

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE****28<sup>th</sup> September 2012****Report of: the Strategic Director (Corporate Services)****Report Title: Annual Governance Statement 2011/12****Ward: Citywide****Officer presenting report: Melanie Henchy-McCarthy/ Alison Mullis, Chief  
Internal Auditor(J/S)****Contract Telephone Number: 0117 92 22063/22448****RECOMMENDATION**

The Audit Committee approve the Annual Governance Statement as a fair reflection of the internal control and governance environment during 2011/12 and to date, prior to it being signed by the Leader of the Council, the Chief Executive and the s151 Officer.

**SUMMARY**

The City Council is required by the Accounts and Audit Regulations 2011 to prepare an Annual Governance Statement to accompany its published financial statements. A review of the internal control, risk management and governance arrangements has taken place and the draft Statement is attached to the report.

**The significant issues in the report are:**

- the requirement for the Annual Governance Statement
- the review process undertaken to enable the Statement to be made
- the draft Annual Governance Statement is attached and includes details of the most significant control and governance issues identified and action plans for improvement in these areas

**Policy**

Publication of an Annual Governance Statement is a requirement of the Accounts and Audit Regulations 2011. Additionally, the Council's Risk Management Policy Statement requires the Audit Committee to review the Annual Governance Statement to ensure it accurately reflects the internal control, risk management and governance arrangements in place.

## **Consultation:**

**Internal:** Strategic Leadership Team (SLT), Section 151 Officer, Audit Committee, other relevant officers (Monitoring Officer, Head of Executive Office, Chief Internal Auditor)

**External:** None necessary

## **1. Introduction**

- 1.1 Arising from the Accounts and Audit Regulations 2011, the Council is required to conduct an annual review of its system of internal control, and publish an Annual Governance Statement (AGS) with the annual Statement of Accounts. Internal Audit have adopted a three year planned approach to preparation of the AGS to assess weaknesses in both financial and operational areas. A full validated review is performed in year one and a light touch review in the following two years where reliance is placed on the Strategic Director and Key Officer Assurances without further validation. 2011/12 is year three of this cycle. The process is a key mechanism for ensuring that the Council has an effective system of internal control and governance, and that any shortfalls are identified and addressed.
- 1.2 The review is now complete and the evidence to support the resulting draft AGS (attached at Appendix 1) has been compiled. The Statement must be signed by the Leader of the Council and the Chief Executive, before publication alongside the 2011/12 Annual Statement of Accounts. In addition, the AGS is to be signed by the Service Director: Finance (as Section 151 Officer), as it incorporates the Statement on Internal Financial Control.
- 1.3 The Accounts and Audit Regulations 2011 also specify that the AGS is considered by “the organisation itself, or a Committee of the organisation”, and this requirement is being met by this submission to the Audit Committee.

## **2. Draft AGS**

- 2.1 The AGS describes the Council's governance framework, and the review of it. It then sets out, in section 5, a total of 9 significant issues regarding the governance and internal control environment. In determining the issues to disclose, in the absence of specific AGS guidance, account has been taken of the previous Chartered Institute of Public Finance & Accountancy (CIPFA) guidance on the forerunner to the AGS, the Statement on Internal Control. This includes considering whether the issues had:

- seriously prejudiced or prevented achievement of a principal objective
- resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business
- a material impact on the accounts
- been considered as significant for this purpose by the audit committee or equivalent
- attracted significant public interest or had seriously damaged the reputation

of the Council

- resulted in formal action being taken by the Section 151 Officer/Monitoring Officer
- received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.

2.2 The Statement reflects last year's AGS, follows the format set out in the CIPFA/Society of Local Authority Chief Executives (SOLACE) Guidance, and describes the Council's arrangements for meeting the core principles of Governance as set out in that Guidance, namely :

- Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

2.3 As with 2010/11, the review process examined a wide range of internal control and governance processes. It included:

- obtaining assurance statements from Strategic Directors and other key officers within the Council
- obtaining and reviewing all External Audit and Inspection reports, Internal Audit reports and management monitoring reports
- a review of all corporate risk register items
- the scrutiny and evaluation of the information obtained
- determining significant control issues within the definition agreed for disclosure
- consultation with the Audit Committee and SLT.

