

EXECUTIVE DECISION – TEMPLATE REPORT

For use for reports to Corporate Board, Cabinet Committees, for Cabinet Member Decisions or to Cabinet as part of decision process.

From: Zena Cooke – Corporate Director Finance

To: Roger Gough – Leader of the Council

Subject: Decision 21/0061 Kent County Council / Tonbridge and Malling BC Internal Audit and Counter Fraud Service

Non-Key decision

Classification: **Unrestricted**

Future Pathway of report: Executive Decision

Electoral Division: County-wide

Summary:

The report seeks approval to enter into an Inter-Authority Agreement (IAA) with Tonbridge and Malling Borough Council to provide their Internal Audit and Counter Fraud function. This will further build on current arrangements whereby Kent County Council Internal Audit and Counter Fraud provide management of the TMBC function through secondment agreements.

Recommendation(s):

The Leader of the Council is asked to take the proposed decision to enter into an Inter Authority Agreement with TMBC for the provision of Internal Audit and Counter Fraud services.

1. Introduction

- 1.1 There are existing secondment arrangements for the KCC Counter Fraud Manager and a KCC Audit Manager to provide management of the Internal Audit and Counter Fraud function. These roles are carried out in conjunction with KCC responsibilities. There is an additional KCC Senior Auditor seconded who works solely for TMBC.
- 1.2 The proposed IAA agreement is for an initial 5 years and require KCC to undertake the entire function on TMBC's behalf with KCC receiving payment for the delivery of the TMBC Internal Audit and Counter Fraud Plan. This will include the TUPE transfer of 2 counter fraud staff.

2. Report

- 2.1 Kent County Council (KCC) have been providing the management for the Internal Audit and Counter Fraud services in Tonbridge and Malling (TMBC) for 6 years. During this time, the performance of the team has been strong and this has been demonstrated in the delivery of annual plans and achievement of service performance indicators. At the last External Quality Assessment, the function was assessed as compliant with the Public Sector Internal Audit Standards and minor service improvements were subsequently made. Performance has been such that TMBC have asked for the service to be delegated and run entirely by the KCC Internal Audit and Counter Fraud team.
- 2.2 There is an opportunity to further build upon the current management arrangement and, in doing so, provide TMBC with greater stability and for KCC to realise the full benefits of maintaining greater staff numbers and breadth of expertise in the team. This proposal will also provide the opportunity for staff to gain additional experience, which will come from being part of a wider shared service arrangement.
- 2.3 In order to further build the resilience and future development of the Internal Audit service, it is proposed that the TMBC fully delegate the function to KCC under the Local Government Act 1972.
- 2.4 The implementation of an IAA will provide long term stability and allow additional recruitment with resources to be shared over the delivery of Internal Audit and Counter Fraud for both Councils and provide a wider range of skills and experience and enable the team to consistently accommodate work across both Councils, maximising the use of resources, efficiencies, and the capacity of the team. This will improve the resilience within the function.

The proposal will present wider opportunities for auditors and fraud specialists to further widen their experience of different authorities and share good practice in local government services elsewhere. The arrangement will also allow for the transfer of two TMBC Counter Fraud staff giving KCC the benefit of utilising the excellent skills and knowledge of the TMBC Internal Audit and Counter Fraud Team.

- 2.5 An Inter-Authority Agreement has been developed in conjunction with each Authority's legal representation.

3. Options considered and dismissed

- 3.1 The option to maintain current secondment agreements was considered. This would retain the management of the TMBC Internal Audit and Counter Fraud function with other staff seconded to supplement delivery. This would reduce staff resources and expertise for KCC as staff would solely be reporting to TMBC and not able to be utilised by KCC.
- 3.2 The current secondments to TMBC could be ended, with KCC no longer providing management capacity for the Borough Council. This would reduce income for the Internal Audit and Counter Fraud and reduce staff resources and expertise.

4. Financial Implications

- 4.1 Overall the annual income to KCC will be £178,000 which will increase annually based on the CPI. This will be used to fund the transfer of the two TMBC staff and allow for additional recruitment/resource.

5. Legal implications

- 5.1 Two members of TMBC staff will be transferred to KCC under TUPE. An Equalities Impact Assessment has been completed and no issues identified.

6. Equalities implications

- 6.1 An Equalities Impact Assessment has been undertaken and there are no equality implications in providing the Internal Audit and Counter Fraud service for Tonbridge and Malling Borough Council.

7. Other corporate implications

- 7.1 There are no other corporate implications arising from this decision.

8. Governance

- 8.1 Zena Cooke as the Corporate Director of finance would inherit the main delegated officer, under the Officer Scheme of Delegation.

9. Conclusions

- 9.1 The IAA has been developed to consider the requirements of, and provide benefits to, both Authorities. The agreement will allow for an effective and efficient delivery of Internal Audit and Counter Fraud service.

9. Recommendation(s):

9.1 **Cabinet Member** - The Leader of the Council is asked to take the proposed decision to enter into an Inter Authority Agreement with TMBC for the provision of Internal Audit and Counter Fraud services.

10. Contact details

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