



Mid Devon District Council

Response to queries raised 15 Dec 2016

Internal Audit Services

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Introduction

SWAP is pleased to provide a response to the queries raised on 15 December 2016 by the Internal Audit Team Leader at Mid Devon District Council.

SWAP began in 2005 when two local authorities created a partnership with the aim of establishing a collaborative, resilient, high quality internal audit service. Our success means we have grown to 20 partners (with 54 staff) and also have a variety of non-partner public sector clients. SWAP is a publicly owned, not for profit, company limited by guarantee and we are proud to be the largest partnership of our type in the UK.

SWAP's role is to act as an independent and objective advisor for our partners and clients, most of these being local authorities and other public sector bodies. As such, we understand the public sector and the importance of providing that impartial view whilst offering real value for money.

A copy of our latest annual report can be found on our website:
(<http://www.southwestaudit.co.uk/articles/88/swap-annual-report-2015-16>)

The following section of this report address the questions raised by Mid Devon District Council.

Questions with regard to potential TUPE:

1. Do you have a mission statement?

Yes – The following is an extract from our Business Plan:

“Mission Statement:

A not for profit organisation delivering high quality, innovative, value added Internal Audit Services by applying global standards at a local level for our clients and their customers, helping them make the right decisions.

By working in partnership SWAP AIMS to:

- Provide a professional cost effective, high quality Internal Audit service to all clients that understands their business needs.*
- Improve the standard of corporate governance, risk management and internal control systems for all partners and clients.*
- Expand the business, incorporating new partners and fee-paying clients, where it is beneficial to the company and our owners to do so.*

Our OBJECTIVES are to:

- Continuously improve the quality and productivity of the Internal Audit service we provide.*
- Ensure that a sustainable Internal Audit service is available to all of our partners and clients at all times; retaining existing and attracting new.*
- To create an outstanding working environment for SWAP employees.*

The company exists to serve its owners and this remains the primary focus. But the company also provides the best quality product at the best possible price as well. In order to achieve these twin goals for our owners, SWAP will continue to seek opportunities to earn more net income. Although we are not-for-profit, anything the company can do to reduce the burden on the public purse will be explored.”

2. Do you have investors in people or any other similar type of thing?

No formal accreditation has been sought for investors in people (or similar)– but SWAP maintains a satisfied workforce as our most recent annual staff survey results demonstrated.

3. Would we be able to gain experience/try other areas to audit i.e. schools?

Yes – With 20 partners and a wide variety of external clients, there is plenty of opportunity to try new audits and develop new skills and experience. Collaboration and sharing knowledge is at the core of SWAP's business and it therefore encourages staff to get involved and gain experience in new areas.

4. Would our move be classed as continuous service?

Yes – If staff TUPE to SWAP their continuous service is protected.

5. Would we be allocated other work if work/hours at Mid Devon were reduced?

The provision of a resilient internal audit team to our partners and clients forms part of our core business. We work to mitigate the risk of not delivering audit plans by pooling our staffing resources.

As a large partnership, we would normally deploy staff in accordance with their particular skills and experience, as required by each individual review. However, we recognise the importance of client continuity and the value of retained knowledge.

Therefore, although a large proportion of work would be at Mid Devon, there would be an expectation that staff would complete work for a variety of partners, and that other SWAP staff would similarly contribute to the completion of Mid Devon's Audit plan.

This helps build resilience so that in the event Mid Devon did marginally reduce days, the staff originating from there could be redeployed to other work seamlessly. We have experience of this and the process has been found to operate reliably.

Should Mid Devon decide to reduce the number of audit days significantly after becoming a partner, there are mechanisms within the partnership legal agreement to address this (which has to date never been invoked.)

6. Where would we be based?

If staff TUPE to SWAP they retain their existing office base (i.e.it would be Mid Devon offices if that is where it is now).

7. Are travel expenses paid for working on audits which are carried out away from your normal place of work?

Yes – staff receive expenses for travel to work which is outside their normal home to work journey.

