



GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT

PROCUREMENT AND CONTRACT MANAGEMENT
MARCH 2023

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Moderate

IDEAS | PEOPLE | TRUST



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DISTRIBUTION

Name	Job Title
Alison Ball	Corporate Director of Resources & Section 151 Officer
Paul Adcock	Head of Finance and ICT

REPORT STATUS LIST

Auditors:	Kate Ball, Manager Gurpreet Dulay, Director
Dates work performed:	4 January - 14 February 2022
Draft report issued:	21 April 2022
Final report issued:	2 March 2023

EXECUTIVE SUMMARY**LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)**

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	1
Medium	4
Low	0

TOTAL NUMBER OF RECOMMENDATIONS:5**CRR REFERENCE:**

- Risk 1: failure to prevent budget overheating once the budget has been set
- Risk 2: failure to maintain financial integrity
- Risk 8: failure of contractors or partnership arrangements - contractual breaches

BACKGROUND:

Gedling Borough Council ('the Council') seeks best value in the awarding of contracts and also to work in partnership with suppliers and other organisations.

In accordance with Council guidelines, invitations to tender are publicised in appropriate places such as relevant newspapers or journals, and Source Nottinghamshire (web portal). Gedling Borough Council is bound by the Public Contract Regulations (PCR) 2015 in order to demonstrate value for money, fair competition and a transparent process.

The Council meeting on 3 March 2022 approved a new version of the Constitution. This included updated Contracts and Procurement Rules intended to be clearer, reflect the post Brexit regime and ensure compliance with Public Contract Regulations. The most significant change was an increase in the level of contracts to be secured through a tender process from £50,000 to £75,000. It was also noted that following the government's Green Paper in respect of procurement there are likely to be some changes to the UK's procurement regime and the introduction of new legislation is expected sometime in 2023. A further review of the Contract and Procurement Rules will be required at this point.

The Procurement service is outsourced to Bolsover District Council on a three-year Service Level Agreement. The original three year Procurement Services contract with Bolsover District Council was due to expire on 31 March 2022 has been extended for a further 12 months to 31 March 2023 with the potential to extend for a further 12 months to 31 March 2024.

For contracts less than £10,000, the Council may seek quotes but where this is deemed

impractical, one quote will be requested. For contracts between £10,000 and £75,000 the Council will seek three written quotes. For contracts more than £75,000, the Council will normally seek tenders using a sealed bid process.

After appointment, effective contract management can help achieve value for money in procurement and service delivery, and assist the Council in meeting its medium-term financial plan. As well as financial benefits, good contract management can also strengthen working relationships with key providers, bring improvements in the quantity and/or quality of services, help avoid service failure and encourage better management of risk.

A procurement strategy is currently in development.

GOOD PRACTICE:

The following areas of good practice have been identified:

- The nature of the procurement process to be undertaken will depend on the estimated total value of the contract. When establishing the total value of the contract, the whole life costs and any possible extension periods which may be awarded must be included. The Council's Contracting Rules detail the process per each value banding. We tested a sample of ten current contracts to ensure that they were awarded in line with the rules above with the correct procurement route chosen. No exceptions were noted
- For each of the Council's suppliers, it is expected that there is a contract in place which correctly outlines the commencement date, contract term, services to be provided, cost, and is signed by both parties. We tested a sample of ten current contracts and found no exceptions to this.

KEY FINDINGS:

We found the following:

- Contract Management - of the 10 contracts we reviewed, only two included KPIs and none had formal contract management arrangements in place (High, Finding 1)
- Service Level Agreement (Bolsover District Council) - The SLA between the Council and Bolsover DC is not monitored through the outlined KPIs (Medium, Finding 2)
- Contracts Register - The Contracts Register was at the time of testing incomplete. Two high value contracts out of 20, relating to framework contracts, were missing from the Register and the Procurement team had no involvement with them. We found that the Council did not actively monitor this through supplier spend analysis (Medium, Finding 3)

N.B that subsequent to our fieldwork the Council have informed us that the Contracts Register has been uploaded to the Council website and has been updated

- Contracts & Procurement Rules v Procurement Strategy - There are some differences and missing details in the Contracts and Procurement Rules, and draft Procurement Strategy (Medium, Finding 4)
- Contract Renewal - There is no proactive process to identify contracts that are approaching their end date to ensure contracts are renewed to achieve value for money (Medium, Finding 5)
- Social Value Policy - When the Policy is developed it should include key areas of information expected around social value to be effective (Medium, Finding 6).