2.4 In addition to enabling the drafting of the AGS, this process has provided an opportunity for the review and evaluation of control issues throughout the Council. Where appropriate, the issues identified in the AGS will be included in the Corporate Risk Register (CRR), and progress on the actions to address the issues will be monitored by the Strategic Director (Corporate Services), and reported to SLT and Cabinet.

2.5 A number of other issues have been identified as potential causes of concern by External Audit, Internal Audit or through the Strategic Directors' assurance process. If not effectively addressed, these items may need to be included in the AGS in the future. These items will be monitored through corporate and departmental risk registers and by the Strategic Director (Corporate Services) and the Chief Internal Auditor.

2.6 Following their review of the 2010/11 AGS, the Council's external auditors concluded that the arrangements for preparing the AGS were sufficiently robust and no adjustments were required to its presentation. It is anticipated that the 2011/12 AGS preparation will similarly satisfy the external auditor's expectations.

### **Other Options Considered**

None necessary

### **Risk Assessment**

Failure to publish an Annual Governance Statement would be a breach of the Accounts and Audit Regulations 2011 and would attract adverse comment from the Council's external auditors.

Disclosures of significant control weaknesses in a public statement could result in adverse press coverage. Hence the wording of the disclosures has been discussed with the SLT to minimise this risk. The Service Director: Communications & Marketing has also been provided with a copy of the draft statement.

### **Equalities Impact Assessment**

None necessary for this report

### **Environmental Impact Assessment**

None necessary for this report

### **Legal and Resource Implications**

**Legal** - none sought.

**Resources** - none arising from this report

### **Appendices**

Appendix 1 - Draft Annual Governance Statement 2011/12

### **LOCAL GOVERNMENT ACCESS TO INFORMATION**

|                   |  |
|-------------------|--|
| Background Papers | Audit Committee Terms of Reference<br>Risk Management Policy Statement<br>CIPFA guidance on the requirements re the SIC.<br>CIPFA/SOLACE Guidance on the Annual Governance Statement |
|-------------------|--|

**Bristol City Council**  
**DRAFT**  
**Annual Governance Statement**  
**2011/12**

## **1. Scope of Responsibility**

- 1.1 Bristol City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 This statement explains how the Council endeavours to deliver good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011, which require the Council to publish an Annual Governance Statement (AGS) in accordance with proper practice in relation to internal control.

## **2. The Council's Governance Framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether this has led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It can not eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.
- 2.3 In January 2009, the Council approved and adopted a local Code of Corporate Governance (revised May 2012), which provides in-depth details of the framework the Council has in place to meet the six core principles of effective governance, as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society Of Local Authority Chief Executives (SOLACE) guidance 'Delivering Good Governance in Local Government'.

- 2.4 In compliance with the 'Delivering Good Governance in Local Government: Framework', the Council's financial management arrangements generally conform with the requirements of the CIPFA Statement of the role of the Chief Financial Officer in Local Government (2010).
- 2.5 The following paragraphs summarise Bristol City Council's Governance Framework which has been in place for the year ended 31<sup>st</sup> March 2012 and up to the date of approval of this Statement and the Statement of Accounts.

### **3. Determining the Council's Purpose, its vision for the local area and intended outcomes for the community**

- The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community.
- The Council is involved in a number of partnerships including being a lead member of the Bristol Partnership. The Bristol Partnership has agreed the Bristol 20:20 plan setting out a vision and priorities for Bristol. The Council sets out its priorities, in the context of the 20:20 plan, in a three year Medium Term Financial Plan. The four West of England Authorities are also working together with the business community with shared vision and priorities for the sub-region in a Local Enterprise Partnership.

