

Report of the Chief Executive

Internal Audit

Purpose of Report

1. This report seeks the Committees views on the draft Executive report (attached at annex A) regarding the new internal audit services contract for the period 2020-30.

Recommendation

2. Audit and Governance Committee is asked to:
 - i. comment on the draft report and specification attached to this report
 - ii. provide views on the report to feed into the Executive

Reason: To seek the views of Audit & Governance Committee on the proposal to provide a value for money internal audit and counter fraud function to the Council.

Background

3. Members of this Committee are aware that the Council's internal audit and counter fraud function is provided by Veritau, a company created jointly with North Yorkshire County Council.
4. The main services provided by Veritau are internal audit and counter fraud. The original contract was for 10 years (with options to extend by a further five years) and was due to end on 31 March 2019. In March 2018 the Chief Executive made an officer decision to extend the contract by 1 year to take the Council through to 31 March 2020.
5. Veritau was formed for the primary purpose of delivering and enhancing assurance services provided to the shareholding councils. To fulfil this aim the Council relies upon the Teckal exemption which enables us to procure these services directly from Veritau without tendering. This also enables control over the delivery of services. The new arrangement would continue to comply with Teckal arrangements as set out in the Public Contracts Regulations 2015.

Analysis

6. The draft Executive report is attached at Annex A and sets out the rationale for the original creation of the shared service, along with information on costs, benchmarking and alternative options.
7. As Members of this Committee are aware, Veritau are currently undergoing an external assessment. At the time of writing, the outcome of this assessment was not and therefore a verbal update will be given at the meeting.
8. Members are asked to comment on the report before it is presented to Executive. It is proposed, subject to any comments from this committee, to add this to the forward plan for February 2019.

Implications

Financial Implications

9. The annual budget for internal audit and fraud services is £566k. The service specification outlined in Annex 1 to Annex A (Executive Report) can be delivered within this approved budget.

Human Resources (HR)

10. There are no HR implications.

Legal

11. The Council can make a direct award to Veritau Ltd without undergoing a procurement process while it remains a Teckal compliant company. This requires the Council to exercise similar control over the company as it does over its own departments, that at least 80% of the activities of the company are those entrusted to it by the shareholding Councils and that there is no direct capital participation from the private sector in Veritau.

Other

12. There are no other One Planet Council, equalities, crime and disorder, information technology, property or other implications.

Risk Management

13. An assessment of risks has been completed and there are no significant risks to highlight.

Contact Details

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	Report Approved	✓	Date 24 Nov 18
Wards Affected: <i>All</i>			
<i>For further information please contact the author of the report</i>			

Annex A – Draft Executive Report & Service Specification