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CONCLUSION:

Overall, the Council has controls in place that are designed to ensure that there are adequate procurement processes which comply with the Council's Constitution and PCR 2015. This includes the arrangements with Bolsover District Council to undertake each procurement project. However, performance of the outsourced function is not formally monitored.

The Council has a Contracts Register in place, which is published publicly on its website. However, further progress needs to be made in ensuring that the Procurement team is sighted on all contracts and that the Register is regularly updated for completeness. Critically, greater guidance is required for staff regarding ongoing contract management and setting KPIs.

Taken separately, we would conclude a limited opinion on the design and operational effectiveness of controls in relation to contract management, and a moderate opinion in relation to procurement. Therefore, the overall rating is a holistic interpretation of this, resulting in a limited opinion on the design of the system, and a moderate opinion on the operational effectiveness of the system.

DETAILED FINDINGS

RISK: CONTRACT PERFORMANCE IS NOT SUBJECT TO EFFECTIVE SCRUTINY AND OVERSIGHT BY MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Ref	Significance	Finding
1	High	<p><u>Contract Management</u></p> <p>Per the Council's Constitution, "where relevant, all written contracts should also include the following additional contract requirements: contract management and KPIs." However, there is no indication of how 'where relevant' is defined and implemented.</p> <p>There is no documented guidance for Officers regarding how frequently contract management should be occurring; or the need for KPIs to be included within a contract to effectively assess performance.</p> <p>We tested a sample of ten current contracts and found that:</p> <ul style="list-style-type: none"> No formal contract management arrangements are in place for any of the ten contracts, with the relevant officers not meeting with suppliers to formally discuss performance. This meant that there were no meeting minutes or action plans to review to ascertain whether the appropriate contract management discussions are taking place as per the contracts. Whilst COVID-19 did have an impact on the Council re-prioritising tasks, contract management at some level should still have continued. It is noted that verbal communication continued with some of the suppliers during this time, but this did not always include contract management or performance monitoring One contract did not outline any contract management processes that the Council should implement throughout the contract term Only two contracts included KPIs. However, one contract only had a singular KPI, and the second contract's KPIs were not SMART and did not have targets assigned. It was further found that neither of these contracts had any evidence of performance being measured against these KPIs Seven contracts outlined appropriate escalation processes for instances of poor performance. However, as there was no reporting against performance, we could not review if actions had been taken as required and in a timely manner. <p>See Appendix I for the details of the ten contracts tested and the exceptions above.</p> <p>A lack of proactive contract management and performance reporting increases the risk of the Council being involved in contracts that are not benefiting the Council.</p>

RECOMMENDATION:

The Council should:

- Create and disseminate to all Officers adequate guidance on contract management, including what form this should take, its frequency, and internal routes of escalation. It should also include details of how contracts procured by partners on behalf of the Council are recorded in the Contracts Register (ie that, per the Terberg Matec contract detailed in Finding 3, the contract is not recorded however anything procured under the framework by the Council is recorded).
- Ensure this guidance is adequately reflected in the Strategy
- Provide examples of the nature of contracts for which a suite of KPIs should be a requirement
- Provide guidance/training on how to create KPIs that are SMART.

MANAGEMENT RESPONSE:

Recommendation agreed.

A Contract Management Guidance document will be created and added to the section on Procurement on the intranet. This will incorporate some of the examples of best practice on contract management referenced in the BDO review of Commercialisation in June 2021 along with ensuring that contract management is suitable for the context, is of the right frequency and that escalation routes are clarified.

The Contract Management Guidance will cover the importance of having appropriate key performance indicators (KPIs) based upon SMART criteria. Contract management will also form part of the training that the Procurement Team will be looking to deliver to staff in the coming months.

Responsible Officer: Head of Finance and ICT

Implementation Date: 30 September 2023

DETAILED FINDINGS

RISK: THE SLA WITH BOLSOVER DISTRICT COUNCIL IS NOT MONITORED AND POOR PERFORMANCE IS NOT ADDRESSED

Ref	Significance	Finding
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2

Medium

Service Level Agreement - Bolsover District Council

The Procurement function is outsourced to Bolsover District Council on a three-year Service Level Agreement (SLA) which was due for renewal in March 2022; this has been extended for an initial further twelve months to 31 March 2023.

