

<b>REPORT REFERENCE NO.</b>	DSFRA/22/13
<b>MEETING</b>	DEVON & SOMERSET FIRE & RESCUE AUTHORITY
<b>DATE OF MEETING</b>	10 JUNE 2022
<b>SUBJECT OF REPORT</b>	INTERNAL AUDIT SERVICE PROVISION
<b>LEAD OFFICER</b>	Director of Governance & Digital Services
<b>RECOMMENDATIONS</b>	<p><i>(a). that the decision of the Audit &amp; Governance Committee on 10 May 2022 to support, in principle, Authority membership of the Devon Audit Partnership (DAP) shared service agreement as a full, voting, partner be noted; and</i></p> <p><i>(b). that the Authority approves such membership, subject to confirmatory legal advice on the terms of any Deed of Variation required to facilitate membership.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>Internal Audit provides an essential independent assurance function for the Service. The Head of Organisational Assurance commissioned an internal review of the Internal Audit function in 2021. The outcome of this review, coupled with the invitation from Devon Audit Partnership (DAP) to join the Partnership, has created an opportunity to review the provision of internal audit for the Devon &amp; Somerset Fire &amp; Rescue Service (the Service).</p> <p>The business case submitted as Appendix A sets out the options for delivery of internal audit.</p>
<b>RESOURCE IMPLICATIONS</b>	As set out in the appended outline business case.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	ERBA completed and submitted as Appendix B to this report.
<b>APPENDICES</b>	<p>A. Internal Audit Service Provision Full Business case.</p> <p>B. ERBA</p>
<b>BACKGROUND PAPERS</b>	<p><a href="#">Local Government Act 1972</a></p> <p><a href="#">The Devon &amp; Somerset Fire &amp; Rescue Authority (Combination Scheme) Order 2006 (as amended)</a></p>

## **1. OPTIONS AND PROPOSAL**

- 1.1. The Devon & Somerset Fire & Rescue Service (the Service) has five models of internal audit provision to choose from:
- Co-sourcing/partial out-sourcing: A blend of resources from within the Service and a third-party provider of internal audit services. This is the model currently in operation.
  - Internal Sourcing: Resources provided solely by the Service.
  - Outsourcing: Resources provided entirely by a third-party provider of internal audit services.
  - Membership of a Partnership shared service arrangement with Devon Audit Partnership as a “non-voting” partner.
  - Membership of a Partnership shared service arrangement with Devon Audit Partnership as a “full partner”.
- 1.2. Each of these models has been considered with reference to quality and cost of service in an outline business case.
- 1.3. The full business case was considered by Executive Board on 21 April 2022. The Executive Board decision was to recommend support for Service internal audit provision by a shared service arrangement with the Devon Audit Partnership (DAP), facilitated by the Authority becoming a full, voting partner of DAP, for the following reasons:
- Enhanced quality of service.
  - Reduced risk in that internal auditors will be qualified and / or professionally supervised, will be maintaining their continuing professional development and there will be greater ability to flex resource to address absence or independence issues.
  - Reduction in internal full time equivalent staff.
  - Financial savings in the region of £13,000 per annum (full year effect).
- 1.4. This issue (including the full Business Case now attached) was considered by Audit & Governance Committee on 10 May 2022. The Committee resolved to support, in principle, membership by the Authority of the Devon Audit Partnership subject to final approval by the full Authority at this meeting and to confirmatory legal advice on any terms proposed for the Deed of Variation that would be required for joining the partnership (Minute \*AGC/21/27 refers).
- 1.5. Further to Audit & Governance Committee in principle decision, the DAP Partnership Board meeting on 23 May 2022 recommended that the DAP Partnership Committee support an application by the Authority.

## **2. LEGAL CONSIDERATIONS**

- 2.1. DAP is established as a joint committee under Section 101 of the Local Government Act 1972. This Section applies expressly to this Authority by virtue of the Combination Scheme Order establishing the Authority. Consequently, the Authority has the legal power to enter into the arrangement with the Devon Audit Partnership. This will require, however, a Deed of Variation to the original Partnership Agreement. Legal advice will be sought as to any such proposed Deed of Variation to support any final decision on entering the partnership arrangement.

## **3. PROPOSED NEXT STEPS**

- 3.1. Subject to the approval of the Authority, the DAP Partnership Committee will determine the application from the Authority to join Devon Audit Partnership as a voting partner at its meeting on 12 July 2022.

**MIKE PEARSON**

**Director of Governance & Digital Services**