

**WRITTEN STATEMENT OF A NON-KEY DECISION
CABINET**

ITEM:	SPECIAL REPORT FROM THE DIRECTOR OF RESOURCES
Members Present:	Councillors: RJ Phillips (Leader), LO Barnett, AJM Blackshaw, H Bramer, JP French (Deputy Leader), JA Hyde, JG Jarvis, DB Wilcox.
Date of Decision:	20th September 2007
Exempt:	No
Confidential	No
Urgent Decision:	No
Purpose:	1. The financial governance arrangements within ICT & Customer Services have given cause for concern for some time. The risks identified by both Audit Services and Financial Services have been reported on an ongoing basis in line with the Council's agreed audit and financial management reporting arrangements.
Decision:	<p>THAT:</p> <ul style="list-style-type: none"> (a) the actions outlined in the Action Plan be endorsed; (b) the Director of Corporate and Customer Services urgently complete a reassessment of the Community Network Upgrade (CNU) Contract; (c) financial governance compliance testing be prioritised in line with the time table in the Action Plan; (d) financial services be involved in all option appraisals; (e) implementation of the recovery plan be prioritised in line with the time table in the Action Plan; and (f) an independent external officer(s) be appointed to carry out a financial and technical appraisal of ICT and Customer Services and to identify any lessons to be learned.
Reasons for the Decision:	1. A recent special audit investigation into travel and subsistence expenses within ICT & Customer Services concluded there were serious weaknesses in compliance with agreed internal control arrangements (see attached). An audit review on the use of contractors within ICT & Customer Services has recently been drawn to a close. The audit conclusion is that systems and procedures as evidenced were unsound (major risks identified; fundamental improvements required).

	<p>2. These latest findings, coupled with those previously reported, now makes the financial governance arrangements within ICT & Customer Services a serious concern. A special report from the Director of Resources to senior management, Cabinet and the Audit & Corporate Governance Committee is the appropriate course of action given the circumstances. This approach has been discussed fully with senior management colleagues and is supported by them. It has also been discussed with the Audit Commission.</p> <p>3. The scope of this report is to disclose significant non-compliance issues within the ICT & Customer Services division revealed as a result of recent audit activity. Offering an opinion on whether the contractual arrangements entered into represent best value or not, or whether a different procurement decision would have resulted had the correct procedures been followed, is beyond the scope of this report. A further technical and financial appraisal would be required to assess these issues.</p>
Options Considered:	There are no alternative options.
Declaration of Interest:	

<p>COUNCILLOR RJ PHILLIPS:..... LEADER OF THE COUNCIL</p>	<p>Date: 20th September 2007</p>
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