

Date: 9 March 2015

Item: Controls over Procurement Authorities

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to present to the Committee an Internal Audit Report on Procurement Authorities and Associated Controls, incorporating agreed management actions to address the issues raised.
- 1.2 A paper is included on Part 2 of the agenda which contains exempt supplemental information and documentation. Subject to the decision of the Committee, this paper is exempt and is therefore not for publication to the public or press by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business and financial affairs of TfL.

2 Recommendation

- 2.1 The Committee is asked to note the Internal Audit Report and agree the proposed action plan to implement improved awareness and control over Procurement Authorities.**

3 Background

- 3.1 A review was undertaken by Commercial Information Communications and Technology (CICT) of the contract for the Supply of Data Communications Services and Support with Fujitsu Services Limited ('the agreement'), which had been initiated in 2004 for a ten year period. This was in preparation for a request in October 2014 to the Finance and Policy Committee for a 27-month extension to the agreement, which was due to expire in November 2014. The review identified that the expenditure under this agreement had significantly exceeded the authorised Procurement Authority (PA).
- 3.2 Internal Audit was asked to undertake a review to determine the factors responsible for this breach of PA. Internal Audit issued a memorandum dated 27 October 2014, focused on the agreement, which identified that the main factor responsible for the breach was the absence of monitoring of expenditure against PA. The memorandum recommended a number of actions, which were accepted by management.
- 3.3 Internal Audit carried out a wider audit of controls over PA, focused on Specialist Services areas, where the greatest risk of non-compliance was believed to reside. Management has accepted the issues raised in the Interim Audit Report which incorporates agreed management actions that will be taken forward.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplementary information.

List of Background Papers:

None

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