

HIGH RISK RECOMMENDATIONS NOT AGREED FOR IMPLEMENTATION

Review	Risk Rating	Recommendation	Management Response	Audit Comment
Aylward Governance & Finance	High	Orders should be placed in advance of expenditure and before the receipt of goods other than agreed exceptions in accordance with Financial Regulations. This will ensure that the school are complying with laid down procedures and will avoid the lack of commitment on FMS6 resulting in inaccurate budgetary control information.	The orders in this instance related to contracts approved by the Governing Body and placed with contractors and leasing companies approved by the Local Authority and charges included in the annual budget. We have been following the Local Authority Procedure Note in the Schools Financial Handbook relating to Orders (Pg 43 – Exceptions) regarding these invoices. In no way, can this be a potential high risk of fraud as the ordered/leases were placed with the full approval of the governing body and in line with Local Authority procedure.	The issue for this control is not of prior authorisation of the transaction but rather of ensuring that there is a commitment for the expenditure. Where the order is not placed in advance of the receipt of goods or invoice there is a lack of commitment on the system against the cost centre budget which may result in a poor decision being made because of inaccurate information. Where the commitment is shown the budgetary information is more up to date therefore providing better quality information for decision making.
Aylward Governance & Finance	High	The FMS comments are reiterated in that the school should seek to obtain the appropriate number of quotes as required under Contract Procedure Rules in the first instance and in exceptional circumstances, where appropriate, justify and approve a waiver. This will help to demonstrate value for money and demonstrate compliance with Contract Procedure Rules.	We adhere religiously to Contract Procedure rules and have copious documentation and appropriate quotes to support this. The Governing Body and Finance & Premises Minutes together with supporting documentation confirm that all orders are appropriately researched, discussed by governors and approved.  The instances cited in the audit report relate to an incorrect Form being used (Project Approval Form rather than a Waiver Request Form) and not inappropriate use of the Contract Procedure Rules. This was clearly proved to the Audit staff, but has not been accurately reflected in the report.	A waiver is used to approve an exceptional case, either in an unforeseen emergency, or where it has not been possible to obtain the relevant number of quotes and due to time constraints the decision needs to be based on fewer quotes. Therefore the waiver is a specific procedure to request approval for not applying the specific Contract Procedure Rule (e.g. for 3 quotes) on that occasion at the same time as indicating the basis for the particular supplier being accepted. Thus the approval of a waiver demonstrates compliance with Contract Procedure Rules. The school has not specifically obtained the authorisation to allow it not to comply with the Contract Procedure Rule. Therefore there is a lack of compliance with Contract Procedure Rules.

**FOLLOW UPS – HIGH RISK RECOMMENDATIONS PART IMPLEMENTED/IN PROGRESS/PLANNED OR NOT IMPLEMENTED**

Review	Recommendation	Agreed Action	Relevant Dates	Follow up Response	Details
<p>Accounts Receivable Key Control</p>	<p>The Shared Services Technical Team should not accept a journal upload request email unless it has been sent by an authorising manager. Where a journal request email is not received from a manager it should be returned to the officer informing them that the journal will not be processed until the email has been resent from the appropriate manager. Also a communication should be sent to all relevant staff informing them of the new process and that locally the journals should be signed by a manager and retained as evidence. This will ensure that the authorising officer is raising the journal. This will also minimise the reputational risk to the Authority of an inappropriate or incorrect debt being raised</p>	<p>A communication will go out to the business.</p>	<p><b>Implementation Date:</b> October 2012  <b>Follow Up Due:</b> February 2013</p>	<p>This has not yet been actioned. It will be looked at this once the officer involved has returned to work.</p>	<p>Slow Implementation  The Service Manager does not think this is viable as there will be delays in invoices being raised. Also, there are specific staff assigned to carry out these tasks (i.e. Business Support staff). There is also an assumption that we know who the manager is.</p>

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Accounts Receivable Key Control	All staff responsible for raising debtor accounts either through the FB70 screen, journals or by completing a request form should be reminded that their calculations for the invoice amount should be checked by a second employee to ensure the debt is correct. Staff should also be reminded that this check should be evidenced i.e. the 2 <sup>nd</sup> officer should sign the supporting paperwork. This will minimise the risk of debt being raised incorrectly and requiring subsequent amending which would lead to customer dissatisfaction/poor reputation.	Request Forms - A reminder email will be sent to all requisitioners advising them of this and advising that invoices received that have not been checked by a 2 <sup>nd</sup> officer will be returned. Access Harrow will be sending a reminder to staff as well as including an item in a newsletter	<p><b>Implementation Date:</b> October 2012</p> <p><b>Follow Up Due:</b> February 2013</p>	Currently both CAP and SAP Support will carry out checks to verify the calculations are correct. For requests that are received outside of the webforms or Journal uploads these are copied to Civica so an audit record can be held. Reminder to be sent	Slow implementation

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Transformation Programme – Procurement	There will be a need to revise the planned learning development activities for the Procurement project to reschedule and repeat these once the SAP elements have been changed and developed. All officers involved in procurement both at a manager and staff level should have suitable training on the procurement aspects of SAP as well as a reminder of the more general processes of compliant procurement and training in contract management skills. Without rescheduling of this training there is a risk that behaviours in relation to procurement and contract management will not be developed and the level of savings required will not be made (or sustained).	Agreed and already started with the preparation and implementation of the SAP/SRM upgrade in early November	<b>Implementation Date:</b> Ongoing  <b>Follow Up Due:</b> June 2013	SAP requisition training has been completed. There are currently 120 requisitioners. Following the training sessions there were open surgeries conducted and internet – procurement pages updated with good practice guides. There is now a SAP/SRM forum open for all comments. The managers training has been deferred till Autumn in order to combine it with the Managers Finance training.	Slow implementation  The current Divisional Director Commercial, Contracts & Procurement has only recently started with the authority and is the 3 <sup>rd</sup> officer to have been involved with this review. A meeting is being held to follow up the implementation of these outstanding high risk recommendations.
Transformation Programme – Procurement	The monitoring of the progress, against specific timescales, of the Procurement Project through the action plan and Service Plan should continue to ensure that adequate progress is maintained and to enable blockages to be identified and resolved in future	Agreed	<b>Implementation Date:</b> March 2013  <b>Follow Up Due:</b> June 2013	The monitoring arrangements have been inconsistent across the Council and we are trying to consolidate the reporting to formalise the arrangements across all Directorates. The key monitoring information needs to be routinely collected and reported. (eg savings against MTFs) Service plan needs to be rewritten to reflect the changes in the transformation programme.	As above

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Transformation Programme – Procurement	There should be an ongoing review of the benefits achieved in the Procurement Project against the actual expenditure periodically throughout the rest of this project as well as a full review at the end of the project. This is partially because the savings aspect of the benefits depends on the delivery by Directorates but also the cost of the project needs to be seen in this context. However to do this there needs to be a clear process for capturing and agreeing the savings achieved that enables these specific benefits to be transparently demonstrated. Failure to achieve the benefits particularly in terms of savings and the dependency on the rest of the organisation to deliver them could have a detrimental impact on future savings or increase the level of savings that have to be made by other projects. There is a risk that significant increases to the costs of the project could result in Directorates being less inclined to achieve savings targets	Agreed	<b>Implementation Date:</b> April 2013  <b>Follow Up Due:</b> June 2013	There is still a need to agree how this will be measured and this needs to be done with the Director of Finance.	As above