#### **3.1 Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision of the local area.**

- The Council has in place high level action plans to deliver each of the aims of the Medium Term Financial Plan (MTFP). This work is coordinated with the work of the Bristol Partnership. Progress is monitored by the Strategic Leadership Team (SLT).
- The Council has a three year MTFP which sets out spending plans and priorities for 2012/13 - 2014/15.

#### **3.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.**

- The Council's Leader allocates portfolio responsibilities to the individual Executive Members appointed by the administration.
- The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities.
- The Council has an audit committee comprising Elected and Independent Members that reports directly to full council in line with best practice.
- The Council has a Constitution which clearly sets out the leadership role and the delegated responsibilities of officers. The Constitution also includes a Member/ Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.
- All committees have a clear terms of reference and work programmes which set out their roles and responsibilities.
- There is a Strategic Leadership Team (SLT) made up of the Chief Executive and Strategic Directors that meets each week to discuss matters which are of strategic and operational importance to the Council.
- The Service Director Finance (Section 151 Officer) and the Head of Legal Services

(the Monitoring Officer) are not members of SLT but have open invitations to attend when necessary and receive all papers. Both have a direct reporting line and have monthly meetings with the Chief Executive (Head of Paid Service) in relation to governance issues. Both also attend Cabinet and Cabinet briefings.

- The Service Director Finance is the Council's Chief Financial Officer and is a professionally qualified accountant. The Service Director Finance is the lead officer for the Audit Committee and attends all meetings as well as reporting regularly to the Resources Scrutiny Commission. Although the Service Director Finance is not a Strategic Director they are the Council's Financial lead and as such are fully involved in all material business decisions and planning processes, and contributes to all key decision reports to SLT and Cabinet.

### **3.3 Promoting the Council's values and upholding high standards of conduct and behaviour.**

- The Council supports a culture of behaviour based on its statement of values. This guides both how the long term vision is put into effect and how members and officers behave in their day-to-day work.
- Members' and Officers' behaviour is governed by Codes of Conduct which include the requirement for declarations of interest to be completed by all Members annually, by all new staff, and biennially by staff working in sensitive areas or paid above a certain grade.
- The conduct of Members was monitored by the Standards Committee in 2011/12 and is currently under consideration to move the requirement to another Committee.
- The Council has a robust complaints procedure.
- The Council has processes and policies in place to ensure all information collected, held, processed and used by the Council is held safely and securely.

### **3.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

- The Council has a Constitution which clearly sets out how it operates and the process for policy and decision making. The Constitution is available to the public on the Council's website.
- Cabinet meetings where key decisions are made are open to the public and available via web cast through the Council's website.
- The Leader's Forward Plan of key decisions to be taken over the next four months is published on the Council's website.
- The decision-making process is scrutinised by a scrutiny function which also undertakes some pre-decision and policy development work.
- Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. The policies and procedures include Financial Regulations, Procurement Regulations and a Risk Management Policy Statement. All reports are considered for legal issues before submission to members.
- The Council has a scheme of delegation in place with supporting procedure notes / manuals that clearly defines how decisions are taken. These documents are reviewed and updated as appropriate.

### **3.5 Developing the capacity and capability of Members and officers to be**

## **effective.**

- The Council recognises the value of well trained and competent people in effective service delivery, and as such aims to ensure that Members and managers within the Council have the skills, knowledge and capacity they need to discharge their responsibilities.
- There is a Councillors' Development Policy which assists Members to strengthen their capacity as confident and effective political and community leaders.
- The Council's Performance Management and Development Scheme for all staff ensures performance is managed and development needs for each member of staff are identified.

