

Internal Audit Report Summary- Limited Assurances

Service	Declaration of Interests (Officers)		
Date of Final Audit Report	27 th December 2018		
Audit actions	4	Completed Audit Actions	0
Audit Objectives	To review the Policy, Guidance and process in place for officers declarations of interest.		
Summary of Audit Findings	<ul style="list-style-type: none"> • Testing of employees at Head of Service level and above found that in 66 per cent (11 out of 15) of the sample tested, there was no evidence of a completed Declarations of Interest form between April 2016 and March 2018 on the register. • Testing of employees involved in the procurement of contracts (or employed in a procurement post) also found no evidence of a completed Declarations of Interest form for 47 per cent (7 out of 15) of cases. • In the 53 per cent (8 out of 15) where evidence of completed Declarations of Interest form was found, the date of the declaration would suggest these were annual renewals rather than a declaration in relation to the contract that they were involved in procuring. • The guidance in relation to Declarations of Interest was found to be somewhat fragmented and split across a number of policies and documents and there is a risk that if these documents are read in isolation it could be open to misinterpretation. (the employee Code of Conduct for example refers to potential conflicts such as “Managers’ relationships with their staff”, “Relationships with Contractors/Consultants” and “Officers involved in contracts”. On the other hand, the Declarations of Interest form does not address Managers’ relationships with their staff and includes other interest such as Secondary employment; Directorships; Shareholdings; Interest in Property or Land owned by Merton; Membership of Secret Organisations). • Our review also noted that the Declarations of Interest form makes reference to an accompanying explanatory note which employees must acknowledged that they have read before completing the form. However, a search on the Merton intranet site (Merton Hub) at the time of the review did not find the accompanying explanatory notes. 		

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	<p>There is a requirement for all “senior officers” to make a declaration every year (even if there is nothing to declare) or where there is a change in circumstances. However, the term “senior officers” is not defined and again could be subject to interpretation.</p> <p>The current process for declaring an interest is that details of the interest must be declared on the “Declarations of Interest Form”. The completed form is then approved by the respective departmental Directors and held on a departmental “Register”.</p> <p>Our review found evidence of a central register that holds Declarations of Interest forms completed by employees in all four departments. There was also evidence to support the approval of declarations by respective departmental Directors, and forms had been annotated with reasoning where necessary.</p>
<p>Summary Response Managers</p>	<p>from</p> <p>A review will be undertaken on the declaration form and guidance by the 31st March 2019.</p> <p>A reminder will be sent to staff via a Managers Bulletin to complete the declaration forms by 31st March 2019</p>

Internal Audit Report Summary- Limited Assurances

Service	Corporate Procurement					
Date of Final Audit Report	6 th February 2019					
Objective of the audit: To ensure that the council has robust procedures and guideline for procuring goods and services and that these are adhered to.						
Audit Actions	3	Completed Audit Actions	0			
Main issues	<p>Based on the work performed during this audit, we can provide overall Limited assurance that there are effective controls in operation for those elements of the risk management process covered by this review. Testing covered the period October and early November 2018. There are significant weaknesses in key control areas, which put the system objectives at risk. The most significant points arising from the audit were as follows:</p> <ul style="list-style-type: none"> ● Sample testing found that 25 out of 32 (78%) of quotes or bids had not gone through the e-tendering portal Pro Contract as required by CSO's and the Procurement Toolkit. ● Audit sample testing identified 28 out of 32 (88%) whereby details of suppliers and contracts had not been published on the Council's Contract Register. ● Department OPG minutes have confirmed that Forward Plans are not up to date and not all fields had been completed. ● There was a lack of information, clarity and transparency around the reporting of extensions including the number of extensions allowed under the contract. ● Internal audit reviewed all four departmental Operational Procurement Groups (OPGs) minutes. The summary below shows that there is a significant number and value of contract spend that has not been included on the Contracts Register. There is a risk that LBM cannot demonstrate value for money to residents and this could impact on the reputation and vision to be London's Best Council. <table border="1" data-bbox="533 1289 2042 1318"> <tr> <td>Department</td> <td>% of spend over £ 5,000 that</td> <td>Total of Department spend NOT on the Contracts</td> </tr> </table>			Department	% of spend over £ 5,000 that	Total of Department spend NOT on the Contracts
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		was NOT on the Contracts Register. (It was noted that Merton only reviews spend that can be influenced)	Register presented to October OPG Department meetings.
	ER	6%	£ 852,781.
	CS	17%	£ 584,953.
	CSF	40%	£ 3,023,176.
	C and H	29%	£ 4,842,786.
	Total of LBM spend NOT on the Contracts Register.		£ 9,303,696.
Summary Response from Managers	<p>The minutes of each department OPG meeting will record actions agreed to ensure that all contracts over £ 5,000 in their area, are published on the Council’s Contract Register in line with the Procurement Toolkit.</p> <p>Chairs of each OPG to ensure that progress against agreed actions are discussed at their respective DMTs on a monthly basis and that Senior officers take responsibility for ensuring that their contracts are captured on the Contract Register. Managers to encourage staff in their area to attend Procurement training sessions. This will help ensure that quotes or bids are correctly placed through the e-tendering portal.</p> <p>The Budget Manager or nominated officer for the contract will be reminded to update all the required fields in the Departmental Procurement Forward Plan including the notes, in order to clarify the current status of the contract and actions planned such as going out to tender or extending the contract.</p> <p>The Budget Manager or nominated officer for the contract will be reminded to ensure that all fields have been completed on the Departmental Procurement Forward Plan, so that extension options allowed under the contracts are fully disclosed on the Forward Plan to allow monitoring, scrutiny and challenge of plans going forward. Delays in completing fields on the Forward Plan will be fed back to the respective DMT.</p>		