8. Is the working time flexible?

Yes – SWAP operates a flexi time policy, with no core working hours. Providing client needs are met and audits are delivered in line with expectations, working hours can be flexible.

9. Is working from home an option; either a regular or ad-hoc basis?

Yes – SWAP encourages homeworking and the majority of staff work from home as they wish (with consent from their line manager). SWAP staff are accustomed to using video conferencing technology (Starleaf and Skype for Business) as well as the phone to keep in touch with colleagues and client officers. Collaboration is at the heart of SWAPs approach and with a workforce dispersed over 6 counties, staff are used to working remotely. Homeworking poses no impediment to this.

It should be noted, however, that although SWAP staff work from home, none are classed as ‘Home Workers’.

10. Do you have a pension scheme? Is there any employer contribution?

Yes –SWAP staff can join the Local Government Pension Scheme. Employer contributions are as laid down by the LGPS.

11. Do you provide a childcare voucher scheme?

Yes

12. At Mid Devon, Union membership is encouraged, is this something that your partnership also supports?

Yes – The staff at SWAP voted to have Unison as their representative for collective bargaining purposes. Union membership is supported by SWAP.

13. What training options are available? Is this something you could provide?

Training is offered to all staff joining SWAP through the TUPE process. With 20 partners (and growing!) we have a tried and tested in house programme of induction. This includes training on:

- SWAP policies and procedures
- SWAP audit methodology and processes
- Audit software training

SWAP also subscribes to e-learning modules. These on-line modules include training on a wide range of work related, and non- work related topics, for the benefit of staff.

SWAP provides all its staff with corporate membership of the Institute of Internal Auditors (and pays for their subscription). This gives staff access to a wide range of training and resources to support them.

All staff are encouraged to complete their professional training with the IIA. 56% of SWAP are professionally qualified with a further 35% of SWAP currently undergoing professional training.

We attend and participate in national and regional conferences and networking forums.

We have recently revised our 1-2-1 and annual appraisal process to support staff development.

Where additional training is evidenced by a business need, SWAP will support staff to gain the necessary qualifications (recent examples include fraud training and ISO 27001 training.)

The following statement has been taken from the Committee report of a Unitary Council expected to join us as a partner in April: “The Partnership has an established competency and learning and

development framework to invest in staff, and is seen as a good cultural fit for the council based on the skills and values within that framework.”

14. What would the salary be? Are there opportunities for career progression?

Staff transferred to SWAP through the TUPE process would have their current pay and conditions protected. (i.e. they would get paid whatever they were being paid at the point of transfer from Mid Devon).

SWAP is proud of the fact that so many staff have had the opportunity to progress their careers within the partnership. Of the staff that have left SWAP recently, several have gone on to join well known national audit firms or big name retail chains.

The following statement has been taken from the Committee report of a Unitary Council expected to join us as a partner in April: “A transfer to SWAP under TUPE regulations would offer current Internal Audit staff protection from employment detriment whilst at the same time offering enhanced career and development opportunities.”

15. MDDC currently pay for our annual subscriptions (AAT, IIA & ACCA), is this a something that you provide?

Yes – SWAP pays for corporate membership for all staff of the IIA and pays other subscriptions where there is a business needs for SWAP. These are reviewed on a case by case basis.

16. Would we fall under your process and procedures or Mid Devon for things such as sick pay, maternity, code of conduct and flexible working?

Staff transferring to SWAP through the TUPE process would be subject to their existing terms and conditions (i.e. Mid Devon’s policies would apply). However, in the past, we have found that there is often little or no material difference between SWAPs policies and those of the new partner council, in some cases, SWAP policies are more favourable. Most staff in the past have opted to sign a SWAP contract (and adopt SWAPs policies).

Questions for Potential Partners:

1. Do you have any KPIs?

Yes – The Agreement for Provision of Audit Services (which is the legal agreement our partners sign up to) requires SWAP to prepare:

- an annual report on performance for Committee around June each year.
- A quarterly monitoring report on actual performance against the Audit Plan.