### **3.6 Engaging with local people and other stakeholders to ensure robust public accountability**

- The Council's planning and decision making processes are designed to include consultation with stakeholders and the submission of views by local people. These include the Citizen's Panel, Ask Bristol e-communication, petitions and e-petitions and the provision of a public forum at the majority of committee meetings.
- All Members are expected to offer, as best practice, surgeries, or equivalent means of providing assistance, for their constituents and key partners (eg. Police) could be involved where appropriate.
- Publishing a free electronic Council newsletter on the Bristol City Council website which communicates the Council's vision and priorities.
- The Council works extensively in partnership. The Bristol Partnership informs the Bristol 20:20 plan which drives the Council's own Medium Term Financial Plan and is implemented through Partnership Delivery Groups.
- The Council has established 14 Neighbourhood Partnerships, based on ward boundaries, to provide an opportunity for local communities to have a greater say in the way services and local issues are managed by the Council and its partner agencies. Some powers over Council services are devolved to these Partnerships.

## **4. Review of Effectiveness**

- 4.1 Bristol City Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.
- 4.2 Both in-year and year-end review processes have taken place. In-year review mechanisms include:
- the Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
  - there is a well resourced Scrutiny function which holds the Executive to account. The Resources Scrutiny Commission is responsible for maintaining an overview of service and financial performance, efficiency and effectiveness.



- the Standards Committee have met regularly throughout the year to consider and review issues relating to the conduct of Members. Their work has included agreeing the voluntary code of conduct for Members attendance and endorsing the guidance to Members and officers on purdah. However the Standards Committee will cease to exist during 2012/13 and as such a number of their responsibilities appertaining to Member behaviour will be taken up by another Committee.
- the Audit Committee met throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met eight times during the year, receiving regular reports on risk management, internal control and governance matters.
- Internal Audit is an independent and objective assurance service to the management of the City Council, who complete a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. In addition, the Section undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Executive and the Audit Committee.
- the External Auditor's Annual Audit and Inspection Letter is considered by the Audit Committee, the Executive and the SLT. A number of external audits and inspections have also taken place.
- the Performance and Improvement Team regularly monitor value for money and performance measures and recommend improvements to SLT and senior Members, as appropriate.
- The Corporate Risk Register (CRR) is reviewed periodically by SLT and the Executive Member and then presented to Cabinet Briefings for review and approval. The Strategic Director (Corporate Services) takes the lead on the Register together with the Risk Management Group which meets three times a year to review the effectiveness of the Council's Risk Management Framework.

#### 4.3 The year-end review of the governance arrangements and the control environment included:

- obtaining assurances from Strategic Directors that key elements of the control framework were in place during the year in their directorates. They were also asked to identify areas where control weaknesses had resulted in significant issues arising for the Directorate and their comments are reflected in this Statement. The Statement itself was considered by SLT on 4<sup>th</sup> September 2012 and is supported by them as an accurate reflection of the governance arrangements in place for the year.
- obtaining assurances from other senior management, including the s151 Officer

and the Monitoring Officer that internal control and corporate governance arrangements in these essential areas were in place throughout the year.

- obtaining assurances from Strategic Directors and the Head of the Executive Office with regard to the governance arrangements in place for key partnerships.
- reviewing external inspection reports received by the Council during the year, the opinion of the Chief Internal Auditor in his annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.
- consulting the Audit Committee regarding any potential issues they felt could indicate a problem with the control environment as a result of their work during the year and consideration by the Audit Committee, in preparation of its annual report to Council, of the assurances it was able to provide in respect of risk management and internal control, including the Internal Audit function.

