

APPENDIX 3: KEY THEMES ARISING FROM AUDIT REVIEWS

MANAGING THE BUSINESS			
REPORT TITLE:	COMPLIANCE WITH CONTRACT PROCEDURE RULES		
STATUS:	FIELD WORK COMPLETE	CONTROL ENVIRONMENT:	IMPROVEMENT REQUIRED
OBJECTIVE OF THE WORK:	<p>To:</p> <ul style="list-style-type: none"> • assess whether cost effective and efficient purchasing arrangements can be demonstrated when the estimated cost of the contract is below the European Union (EU) procurement directive value; and • assist the Corporate Procurement Unit's current work to further strengthen arrangements to purchase goods and services. 		
OUTCOME:	<p>The review identified a significant level of non-compliance with the requirements detailed in Contract Procedure Rules for the procurement of goods across Council departments.</p> <p>Themes arising from the review are:</p> <ul style="list-style-type: none"> • the lack of documentation available to support the procurement process and to give assurance that value for money has been obtained • purchases are being made from regular suppliers without proper contractual arrangements being in place • the absence of independent authorisation from the either the Head of Service or Head of Procurement that non-compliance with contract procedure rules is acceptable, usually where purchases are classified as of a specialist nature • the significant number of purchases being made without the initial order being raised on the e-procurement system (confirmation orders). <p>Since the completion of the audit work it has become apparent that there are various corporate initiatives in place to tackle these issues.</p> <p>Internal Audit is currently liaising with the Corporate Procurement Team to support these initiatives and the development of management controls within the procurement process as appropriate.</p> <p>Summary findings from the review will be fed back separately to individual departments.</p>		

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MANAGING SERVICE RISKS			
REPORT TITLE:	LIBRARY SERVICES		
STATUS:	COMPLETE SEPTEMBER 2011	CONTROL ENVIRONMENT:	ADEQUATE
OBJECTIVE OF THE WORK:	To assess whether there are robust arrangements in place to oversee the transition to a new library service structure whilst maintaining current levels of service delivery.		
OUTCOME:	<p>There is a robust framework in place to manage the construction of the new central library and transition to a new library service.</p> <p>Regarding the budget savings that are to be achieved by Library Services in this financial year; monitoring arrangements need to be further developed so that it is possible to identify whether each saving initiative is delivering the savings anticipated at a cost centre level. Going forward, a more detailed analysis will be required to support any potential savings identified that considers:</p> <ul style="list-style-type: none"> • client expectations • risks as well as optimistic and pessimistic forecasts of what might actually be achievable • what delivering the savings would entail and how delivery would be monitored. <p>Further work is being undertaken to develop a more balanced set of indicators to monitor how well all aspects of the service is performing (i.e. covering cost, efficiency of process, productivity of staff and impact of service delivery).</p> <p>As the project progresses, the objectives for the new central library, and the way in which the successful delivery of these objectives will be measured will be documented.</p>		
RECOMMENDATIONS:	HIGH: 3	MEDIUM: 1	TOTAL: 4

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MANAGING PARTNERSHIP RISKS	
TITLE:	SERIOUS CASE REVIEW: ADDITIONAL SUPPORT
OBJECTIVE OF THE WORK:	<p><u>To provide appropriate challenge and support</u> to officers on the robustness of action plans drawn up to improve the safety and well being of children.</p> <p><u>The aim being to provide timely and independent feedback</u> on:</p> <ul style="list-style-type: none"> • the clarity of the actions identified in terms of whether they are specific, measurable, achievable, relevant and time barred (SMART); and • whether they clearly identify both the officers/agencies to whom actions have been allocated and where appropriate the evidence required to confirm implementation of the action.
CURRENT STATUS / OUTCOME	<p>In this critical friend role Internal Audit:</p> <ul style="list-style-type: none"> • is working with the Local Safeguarding Children Board's (LSCB) lead officer to improve the format of the Action Plan Monitoring Statement used to identify the improvements in processes and practice around the safety of children • has attended a meeting of the LSCB's Case Review Panel and given feedback on improvement opportunities available to make the actions identified for one particular case more focused (SMART) • has supported the Children and Learning Department in its Ofsted best practice submission on the implementation of recommendations from serious case reviews. <p>As a result Internal Audit has now been requested to work with officers drawing up action plans in respect of cases of child protection emanating from:</p> <ul style="list-style-type: none"> • the independent cross partner review of case files • the Children and Learning Department's Independent Reviewing Officers file reviews and case conferences.

