

Overview of consultation responses to Internal Audit Shared Service business case

Introduction

The business case for an Internal Audit Shared Service was made available to staff and unions for consultation and comment on 10th/ 11th November 2009. By the extended closing date of 21st December 2009 a total of 7 responses had been received from unions and individuals.

All responses have been analysed to identify issues of concern. These issues have been grouped together into related themes and are set out in detail in the accompanying matrix showing the issues of concern to the various respondents. The detailed individual responses have also been made available for inspection by Members at each of the councils.

This paper provides a high level overview of the themes of concern to consultation respondents along with observations from the Internal Audit Project Team, which are shown in italics. To avoid duplication, staff responses and Project Team observations regarding the consultation process and timescale are the same as for Regulatory Services and so have not been repeated here.

Staff / union consultation process and timescale

As for Regulatory Services. In addition, some comments were made about the unclear wording and inconsistencies in the Business Case.

Project Team observations: Given the nature of the task, and the number of individuals involved in producing the different elements of the Business Case, some inconsistency / lack of clarity is perhaps inevitable.

Business model, structure and capacity

Specific concerns were expressed about the structure – not very flat – and that Internal Audit Services have suffered from cuts in recent years, are already operating at minimum staffing levels and therefore that the savings are unachievable.

Project Team observations: The structure is indicative but is designed to allow for different levels of expertise / experience, and reflects the current range of job levels across the partners. The Project Team is confident that the savings are achievable and that adequate audit coverage will continue.

Impact on service delivery and performance

Concerns were raised about proposals to reduce the number of Audit days required by each authority, and yet deliver the same level of Audit assurance; in addition, how would the “optional” areas be covered from year two. There was also a concern expressed about achieving and delivering transformational change, which is beyond merely a shared service.

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Project Team observations: Reductions in the number of Audit days delivered will be subject to local requirements, but achieved by a combination of improved efficiency from economies of scale, as well as the adoption of best practice. It is anticipated that councils will continue to receive (if they so choose) those services described as optional in the business case which they receive in year one. Transformational change will also arise from new approaches such as the proposed Audit Management System and “hot-desking”.

Finance, savings and investment

Most respondents were concerned about the financial assumptions built into the Business Case, including issues such as support costs, the reliability of income from external sources, and the “profit” element for Worcester City as host of the service. A specific concern was raised about the degree of certainty of the 100 days purchased from Wyre Forest, and the impact on the finances if this is not taken up.

Project Team observations: The financial model is considered robust and fit for purpose having been thoroughly challenged by the County Treasurers group. All participating authorities will benefit financially from this proposal over the period projected in the Business Case. If Wyre Forest decided not to proceed with the full 100 days, the service management would seek to replace that income through work for another external client.

ICT and technology

Concerns were expressed that the ICT networks of all participating authorities would not be linked in time for the implementation of this shared service. Questions have also been raised about how the ICT equipment would work in practice. Also, a concern about what happens if the investment funding from RIEP isn't forthcoming.

Project Team observations: The seven ICT Managers have agreed to link the various networks in the timescales required or all of the proposed WETT shared services. This will enable the flexible deployment of staff, as required. The implementation for the proposed Audit Management System will be carried out in accordance with recognised project management best practice. The application for RIEP funding is proceeding very positively, so there is a high degree of confidence in it being forthcoming. In the unlikely event that it is not forthcoming, the individual authorities would seek to share the investment costs between them.

Worcestershire Hub

Not applicable for Internal Audit Services.

Impact on staff terms, conditions and career prospects

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As for Regulatory Services, there are broad concerns about the adequacy of safeguards for employees facing relocation, reductions in pay or redundancy and the honouring of existing pay and grading mechanisms. Specific concerns have been expressed about changes such as “hot-desking” and additional travel time arising from relocation / flexible working arrangements.

Project Team observations: It is proposed to transfer staff in accordance with TUPE and there will be ongoing consultation with staff and unions. We recognise the need to reach an early agreement on many of the issues identified and will work to achieve this. We are confident that the experiences of staff in other services, where “hotdesking” and more flexible working is standard practice, will be a reassurance to staff.

Hosting proposals

Some concern expressed regarding the practicalities of a physical move to buildings already overstuffed, with poor parking provision.

Project Team observations: For the proposed shared Internal Audit service, it is anticipated that the same level of accommodation will be required and made available as now. So, there will be no additional strain on accommodation or parking arrangements at any one location.

Governance

In addition to the general concerns as for Regulatory Services, most respondents expressed concern about proposal for a Service Level Agreement (SLA), rather than a Joint Committee form of governance for Internal Audit.

Project Team observations: SLAs are a tried and tested method of delivering Internal Audit Services. Worcester City – the proposed host – already provides such services to its existing customers, including Malvern Hills District Council. A Joint Committee is considered unnecessarily bureaucratic for Internal Audit, particularly when there are already audit committees, or equivalent, at each council. A management board comprising the service management, together with the Section 151 officers from each council, is expected to oversee the arrangements.

Equalities

Many respondents were concerned there was no evidence of equalities impact assessment of the proposals.

Project Team observations: Equality impact assessments are for each council to carry out and report on in accordance with their own policies / arrangements. It is recognised that full equality impact assessments will need to be carried out following further consultation with stakeholders in order to minimise any adverse impacts of the proposals. The impact of the proposals on staff following this first consultation can now

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be carried out and for some councils this has already taken place and the results made available.

Stakeholder consultation

No issues were raised with regard to Internal Audit Services.

Conclusion

There has been a wide ranging and detailed response to the consultation process that has raised many issues, with a good deal of common concerns. Many of the issues and concerns raised are understandable given the nature of the proposals and the impact they will have on individual employees. It was with this in mind that a commitment was given to staff and unions that the outcome of the consultation would be made fully available prior to decision making by the councils. The issues and concerns raised will be fully addressed in implementing the proposals should all partners commit to the Internal Audit Shared Service.

WETT Internal Audit Project Team

4th January 2009