
ADDENDUM TO ITEM 6 (AUDIT PROGRESS REPORT) IN RELATION TO THE FINDINGS FROM THE INTERNAL AUDIT OF PROCUREMENT

1 Summary of Issue

- 1.1 As part of the external audit work on the Value for Money conclusion carried out by Ernst and Young to inform their Audit Report on the Council's 2018/19 accounts, EY were supplied with a copy of the Council's final report on its internal audit of procurement. Internal Audit's findings and recommendations in relation to this audit are set out in the Audit Progress Report, to which this note is appended.
- 1.2 As a result of this review work EY asked for further details around the potential risk of an EU procurement breach which was raised in the Internal Audit report, and received confirmation that a breach had occurred in one instance relating to the supply of specialist agency staff in the Planning department. The total value of payments made over a 48 month period exceeded the financial threshold required to initiate the EU procurement requirements; however, EY note in their Audit Report that in comparison to total Council spend the contract sum is not material.
- 1.3 As a result of this breach the Monitoring Officer, in liaison with the Section 151 Officer and other relevant officers, has undertaken a further review of the circumstances which led to the breach and has agreed further recommended actions to be carried out that will address the issue and avoid any future breaches (see below).
- 1.4 The Monitoring Officer and Section 151 Officer have concluded that the breach was unintentional and due to a lack of knowledge of procurement procedures, coupled with resourcing difficulties, rather than being of a deliberate or negligent nature. It was therefore concluded that it was not appropriate for the Monitoring Officer to issue a formal Section 5 report in this instance. However, the issue has been specifically noted in the Annual Governance Statement for 2017/18 as an area for follow up review in 2018/19.

2 Additional Actions to be Undertaken

- 2.1 The Monitoring Officer and Section 151 Officer have identified the following actions, which are being implemented in addition to the recommendations in the Internal Audit Report:-
- 1) Urgent training for all relevant officers (although training was noted as an action in the IA report on Procurement, this will be prioritised and actioned as soon as practicable).
 - 2) HR will act as a single point of control for central management for all agency spend.

- 3) The introduction of formal reporting and warning of any possible procurement breaches that are about to occur or have occurred.
 - 4) Identify whether the Council's purchasing system, Focalpoint, can be better utilised to help identify possible issues at an early stage.
 - 5) Terminating the agency arrangements related to the breach and undertaking an EU compliant process to put in place new arrangements to procure agency staff in future.
- 2.2 These actions will be implemented and monitored by the Council's Leadership Team. They will also be added to the Internal Audit log of outstanding recommendations, and implementation progress will be reported back to the Audit Committee in line with normal reporting protocols.