

Task Monitor – Recommendations from PKF’s Review of Lost Income (Update 11 – Audit Committee, 29th June 2009)			
Recommendation	Management Response	Status	Comment
1. The Council should ensure that all contracts are systematically reviewed to ensure options to extend or competitively tender services are properly exercised.	Agreed. Comprehensive register of all contracts to be put in place and regularly reviewed.	Green	<ul style="list-style-type: none"> • We have introduced a Contracts Register which has been populated and validated by contract owners. • Responsibility for maintenance and particularly regular review of the Contracts Register has been assigned to the Procurement Officer and a comprehensive procedure note issued. • The Procurement Officer reviews the Contracts Register at least once a month to ensure that renewals are commenced in a timely way and highlights any problems to the Chief Auditor. • Completed
2. The Council should undertake a review of the effectiveness of its contract monitoring arrangements. Where service standards are agreed, these should be considered systematically and the impact on the Council’s finances fully understood. The Council should ensure that penalty clauses are applied appropriately.	Agreed. A systematic review of the effectiveness of arrangements for actively managing contracts will be carried out.	Green	<ul style="list-style-type: none"> • The significant contracts have been identified, and a systematic review of arrangements has been completed • Completed

<p>3. The Council's corporate risk management arrangements should be strengthened to ensure that the risk of contract failure is alerted to senior management and the relevant portfolio holder at the earliest opportunity. Where the risk of financial loss is highlighted, action plans with clearly defined outcomes should be drawn up and implemented under the supervision of senior management with the outcomes reported to Members.</p>	<p>Agreed. A review of risk management arrangements will be undertaken and strengthened where necessary. Reports from the risk register will be presented to the Risk Management Group who will alert Corporate Management Group of significant risks. Where appropriate, action plans will be drawn up and the relevant Portfolio Holder will be kept informed.</p>	<p>Amber</p>	<ul style="list-style-type: none"> • A new, more comprehensive Risk Register is being introduced in phases. Phase 1 is complete. • Reports from the Register have been discussed by the Risk Management Group, and 'red risks' have been taken to the Corporate Management Group. • Training for officers involved in Phase 2 was scheduled for spring 2009, but has been delayed. It will now be completed by end June 2009 • Phase 2 of the Register is now scheduled for completion by end August. • The Zurich Municipal Strategic review of our Risk Management Arrangements is complete and will be presented today. • ZM have not been able to progress the parallel Operational Risk review to the originally agreed timetable. A draft report is now expected end June 2009, which we currently plan to present to the Audit Committee at its September 2009 meeting • Status: Currently amber, but once Phase 2 of the Risk Register has been finalized and the operational risk review reported, this action will have been completed.
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<p>4. The relevant portfolio holder (Member of the Cabinet) should receive reports from officers about the impact of its enhanced insurance arrangements against the loss of income due from external contractors. Where potential losses approach the level of insurance cover, clear mechanisms should be established to alert the relevant portfolio holder.</p>	<p>Agreed.</p>	<p>Green</p>	<ul style="list-style-type: none"> • Additional insurance cover has been arranged and there is now £250,000 insurance cover for loss of cash. • Potential loss of income caused by the cash collector is stringently monitored daily by senior management. • Completed.
<p>5. The relevant portfolio holder should continue to receive reports on the progress of the Official Receiver's investigations. The performance of the contractor appointed on an interim basis should continue to be monitored rigorously with regular reports to Members on progress.</p>	<p>Agreed. Rigorous monitoring will continue and the Portfolio Holder will be updated regularly.</p>	<p>Green</p>	<ul style="list-style-type: none"> • There has been a recent meeting between the liquidator and senior council officers. A spoken update report will be provided to the meeting. • The Council continues rigorously to monitor performance of the contractor. • Completed.