

**Extract from the INTERNAL AUDIT PROGRESS REPORT presented to the Audit Sub Committee on Tuesday 29th November 2016.**

**3.23 Stray Dogs Contract Follow Up**

**3.24** The original audit report was reported to this Committee as a Part 2 item for contract and management reasons. These are now concluded and the follow up report is summarised below.

**3.25** The review of the stray dog contracts was commissioned by the Executive Director of ECS following issues raised by the Head of Audit in May 2015. The Internal Audit report, finalised in November 2015, identified 9 priority 1 recommendations relating to contractual arrangements with providers, contract management, compliance to contract procedure rules and financial regulations, value for money and income and expenditure procedures. The full report was presented to Audit Sub Members on the 1<sup>st</sup> December 2015 and an update on progress taken to the April Committee. Members were informed in April 2016 that management had reacted swiftly to the major issues; retendering the kennelling contract on a pay as you go basis; renegotiating the collection contract and seeking Member approval for two policies relating to rehoming and destruction of stray dogs. The update report concluded that progress had been made for three priority 1 recommendations; contractual arrangements, analytical information reported to Members and the rehoming/do not destroy policy. These recommendations were considered implemented and therefore closed. The priority 1 recommendation relating to supporting documentation held for contracts and the departmental policy to retain documents was partially implemented. Although 5 priority 1 recommendations were outstanding, Internal Audit acknowledged that significant changes and improvements had been made by the Head of Service. Given the new contract with another kennel supplier had only been operational since February 2016 it was agreed to carry out the follow up audit review after a 6 month period.

**3.26** The follow up review was supported by audit testing on source data provided by the contractor for securing stray dogs, invoices submitted by the suppliers and records maintained by the responsible officers. Interviews were held with officers involved in the stray dog process and also management to determine progress on findings deemed to be departmental. There have been two major changes since the original report; the change in legislation requiring all dogs to be micro chipped, that came in to force on the 1<sup>st</sup> April could impact on the volume of dogs collected and sent to kennels and secondly, the move to a pay as you go contract rather than block booking reserved kennels.

**3.27** Annual payments to the stray dogs contractor for the dog collection service have remained at £63K for this financial year. The variation to contract signed in July 2016 has formalised the additional duties that the contractor will undertake to offset the reduced number of stray dog referrals. Payments to Lodge Kennels, as at 30/8/16 is £6K; £480 has been paid to Battersea Dogs and Cat Home (BDCH). The contractor returns show that for the first quarter 2016/17 13 dogs have been collected and returned to owner, 35 dogs collected and transferred to kennels and there were 37 aborted calls. Extrapolating the kennelling costs for the first 3 months the average cost for each dog is £3.6K/35 dogs £103 which represents 10 days in kennel.

**3.28** The follow up review concludes that of the 5 outstanding priority 1 recommendations, 2 have been fully implemented relating to waivers and value for money. The 3 recommendations relating to

contract monitoring, payment of invoices and collection of income are partially implemented. There are minor findings in all three areas that prevent full implementation but it is acknowledged that the service have made significant progress in all three areas that would warrant a priority 2 recommendation rather than the priority 1. For the 1 partially implemented recommendation, relating to retention of documentation, this is now considered fully implemented. The retention of documents will be routinely tested for all contracts as audit reviews are undertaken in the department.

As a result of the follow up audit we will not be reporting on this contract as there are no priority one issues.