

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT**LIMITED ASSURANCE FOLLOW-UP AUDIT REPORT – COUNCIL-WIDE
PROCUREMENT****Purpose of the Report**

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

Information and Advice

2. Internal Audit work is carried out in accordance with an agreed Annual Plan. On completion of the audit, the findings and recommendations are discussed with the relevant manager. A draft report is then issued to the 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 includes the response to all recommendations and a date by which they will be implemented.
3. In each report, an opinion on the controls in place is included, and is one of three standard opinions, as follows:-
 - Substantial Assurance – there are no weaknesses or only minor weaknesses
 - Reasonable Assurance – most of the arrangements for financial management are effective, but some weaknesses have been identified
 - Limited Assurance – there is an unacceptable level of risk which requires the prompt implementation of the recommendations to correct the weaknesses identified.
4. If the audit opinion is substantial or reasonable assurance, then the implementation of the recommendations concerned is followed up the next time the system is audited. However, if the audit opinion is limited assurance a follow up audit is carried out approximately six months after the final report has been issued, to determine whether the agreed recommendations have been implemented.
5. A follow up audit has recently been completed on Corporate-wide Procurement. An Action Plan to address the weaknesses was agreed with the Interim Group Manager for procurement, with the recommendations being followed up at the latest audit. Whilst

progress had been made in implementing the agreed recommendations, further work was still required. In particular, there was further work needed on improving the level of compliant orders, implementation of a revised procurement strategy, development of performance information and improved monitoring of the implementation of purchasing category strategies. Some of the agreed recommendations had been placed on hold at the time of the audit including, following the appointment of a new Group Manager:

- * establishment of a commissioning and commercial board
- * initiation of a project to address the corporate risk of supply chain failure

Eight recommendations have been made and agreed to address the concerns. A copy of the follow up report is attached as **exempt Appendix 1**.

6. The newly appointed Group Manager for Procurement will be attending the meeting to explain the issues involved in improving controls over income and the progress made since the report was issued in September 2014.

Other Options Considered

7. This report is for information and noting only.

Reason/s for Recommendation/s

8. To provide information to Members on the work required on corporate procurement to ensure that effective controls are in place.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the proposed actions to be taken to fully implement the outstanding audit recommendations.

Nigel Stevenson
Service Director (Finance and Procurement)

For any enquiries about this report please contact:

John Bailey (Head of Internal Audit) telephone 01159772226

Constitutional Comments

10. This report is for noting only.

Financial Comments (JMB 4/11/14)

11. The work of Internal Audit is designed to ensure that efficient and effective systems are in place to manage risk, ensure effective control is in place and demonstrate sound governance. This report highlights an area where further work was required to achieve these aims and provide assurance that good value for money is being secured.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All