

To: Audit and Risk Committee

For meeting on: 19 February 2014

Agenda item: 5

Report by: Philippa Harding, Board Secretary

Report for: Information

TITLE: Appointment of Head of Internal Audit

Summary:

At the meeting of the Audit and Risk Committee (ARC) on 20 November 2013, the ARC agreed the process to be adopted for the appointment of Monitor's new the Head of Internal Audit. This report provides the ARC with an update on the progress of this.

Recommendations:

The ARC is asked to note this report and comment on whether the assurances over the consolidated accounts process are sufficient.

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. In relation to the issues set out in this paper, consideration has been given to the impact that the recommendations might have on these requirements and on the nine protected groups identified by the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation).

It is anticipated that the recommendations of this paper are not likely to have any particular impact upon the requirements of or the protected groups identified by the Equality Act.

Exempt information:

None of this report is exempt under the Freedom of Information Act 2000.

Background

1. The Health Group Internal Audit Service (HGIAS) was set up in line with the HM Treasury Internal Audit Transformation Project, with the stated intention of strengthening internal audit arrangements across central government. Since April 2013, the shared service has been hosted by the Department of Health (DH). It provides the assurance function for DH as well as most of its Arm's Length Bodies (ALBs) under a 'Health Group Internal Audit Operating Model'. The adopted model is described as "a co-source arrangement" and PricewaterhouseCoopers LLP (PwC) has been appointed as co-source partner organisation to supplement the in-house provision.
2. HGIAS is currently delivering internal audit services to 12 ALBs. Some ALBs, including Monitor, continued to deliver their own assurance function after April 2013 due to existing contracts. However, they are due to become part of the Health Group Internal Audit Operating Model when their existing contracts expire.
3. Each ALB has been assigned a Head of Audit (from either DH's in-house team or PwC) to oversee the service within the organisation and to highlight any emerging issues or themes relevant to the Group as a whole. Monitor has been assigned a Head of Audit from PwC. The relationship between Monitor and the HGIAS will be governed by a Service Level Agreement (SLA).

Appointment of the Head of Audit

4. A shortlist of potential candidates for appointment as Monitor's Head of Audit has now been identified. Unfortunately it has taken longer than anticipated to arrive at this shortlist. This is due to difficulties experienced in finding availability amongst DH and Monitor colleagues for a shortlisting meeting.
5. The Terms of Reference of the ARC state that the Committee shall agree the appointment of Monitor's internal audit service. At its meeting on 20 November 2013, the ARC agreed that shortlisted candidates would be interviewed by ARC members, together with David Bennett (Chief Executive and Accounting Officer). Once the interviews have taken place and an appropriate candidate has been identified the ARC will briefly meet formally to appoint the Head of Audit.

Relationship

6. Work continues on the finalisation of the SLA and anticipated costs. This work will be complete in time for the ARC to take a final decision on the appointment of the Head of Audit. An oral update will be provided at the ARC meeting on 19 February 2014.

Audit Planning for 2014/15

7. In light of the slippage in the timetable for appointing Monitor's Head of Audit, work has begun on internal audit planning for 2014/15 ahead of their appointment. Initial discussions have taken place with DH's Group Chief Internal Auditor and the PwC engagement partner allocated to Monitor. Further discussions will take place with key members of Monitor's Executive during March. It is hoped that a first draft of the internal audit plan for 2014/15 will be available for consideration at the same time as the interviews for the Head of Internal Audit position.

Philippa Harding
Board Secretary