## 5. Significant Governance Issues

- 5.1 The review process has highlighted a number of new significant issues regarding the governance and internal control environment. Additionally, there are a number of issues which were highlighted in the 10/11 AGS which have not progressed sufficiently to be excluded from this year's statement. For each issue, detailed action plans have been determined by a responsible officer and a summary of the key elements of these are included in the table below.
- 5.2 Conversely, there are a number of items which were included in the 10/11 Statement which have been excluded this year as significant progress has been made in addressing the issues such that they are no longer considered a threat to the governance and control environment.
- 5.3 The table below summarises the significant issues and the proposed action to be taken to address those issues:

| Issue   | Action to be undertaken in 2012/13, and Responsible Officer   |
|---|---|
| Value for Money - The Value for Money (VfM) self assessment mechanism has been rolled out, but no demonstrable improvement in VfM Council-wide has yet been made. | <ul style="list-style-type: none"> <li>● Economy, efficiency and effectiveness measures for each service are under review by the Performance and Improvement (P&amp;I) team in order to establish baseline measures that clearly demonstrate the Council's VfM</li> <li>● P&amp;I team are monitoring to ensure that Business and VfM Planning is consistent across all services</li> <li>● The format of new performance reporting scorecards have been agreed by SLT that will give a better analysis of performance and trends in VfM</li> <li>● The Senior Leadership Team (SLT) are</li> </ul> |

| Issue   | Action to be undertaken in 2012/13, and Responsible Officer  |
|---|--|
|   | <p>monitoring the process and receiving regular reports from P&amp;I team to determine further action required</p> <ul style="list-style-type: none"> <li>● SLT have made a clear commitment to ensure a Council wide approach is adopted. This approach will be based around the set of VfM indicators which have been prepared but not yet adopted consistently</li> </ul> <p><b>Strategic Director - Corporate Services</b></p>   |
| <p>Business Change - There is significant major change being undertaken across the council and this will require strong governance to ensure a coherent and unified approach.</p> | <ul style="list-style-type: none"> <li>● Overall control of change across the Council is led by the Strategic Options Delivery Board (SODB) which meets monthly. It is responsible for defining the overall portfolio of change, approving major programmes, monitoring progress, exceptions and risks across the whole portfolio. SODB is chaired by the CEO.</li> <li>● A Portfolio Management Group (PMG) has been established, reporting to SODB, to manage change delivery across the portfolio. It is responsible for resource prioritisation, managing dependencies and active risk management. It has Service Director representation from all areas.</li> <li>● The Benefits Realisation Board (BRB) has been established, led by two Strategic Directors, to monitor and review benefits delivery for key programmes and projects.</li> <li>● All change programmes have an accountable SRO and a programme board, with responsibility for all change in their business area.</li> <li>● A portfolio management office, led by a service manager, has been established as part of the BC&amp;ICT service. It provides portfolio level planning and resource management services. It also supports the governance framework.</li> <li>● All Directorates have either completed, or are in the process of completing, Target Operating Models (TOM) to guide their change programmes. A One Council over-arching TOM is also being developed, led by SLT</li> </ul> <p><b>Service Director Business Change and ICT</b></p> |
| <p>Educational attainment has improved, however there remain</p>  | <p>2012 school exam/ test outcomes show:</p> <ul style="list-style-type: none"> <li>● 2 % Improvement in GCSE 5+ A*-C with</li> </ul>  |

