

meeting	AUDIT COMMITTEE	
date	23 FEBRUARY 2010	agenda item number

REPORT OF SERVICE DIRECTOR (FINANCE)

UNSATISFACTORY FOLLOW UP AUDIT REPORT – COMPLIANCE WITH THE CORPORATE PROCUREMENT STRATEGY

Purpose of the Report

1. To inform Members of a follow up audit where the audit opinion remained “unsatisfactory” because insufficient progress had been made in implementing agreed Internal Audit recommendations.

Information and Advice

2. As Members are aware, Internal Audit work is carried out in accordance with an agreed Annual Plan. Once an audit has been completed, the findings and recommendations of the audit are discussed and agreed with the relevant manager. A draft report is then issued to that manager, who is asked to provide a formal response to the recommendations. Once this response has been received, the final audit report is issued which contains the response to all recommendations and a date by which they will be implemented.
3. In the Executive Summary of each report, an opinion on the controls in the system or procedure concerned is included and is one of three standard opinions, as follows:-
 - Sound – there are no weaknesses or only minor weaknesses
 - Satisfactory – most of the arrangements for financial management are effective, but some weaknesses have been identified
 - Unsatisfactory – there is an unacceptable level of risk which requires the prompt implementation of the recommendations to correct the weaknesses identified

If the audit opinion is sound or satisfactory then the implementation of the recommendations concerned is checked the next time the system or procedure concerned is audited. This will normally be within one to

three years depending on the assessment of risk involved in the area concerned. However, if the audit opinion is unsatisfactory a follow-up audit is carried out approximately six months after the final report has been issued to determine whether the agreed audit recommendations have been implemented.

4. A follow up audit was carried out in July 2009 on Compliance with the Corporate Procurement Strategy and found that two of the five recommendations in the original Internal Audit report had been fully implemented and that three were in the process of being implemented, (see attached copy of the Internal Audit report).

The areas still requiring further work were:-

- a) the implementation of an updated procurement strategy
- b) the establishment of a project to manage the implementation of the e procurement initiative
- c) monitoring of compliance with corporate contracts.

Corporate Procurement has received considerable attention over the last six months and Deborah Hinde, the Service Director (Strategic Services), will be present at the meeting to update Committee Members on the current position on the implementation of the revised Procurement Strategy. Once the new Strategy is in place, it will satisfactorily address the outstanding three recommendations above.

Statutory and Policy Implications

5. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder, human rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

Recommendation

6. That Members note the proposed actions to be taken to fully implement the outstanding Audit recommendations.

ALAN SUMBY
SERVICE DIRECTOR (FINANCE)

Background Papers Available for Inspection

Nil.