We reviewed the SLA and found that performance should be measured against a set of Key Performance Indicators (KPIs). In addition, the provider should furnish monthly management reports summarising the achieved KPIs which are listed below:

- Maintain and publish the contracts register
- Ensure all procurement activity is compliant with all relevant legislation and the Authority's contract standing orders
- Respond to Provider's project pre-assessment service requests in a timely manner
- Ensure buyer satisfaction with the service is positive
- Ensure service accessibility to the Authority's buyers
- Produce management reports detailing delivery against workplan and saving achieved against budget.

In addition, the Council's previous Procurement Strategy set out several KPIs which are to be discussed and agreed with Bolsover District Council. Through our discussions with the Head of Finance and ICT, and the Procurement Manager, we found that the Council do not monitor progress against the indicators noted above. It is noted that a monthly status report is provided to the Head of Finance and ICT, alongside a weekly update. The status report provides details of the number of procurement projects which have been undertaken and completed, with the routes to market, and an update on any high-value or key Council contracts. It does not however present a breakdown of the cost and nature of all procurements

The Council's current strategy document for 2021-2026 does not make reference to how the performance of the Procurement Team will be measured and monitored. Whilst the KPIs detailed are more effective to measure performance, a target value is not established for each KPI.

A lack of formal performance monitoring against the contract could result in a heightened risk of poor service being received by the Council.

RECOMMENDATION:

- a. Prior to the SLA being reviewed, the Council should review the included KPIs and assess if they are SMART (specific, measurable, attainable, realistic, time-bound), or suggest appropriate alternatives
- b. For each KPI, an appropriate target should be set and agreed with Bolsover District Council
- c. The Procurement Strategy should detail how the performance of the Procurement Team will be measured and monitored
- d. Monthly or quarterly performance against the KPIs should be reported, and where performance is below-target, appropriate steps should be taken to rectify this
- e. A satisfaction survey should be sent to Officers involved in a procurement process, on

a bi-annual basis to actively receive feedback.

MANAGEMENT RESPONSE:

Recommendation agreed.

The existing SLA already contains a number of agreed KPIs and these should be captured and reported in the monthly status reports provided by the Procurement Team. Consideration will be given to any additional KPIs that could be included (including their frequency) and, if agreed, ensure that they fulfil SMART criteria.

Given that the Procurement Service Contract is now in its fourth year with the potential for it to be extended for a further twelve month period, a survey of departments will be conducted to obtain views as to how the service is operating from their perspective and how it can be strengthened with view to enhancing both current performance and informing discussions about to proceed once this contract ends.

Responsible Officer: Head of Finance and ICT

Implementation Date: 30 September 2023

DETAILED FINDINGS

RISK: THE COUNCIL IS NOT AWARE OF THE LEVEL OF SUPPLIER SPEND THEREFORE POTENTIAL FOR AGGREGATED SUPPLIER SPEND TO EXCEED COUNCIL CONTRACTING RULES AND PCR 2015

Ref	Significance	Finding
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3

Medium

Contracts Register

The Council has a Contracts Register which includes details of all contracts that are of value £10,000 and above.

As best practice the Council should also undertake analysis of annual aggregate supplier spend and reconcile this to the Contracts Register to assess for completeness. However, the Council does not currently perform this analysis.

For the purposes of this audit, the Council's Finance department created a report which showed all paid supplier invoices from April to September 2021. We reviewed the top 20 highest paid suppliers, and reconciled these to the Contracts Register to assess if a procurement process had been undertaken.

Two suppliers did not reconcile: Certas Energy (total value: £182,555.07 and Terberg Matec (total value: 414,256.12). These are both framework contracts where the Council is not the lead authority. Since the conclusion of the audit we found that it is now Council policy to not include details of contracts jointly procured where the Council is not the lead authority on the Contracts Register, to avoid double counting. Any call offs on such contracts by the Council however will be documented. We are therefore not raising a finding to ensure that Terberg Matec contract is on the Contracts Register, unless any call-offs are made.

Per the SLA with Bolsover District Council (BDC), BDC is responsible for ensuring all procurement is compliant with relevant and current legislation, and it is responsible for maintaining the Contracts Register. Therefore all procurements should go through BDC. In practice however if a procurement process is undertaken by officers without the Procurement Team being notified, it is not recorded on the Contracts Register. The Register was therefore incomplete at the time of review.