SWAP is required to:

- deliver at least 90% of the audit plan each year.
- Obtain 80% excellent or good responses from feedback
- And report at least 85% of draft reports to the agreed timetable.

All of these KPIs are generated automatically from our audit software system MKInsight and are monitored monthly by the SWAP Management Team, and by the SWAP Board of Directors

2. Can you offer Audit management (only) as a service?

Yes, we can provide just a managed service but you would miss out on some of the distinct advantages that come with being a Partner:

- Its more expensive for the Council.
- In order to achieve its good results, SWAP has its own methodologies, working practices and innovations which are difficult to embed without full transfer of staff (resulting in a less efficient way of working).
- Opportunities to share information and benchmark are impeded by not being a full partner.
- There may be complications around staff performance management.
- Staff miss out on benefits of being in the SWAP 'Team' and wouldn't have the opportunity to work at different sites and audit new areas. There would also be complications around training and involvement in collaborative groups.
- The Council would not have a say in how SWAP is run (SWAP is owned and run by its partners).
- We would be a contracted provider, rather than an internal arrangement. We have found that the partnership approach which is seen as an internal arrangement, has led to good levels of interaction between client managers and SWAP staff, with service delivery benefiting as a result; evidenced by high satisfaction feedback.
- This arrangement would not provide the same resilience, without additional costs, as becoming a partner would.

For these reasons, SWAP would recommend that the provision of Audit Management only is a temporary/ interim arrangement.

3. What is your daily rate for this?

We would require further information in order to calculate a final daily rate but for indicative purposes only, it would be somewhere between £280 and £300. (for comparison a partner day rate would be around £260- £280).

4. Unison tell me that we could be in partnership without transferring the staff across, is this an arrangement you can/have used?

We have not adopted this approach in the past for the reasons given under question 2 above. Our preference is to have staff transfer to SWAP in order to ensure a resilient service is provided to the Council.

5. Who would be responsible for providing IT equipment/licence for MKI/support?

On joining SWAP as a partner, a one off payment is agreed to cover IT equipment (such as laptops), MKInsight licenses etc. After this one off cost, the ongoing costs are picked up by SWAP. SWAP provides all the IT equipment necessary. For information, a MKInsight license is around £600.

6. Who would pay for the premises cost?

The normal approach is that partners provide accommodation for the audit team.

7. Would you require a permanent desk for a Manager when at MDDC?

A permanent desk is not required for any member of the audit team as our staff are accustomed to hot desking, moving around offices and home working. While a permanent desk is not required, there is an expectation that sufficient accommodation for the team would be available.

8. Would there be capacity to absorb “spare hours” if MDDC wanted to reduce their plan?

As mentioned above, in the event Mid Devon did marginally reduce days, the staff originating from there could be redeployed to other work seamlessly (and the spare hours absorbed).

Should Mid Devon decide to reduce the number of audit days significantly after becoming a partner, there are mechanisms within the partnership legal agreement to address this (which has to date never been invoked.)

9. Would there be capacity to increase hours if MDDC wanted to increase their plan?

Yes - SWAP would resource the plan accordingly.

10. Do you currently have fixed term/agency staff?

Yes – SWAP buys in some specialist skills as the need arises, at no extra cost to our partners.

11. Will you need to take part/prepare the audit plan for 2017/18 (Due Mar 2017)?

In the event that a decision was made for Mid Devon to become a partner, we would seek to work with the Council to prepare the plan for 2017/18.

12. Will you need to take part/prepare the audit charter (Due Jan 2017)?

In the event that a decision was made for Mid Devon to become a partner, we would replace any existing Charter with our own at the point we take up the Service. The Jan 2017 Charter would remain in place until that time.

Conclusion

We strive to deliver a high quality, substantial internal audit service to all organisations. The company’s senior staff can provide any further information you might require.

From the 1st April 2017, we will be adding a further 3 district councils bring the total to 12 district councils within our Partnership. This we hope demonstrates are extensive experience of providing services to councils like Mid-Devon.

Further information may also be found on our website <http://www.southwestaudit.co.uk/>