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CORPORATE PROJECTS			
REPORT TITLE:	DELIVERING THE SAVINGS PROGRAMME		
STATUS:	COMPLETE SEPTEMBER 2011	CONTROL ENVIRONMENT:	ADEQUATE
OBJECTIVE OF THE WORK:	To assess whether the Council has robust arrangements in place to identify and then deliver the budget savings required for 2011/12 and 2012/13.		
OUTCOME:	<p>Overall, reasonable arrangements were and are in place to identify and then deliver the 2011/12 budget savings. However, the actions required to deliver savings need in some areas to be more explicitly defined. This will enable the monitoring process, which is generally effective at an operational, departmental and senior corporate management level, to be more robust.</p> <p>Going forward, the outcomes of the corporate priority work streams to re-evaluate delivery models will be key to achieving future savings and should therefore be monitored closely. As part of this, it is important to develop optimistic and pessimistic forecasts for all potential savings that are not certain, with appropriate contingency plans were necessary.</p>		
RECOMMENDATIONS:	HIGH: 1	MEDIUM: 2	TOTAL: 3

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CORPORATE PROJECTS			
REPORT TITLE:	AUDIT REVIEW OF SHOEBURYNESS YOUTH CENTRE GRANT		
STATUS:	COMPLETE JUNE 2011	OPINION:	COMPLIANT
OBJECTIVE OF THE WORK:	To assess the extent to which the expenditure of grant funding has been spent in accordance with its terms and conditions.		
OUTCOME:	<p>The grant from Big Lottery Fund for the Shoeburyness Youth Centre project has currently been spent in accordance with its terms and conditions.</p> <p>The areas for improvement to ensure continued compliance are:</p> <ul style="list-style-type: none"> • To provide Big Lottery Fund with evidence to support the expenditure of the final instalment; and • Retaining a clear agreement of centre usage with the partners that defines what is free and when additional costs would be incurred. 		
RECOMMENDATIONS:	HIGH: 0	MEDIUM: 2	TOTAL: 2

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CORPORATE PROJECTS	
TITLE:	<u>IMPLEMENTATION OF AGRESSO PROJECT PROGRESS</u>
OBJECTIVE OF THE WORK:	<p><u>To provide appropriate challenge and support during the development and implementation stages of the Agresso project.</u></p> <p><u>The aim being to provide timely and independent feedback:</u></p> <ul style="list-style-type: none"> • <u>as to the controls required to mitigate process or system risks identified</u> • <u>on whether the project management arrangements are fit for purpose and will deliver the required outcomes.</u>
CURRENT STATUS:	<p><u>The project has continued to be managed by a specific Agresso Project Board (the Project Board) and regular updates on the progress of the project have been provided to the Corporate Delivery Board.</u></p> <p><u>The project has continued to encounter problems in implementing the system by the target date and it has been postponed for a second time until November 2011. By this date, it is still the intention to implement the same core functions supplemented now by the Bank Reconciliation module. The remaining functions required will be implemented in subsequent phases.</u></p> <p><u>Some lessons have been learnt from the experience of implementing the first phase of the project. Notably, before a realistic revised implementation date is set, there is a need to:</u></p> <ul style="list-style-type: none"> • <u>be informed more regularly of detailed progress of the overall project and its project planning</u> • <u>escalate areas of concern much quicker with planned options appraisals. _</u> <p><u>However, there is still a need for the Project Board to formally consider the lessons learnt from the two occasions where the system has not been implemented as planned so that these can be addressed for future phases of the project. It is also recommended that the evaluation is presented to Corporate Delivery Board and Corporate Management Team to enhance the learning opportunities to the Council as a whole.</u></p> <p><u>Internal Audit continues to provide a critical friend role at the Project Board meetings and through informal discussions with the Project Manager. The next phase of audit work will involve reviewing the transfer of balances from the old Cedar system to the new Agresso system.</u></p>

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CRITICAL FRIEND / Ad Hoc Work	
TITLE:	CCTV MAINTENANCE ARRANGEMENTS REVIEW
OBJECTIVE OF THE WORK:	To assist a management review of whether procurement of goods / services from a supplier has been in line with the current maintenance agreement and expenditure was incurred appropriately.
CURRENT STATUS:	<p>Fieldwork is complete. As the key member of staff with responsibility for these areas left the Council on 19 August 2011 without attending interviews with Internal Audit.</p> <p>Whilst this has reduced the extent Internal Audit has been able to fully complete enquiries, the work undertaken on available records has highlighted some contract management and procurement areas where arrangements could be potentially strengthened to ensure value for money is achieved.</p>