The Register should be available on the Council's website and updated quarterly. At the time of audit it was out-of-date and had not been updated since September 2021 which is longer than a quarter (N.B post our fieldwork we were informed that the Contracts Register has been brought up to date as of 31 May 2022 and again on 15 August 2022 and most recently, the 19 October 2022). However, the Terberg Matec contract had still not been included on the register.

Failure to use and communicate with the Procurement team increases the risk of the Council failing to obtain value for money from its suppliers and update the Register. If the Contracts Register is incomplete or out of date, management may not be fully aware of all the contracts held within the Council and the integrity of the published contracts register is undermined.

RECOMMENDATION:

- a. The Council should run a supplier spend report for 1 April 2021 to 31 March 2022 and review the aggregate spend for all suppliers with expenditure greater than £10,000. This should be completed on an annual basis with appropriate action taken to ensure compliance with Council procurement rules

- b. All procurements over £10,000 should go through the Procurement team and officers should be reminded via email of this requirement
- c. The Contracts Register should be updated quarterly and published on the Council's website.

All recommendations are agreed.

A - A supplier spend analysis similar to that undertaken for this review will be undertaken on an annual basis to ensure compliance with the Council's Procurement and Contract Rules.

Responsible Officer: Financial Services Manager

Implementation Date: 30 September 2023 and then 30 June for subsequent years.

B - A reminder to all staff of the requirement for all procurement processes to go through the Procurement Team will be put on the intranet and included in appropriate all staff bulletins issued by the Corporate Communications team on a quarterly basis.

Responsible Officer: Head of Finance and ICT

Implementation Date: 30 September 2023

C - All quarterly publications of the Contracts Register will be accompanied by communications to Heads of Service and other senior officers that they need to review this and provide details of contracts that may have been omitted so that they can be subsequently included.

Responsible Officer: Head of Finance and ICT

Implementation Date: 31 December 2022

Audit Comment: This has been implemented as of October 2022

DETAILED FINDINGS

RISK: THE COUNCIL'S CONTRACTING RULES DO NOT PROVIDE CLARITY ON PROCUREMENT AND CONTRACT MANAGEMENT REQUIREMENTS

Ref	Significance	Finding
4	Medium	<p><u>Procurement Strategy</u></p> <p>The Council is drafting its Procurement Strategy, and at the time of audit, some inconsistencies between this document and the Contracts and Procurement Rules were found, the most significant being procurement thresholds. However, we note that this has been</p>

addressed since the audit, and the Rules have now been updated to state that the quotation threshold has been increased from £50,000 to £75,000, matching the Strategy. We note though that the Rules have not been updated to reflect the statutory thresholds.

The Strategy includes a Social Value Policy as an appendix. We reviewed this policy and benchmarked to the arrangements we see across local government. Considerations for inclusion in the Policy are:

- Whether an annual report will be created
- How the Council will capture the value they are obtaining
- How the value obtained would be monitored
- How compliance with the policy will be monitored
- How the policy links to the Council's corporate objectives/priorities.

Inconsistent or incomplete guidance could increase the risk of non-compliant procurement processes across the Council.

RECOMMENDATION:

- a. The Council should review and update both documents to ensure they are consistent with each other and relevant legislation
- b. The Council should complete, approve and finalise its Procurement Strategy as soon as possible
- c. The Council should ensure the Social Value Policy includes the above areas
- d. The responsibility of ensuring that committed social value benefits are delivered should be included within the contract management guidance per Finding 2
- e. The Procurement Strategy should be finalised, approved by Cabinet, published and communicated to officers to raise awareness.

The following link could be used to support the development of a Council Social Value Policy. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940827/Guide-to-using-the-Social-Value-Model-Edn-1.1-3-Dec-20.pdf

MANAGEMENT RESPONSE:

Agreed. We will be providing a draft to SLT by 31 March 2023 with the intention that it then goes forward to Cabinet for approval subsequently.

