising for the Joint Committee as a result of this report.

### **Procurement**

Purchase of Internal Audit and Risk Management Services as set out in the report