| Issue   | Action to be undertaken in 2012/13, and Responsible Officer   |
|---|---|
| <p>issues with regard to specific education indicators. Areas of concern:</p> <ul style="list-style-type: none"> <li>● 16-18 year olds not in education employment or training</li> <li>● Care leavers aged 19 not in education, employment or training</li> <li>● Attainment of 5+ A-C GCSEs including English and Maths for looked after children</li> <li>● Proportion of Bristol primary schools that are not rated good or better by Ofsted</li> <li>● Widening gap between lowest attaining 20% Early Years children and their peers</li> <li>● Primary and secondary widening gap between outcomes for pupils on free school meals and all pupils</li> <li>● Black Caribbean pupils attainment is not improving</li> </ul> | <p>English and Maths</p> <ul style="list-style-type: none"> <li>● Improvement at Early Years Foundation Stage Profile (EYFSP) overall and no increase in 'gap' measure</li> <li>● Reduction in number of primary schools below 'floor' measures</li> </ul> <p>Actions being taken:</p> <ul style="list-style-type: none"> <li>● Joint work with the Local Education Partnership (LEP) to reduce those “not in education, employment or training” (NEETs)</li> <li>● Development of sponsored academies in primary phase where primary provision is weak</li> <li>● Follow up of research commissioned from Bristol University into Black and Minority Ethnic (BME) attainment in the city</li> <li>● Strengthened tracking of educational attainment and progress of looked after children</li> </ul> <p><b>Strategic Director - Children, Young, People and Skills</b></p> |
| <p>Capital projects and programmes - A number of significant programmes have slipped in terms of expected timescales and costs and have not yet been delivered.</p>   | <ul style="list-style-type: none"> <li>● CYPS working with planning and highways officers to overcome planning problem delays associated with school expansions and difficulties acquiring sites for Primary School Provision</li> <li>● Housing have now let 3 out of 4 procurement contracts that were delayed in 2011/12 and are progressing the 4<sup>th</sup> in line with European Local Energy Assistance (ELENA) timetable constraints</li> </ul> <p><b>Service Director Major Projects/ Strategic Director Neighbourhoods and City Development</b></p>   |
| <p>Town and Village Green (TVG) Registration - following on from the experience with Ashton Vale, it's recognised that there is a potential for reputational damage with local communities, the general public, land-owners and developers around the consistency,</p>  | <ul style="list-style-type: none"> <li>● Establish clarity of delegations and understanding of roles and responsibilities</li> <li>● Efficient and effective communication between involved officers</li> </ul>   |

| Issue   | Action to be undertaken in 2012/13, and Responsible Officer  |
|---|--|
| <p>transparency, objectiveness and timeliness of the authority's handling of TVG applications.</p>  | <p><b>Interim Chief Executive</b></p>  |
| <p>Information security - incidences of data breaches have occurred with regard to both system data and paper documents.</p>  | <ul style="list-style-type: none"> <li>● All security breaches are recorded and monitored</li> <li>● Significant incidents are fully investigated. This has led to a number of changes to working practices.</li> <li>● Security breaches and threats are regularly reviewed by the cross-council Information Assurance Board, which reports to the Senior Information Risk Owner (SIRO) at strategic director level.</li> <li>● All staff undertake regular mandatory security awareness training. Staff failing to take reasonable steps to safeguard information are subject to disciplinary action.</li> <li>● By April 2013 we will prepare and adopt a new Information Security Strategy setting out our approach to risks that arise from new technology and working methods.</li> </ul> <p><b>Service Director Business Change and ICT</b></p> |
| <p>Lack of internal control in a number of financial systems as a result of:</p> <ul style="list-style-type: none"> <li>● changes to systems</li> <li>● restructuring / changing staff roles</li> <li>● reduced experience on new systems</li> </ul>  | <ul style="list-style-type: none"> <li>● Action plan in place and agreed with Service Director Finance and being implemented by Service Managers for Procurement, Shared Transactional Services and Corporate Finance Manager. Implementation of actions anticipated by year end.</li> </ul> <p><b>Service Director, Finance</b></p>   |
| <p>Increase in fraud/corruption investigations around procurement. System changes have resulted in weakened controls around:</p> <ul style="list-style-type: none"> <li>● the management of access to the system</li> <li>● circumventing controls regarding order limit authorisation within the system</li> <li>● a failure to ensure payment is made within payment terms</li> <li>● increased requests for waivers</li> </ul> | <ul style="list-style-type: none"> <li>● Review of Procurement Regulations currently taking place</li> <li>● Internal Audit to take a monitoring/challenging role in waiver authorisation</li> <li>● Internal Audit recommendations to be implemented and monitored</li> <li>● Robust control framework within new finance system</li> <li>● Sanctions to be introduced for failure to apply corporate standard</li> </ul> <p><b>Service Director, Finance</b></p>   |

