

By: David Tonks, Head of Audit and Risk
To: Governance and Audit Committee – 14 September 2011
Subject: Update on Head of Audit and Risk post
Classification: Unrestricted

Summary: This paper provides an update to the Committee on the decisions taken in relation to the Head of Audit and Risk post.

FOR INFORMATION

Background

1. Following my resignation at the end of April 2011, the post of Head of Audit and Risk will become vacant on 1st November 2011. For assurance to the committee in their role of ensuring good governance, there is nothing untoward in the resignation.
2. The resignation has prompted a series of discussions around the options for replacing the role. Corporate Management team discussed a number of options (shown at annex 1) and it was agreed that some “soft” market testing would be appropriate to assess whether outsourcing of some description would be worthwhile. Meetings were set up with the following audit and risk providers:
 - PriceWaterhouseCoopers.
 - KPMG.
 - Grant Thornton.
 - Reeves.
 - PKF.
 - Deloitte.
 - Zurich (risk management only).
3. The outcome of these meetings reinforced internal discussions about the post, and following a meeting of the Corporate Director of Finance and Procurement, the Deputy Managing Director, the Deputy Leader and the Cabinet Member for Finance, the following was decided:
 - to split Audit and Risk and move risk management from Finance and Procurement to Business Strategy. This provides a much better synergy with business planning and policy setting, and provides the potential for harmonisation between risk management and performance management. It also preserves the independence of the Head of Audit.
 - to recruit to a permanent Head of Audit, on our payroll. This should make recruitment much easier, having removed risk from the role. This post would attract the same grade as the existing post and would continue to report to the S151 Officer

- to continue to use third-party contractors to support the highly specialised areas of audit where it is not economical to employ our own staff e.g. complex IT audits
- to use specialist external risk management expertise to very quickly raise the profile of risk management and get things moving in the right direction. Once that is underway, we would look to recruit to our payroll a Head of Risk.

Recommendations

4. Members are asked to note the steps taken to replace and strengthen the Audit and Risk functions.

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