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<b>Report To:</b>	<b>Audit Committee</b>	<b>Date:</b>	<b>22 October 2024</b>
<b>Report By:</b>	<b>Chief Executive</b>	<b>Report No:</b>	<b>FIN/57/24/LL/AP</b>
<b>Contact Officer:</b>	<b>Louise Long</b>	<b>Contact No:</b>	<b>01475 712701</b>
<b>Subject:</b>	<b>Internal Audit</b>		

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## **1.0 PURPOSE AND SUMMARY**

- 1.1  For Decision  For Information/Noting
- 1.2 The Chief Internal Auditor has reported functionally to the Council's Monitoring Officer since 2007. As part of the recruitment of a new Chief Financial Officer and to improve resilience, the reporting line for Internal Audit has been moved to the Chief Financial Officer.
- 1.3 This change will require amendments to various Governance Documents and a transfer of budget within the remit of the Policy & Resources Committee and as such it is proposed that this report is remitted to that Committee for information.
- 1.4 Work is continuing to develop the current shared Internal Audit Management arrangement and a proposal will be presented to the December meeting of Inverclyde Council for consideration.

## **2.0 RECOMMENDATIONS**

- 2.1 The Committee is asked to note the transfer of the Internal Audit function from Legal, Democratic, Digital and Customer Services to Finance Services from 1 January 2025.
- 2.2 The Committee is asked to note that the Council's Governance Documents will be amended as required to reflect this structural change.
- 2.3 The Committee is asked to note that an update on the shared management arrangement for Internal Audit is intended to be reported to the December meeting of Inverclyde Council.
- 2.4 The Committee is asked to agree that this report is remitted to the Policy & Resources Committee for information.

**Louise Long**  
**Chief Executive**

### 3.0 BACKGROUND AND CONTEXT

- 3.1 Internal Audit has formed part of the remit of Monitoring Officer since 2007 with the Chief Internal Auditor reporting functionally to the Head of Service.
- 3.2 The Council has shared the Chief Internal Auditor with West Dunbartonshire Council since 2020 with the Chief Internal Auditor (CIA) being an employee of West Dunbartonshire Council. The team is currently made up of 4 FTE plus the shared CIA resource.
- 3.3 As part of the preparation for the recruitment of a new Chief Financial Officer, the reporting line for the Internal Audit function has been reviewed and, in line with many other Scottish councils, Internal Audit will form part of the remit of the new Chief Financial Officer. It is believed this will provide greater resilience and support to what is a small team whilst maintaining the reporting independence of the Chief Internal Auditor.
- 3.4 In line with existing delegated authority, the Head of Legal, Democratic, Digital & Customer Services will amend the Council's key Governance Documents to reflect this structural change.
- 3.5 There is an existing remit to review potential changes to the current shared arrangement with West Dunbartonshire and the Chief Financial Officer has been engaging with his opposite number over recent months regarding possible enhancements.

### 4.0 PROPOSALS

- 4.1 Internal Audit will formally move under the Finance Service from 1 January 2025 and the Council's Governance Documents will be amended to reflect this change.
- 4.2 A further report on potential developments regarding the Internal Audit shared management arrangement is intended to be presented to the December meeting of Inverclyde Council.
- 4.3 It is proposed that this report is remitted to the Policy & Resources Committee for information.

### 5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

<b>SUBJECT</b>	<b>YES</b>	<b>NO</b>
Financial	x	
Legal/Risk	x	
Human Resources		x
Strategic (Partnership Plan/Council Plan)		x
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

## 5.2 Finance

Relevant budget transfers will be progressed as part of this change.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

## 5.3 Legal/Risk

The Council's Governance Documents will be amended to reflect this reporting change. Risk Management responsibility will remain within Legal, Democratic, Digital and Customer Services.

## 5.4 Human Resources

There are no direct HR implications and the Internal Audit team have been informed of the change and raised no concerns.

## 5.5 Strategic

None

## 6.0 CONSULTATION

6.1 Relevant employees and the Chief Internal Auditor have been consulted.

## 7.0 BACKGROUND PAPERS

7.1 None