

## **Best Value Programme Board**

<b>TITLE</b>	<b>AUTHOR</b>	<b>ITEM NO</b>	<b>BEST VALUE PROGRAMME BOARD DATE</b>
Best Value Action Plans – Internal Audit: Compliance Testing	Minesh Jani, Head of Risk Management	4.2	26 <sup>th</sup> January 2016

### **1. INTRODUCTION**

- 1.1 It was agreed by the Corporate Management Team and the Audit Committee in March 2015 that the 2015/16 Internal Audit Plan would include a programme of compliance testing to assess whether the actions within the Best Value Actions Plans for Procurement, Grants, Property and Communications have been implemented.
- 1.2 The Audit report for Procurement has been finalised and is attached at appendix1.

### **2. RECOMMENDATIONS**

The Best Value Programme Board is asked to:

- Consider the findings of the Internal Audit report for Procurement and note the "Substantial Assurance" assigned; and
- Agree to receive the Internal Audit Reports for Property, Communications and for Grants when the audits have been completed.

### **3. BACKGROUND**

- 3.1 Compliance testing work by Internal Audit on the Best Value Action Plans has been completed for Procurement and. 'Substantial Assurance' has been assigned. Further detail about the scope and findings of the audit is provided at appendix 1.
- 3.2 Work is ongoing in relation to the internal audits for Property, Communications and Grants Plans. These will be considered by the Best Value Board at a later date when these reports have been finalised.

#### **4. Summary of Audit Findings for Procurement Plan**

- 4.1. The procurement Best Value Action Plan has 14 action points. Of these ten actions were to be implemented by December 2015. These ten action points had seventeen milestones. Compliance testing was carried out on the seventeen milestones.
- 4.2. Audit testing found that sixteen (94%) of the seventeen milestones were fully implemented. The milestone of implementing a new operational structure for central monitoring of contracts and compliance to Council's procurement procedure under the "Organisational Development" theme was not fully embedded and the target date of October 2015 needed to be revised. In addition, procurement training to cabinet members and chief officers was held on 17<sup>th</sup> November 2015 and it is understood that new guidelines for executive member engagement in contract awards is being developed. The milestone to improve Finance and Procurement controls to increase compliance under the "Governance" theme has been progressed, although the compliance escalation framework needed to be embedded effectively to achieve Council objectives.

#### **5. Financial Implications**

- 5.1 There are no financial implications as a result of the recommendations within this report.

#### **6. Legal Implications**

- 6.1 The Council has a duty 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 by virtue of section 3 of the Local Government Act 1999. This is known as its Best Value Duty.
- 6.2 Under sections 15(5) and 15(6) of the Local Government Act 1999 the Secretary of State for Communities and Local Government issued legally enforceable directions in order to ensure that the Council complies with its obligations under part 1 of the Local Government Act 1999. One of the actions to be complied with was: *'Within 3 months from the date of these Directions [i.e. 17 March 2015] to draw up and agree with the Commissioners a strategy and action plan for securing the Authority's compliance with its best value duty (to include as appropriate complying with the specific directions set out below and putting in place robust and transparent arrangements for grant decisions), and to submit this to the Secretary of State.'*

- 6.3 In that regard, the Council prepared a plan comprising the following:
- (a) Overview of Best Value in Tower Hamlets Council
  - (b) Procurement Action Plan
  - (c) Grants Action Plan
  - (d) Property and Disposal Action Plan
  - (e) Communications Action Plan
  - (f) Organisational Culture Action Plan
  - (g) Recruitment of statutory officers – timeline
  - (h) Elections – update and plans
- 6.4 The Directions also require 6 monthly reporting to the Secretary of State during the term of the Directions and under the direction of the Commissioners of reports on the progress of the plan.
- 6.5 Internal Audit compliance testing of the implementation of action points of the plan assists in achieving the Council's best value duty and also in preparation of reports to the Secretary of State in respect of progress as required by the Directions.
- 6.6 The Council has an Equality Duty under section 149 of the Equality Act 2010 to ensure that it eliminates discrimination between people who have a protected characteristic (as defined under the act) and those who do not and to promote equality and fair treatment between people who have a protected characteristic and those who do not. Whilst it is unlikely that the Best Value Action plan itself would give rise to any significant equality impacts, consideration does need to be given to the impacts of each action before they are implemented.