

AUDIT COMMITTEE

Date of Meeting	Wednesday, 13 July 2016
Report Subject	Consultancy Follow Up
Report Author	Internal Audit Manager

EXECUTIVE SUMMARY

A report on consultancy costs was presented to the Audit Committee in January 2016. At that time a new system for business cases was being introduced, including the authorisation of the procurement of consultants, and the definition and coding for consultants were being improved.

The committee resolved:

That additional information supplied as part of the annual accounts on individual consultants should include spend on all consultants;

That officers look at the reasons for any further non-compliance with corporate requirements and procedures and check appropriate management actions and accountability; and

That a separate report outside the usual follow-up update be brought to the Committee's meeting on 13 July 2016.

A review has therefore been undertaken of the new system. It has found that it has been effective in identifying spend on consultants, ensuring it is authorised and that it is monitored. The system became fully live with the changes to expenditure codes at the start of the financial year. Existing consultancy contracts are being monitored, but there has been little new expenditure on consultants since then. The system will need to be maintained throughout the future to ensure the ongoing control over expenditure.

RECOMMENDATIONS

1	That the committee be assured that expenditure on consultants is being controlled.
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REPORT DETAILS

1.00	EXPLAINING THE CONSULTANCY FOLLOW UP REPORT
1.01	<p>A report on Consultancy Costs was presented to the Audit Committee in January 2016. At that time action was already being taken to improve controls. The action points from that report resulted in a new process for procuring consultants.</p> <p>The committee requested that a report be brought back to this committee meeting outside of the usual follow up system.</p>
1.02	<p>The new processes, control form and definition were distributed to the members of the committee on 21st March 2016.</p>
1.03	<p>A follow up review has been completed, looking at the implementation of the new process. The conclusion is that the new process has been successfully introduced and disseminated across the County Council. All current consultancy projects have supporting Consultancy Control Forms.</p>
1.04	<p>As with all new systems there have been some minor teething problems, for example:</p> <p>Some expenditure and orders have continued to be coded to the previous consultancy codes. This has been analysed, found to be non-consultancy expenditure and transferred to the correct codes. The previous codes have now been closed so this cannot recur; and</p> <p>The third stage of the forms had not always been forwarded to the procurement team when the project end dates had passed. These have now been followed up by the procurement team, who will continue to monitor this.</p>
1.05	<p>The system needed to be set up quickly, so that manual forms were produced. These will be replaced by electronic forms in the future, with ICT resource available from August to computerise the forms. That will increase the efficiency of the control system.</p>
1.06	<p>The value of spend on consultants has been reported to Corporate Resources Overview and Scrutiny Committee in March 2016 and July 2016.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>None as a result of this report.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>None.</p>

4.00	RISK MANAGEMENT
4.01	The system is designed to ensure that all consultancy expenditure is authorised and controlled, and that business objectives are met.

5.00	APPENDICES
5.01	Appendix A – Consultancy Processes, Roles and Responsibilities Appendix B – Consultancy Control Form Appendix C – Consultancy Definition

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: David Webster, Internal Audit Manager Telephone: 01352 702248 E-mail: david.webster@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<u>Consultancy</u> – The provision of objective advice relating to strategy, structure or management: Retained Consultant: contract in place for the periodic provision of objective advice around strategy, structure or management. Project Consultant: Work on defined and time limited strategic or operational projects relating to strategy, structure or management.