Responsible Officer: Head of Finance and ICT

Implementation Date: 30 September 2023

DETAILED FINDINGS

RISK: CONTRACT RENEWAL PROCESSES ARE NOT SUFFICIENTLY ROBUST, LEADING TO REACTIVE NEGOTIATIONS WITH PROVIDERS

Ref	Significance	Finding
5	Medium	<p><u>Contract Renewal</u></p> <p>Contract managers are responsible for ensuring that they monitor their own contracts and any renewals. They can do this by monitoring the Contracts Register which is maintained by the Procurement Team.</p> <p>In addition, the SLA with Bolsolver District Council states that the Procurement Team should have a workplan which at a minimum includes known contract renewals for that financial year. This provides assurance that there is a centralised process for monitoring all contracts, supporting the responsibilities of contract managers. Through our discussion with the Procurement Team, we found that there is currently no formal, centralised process for tracking contracts that may be renewed. It is a reactive process which could result in the Council not achieving value for money. The Procurement team does not report specifically on contracts renewal to the Council. We obtained a copy of the workplan spreadsheet which contains details of all projects that they have been involved with. This workplan is currently in the process of being updated to reflect the need to have a more proactive renewal process but at the time of audit it does not proactively identify renewals.</p> <p>If contracts are not renewed in a timely manner, this increases the risk of not having a valid contract in place for a service, and/or not achieving value for money.</p>

RECOMMENDATION:

- a. Contract Managers should ensure accurate contract renewal information is included in the Contracts Register, and proactively monitor their contracts with respect to renewal.
- b. The Procurement team should report on its monitoring of contract renewals via its workplan on a monthly basis.

MANAGEMENT RESPONSE:

Agreed. The Procurement Team will continue to establish contract renewal dates in their workplan to ensure an efficient contract renewal process. This will be supplemented by the quarterly publication of the updated Contracts Register which will also contain details of contract end dates and when consideration should be given to commencing a contract renewal process.

Responsible Officer: Head of Finance and ICT

Implementation Date: 30 September 2023

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Paul Adcock	Head of Finance and ICT
Sandy Williams	Procurement Manager (Bolsover District Council)
Joan Talbot	Procurement Officer (Bolsover District Council)
Andrew Solley	Head of Revenues
Kate Morris	Leisure Business Strategy Manager
Johann Polak	Fitness Promotions Officer

APPENDIX I - CONTRACTS TESTED					
SUPPLIER NAME	CONTRACT COMMODITY	TOTAL CONTRACT VALUE	DOES CONTRACT OUTLINE A CONTRACT MANAGEMENT PROCESS?	DOES CONTRACT MANAGEMENT TAKE PLACE?	DOES CONTRACT INCLUDE KPIS?
Boditrax Technologies Ltd	Purchase of two Boditrax machines with five year inclusive warranty, staff training, and three year software licence	£17,592	No	No	Yes - one KPI
Thomson Reuters (Professional) UK Ltd	Legal Resources - Practical Law and Westlaw online services	£20,359	N/A. There is no performance monitoring as the contract is for an online subscription.		
Bruton Knowles LLP	Advise the council and negotiate a collaboration agreement for the sale of the comprehensive development site at Killisick Arnold	£9,999	Yes	No	No
Calluna Associates Ltd	Professional services contract for the provision of small business advisor services	£19,584	Yes	No	Yes - but KPIs are not SMART and do not have targets set
Buk Solutions Ltd	Supply, installation and maintenance of replacement sound system	£40,499	Yes	No	No
Zurich Municipal	Engineering inspection contract and insurance policy	£19,592	Yes	No	No
KPR Midlink Ltd	Supply, installation and maintenance of Kompact Kiosk	£13,456	Yes	N/A	N/A
Marstons Holdings Ltd	Enforcement Agent and Debt Collection services	£3,019,400	Yes	No	No
Frontline Recruitment Nottingham Ltd	Provision of agency staff for PASC and Waste & Transport services	£1,200,000	Yes	No	No
Central Security Systems Limited	CCTV Equipment - Cleaning & Maintenance Contract	£10,300 per annum	Yes	No	No

APPENDIX II - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE

High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX III - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over key governance processes for procurement and contract management at the Council. This review will include selecting a sample of significant contracts and ensuring they were appropriately procured and managed.

KEY RISKS:

- The Council's Contracting Rules do not provide clarity on procurement and contract management requirements
- Appropriate procurement processes are not in place across the Council leading to supplier spend which cannot evidence value for money
- The Council is not aware of the level of supplier spend therefore potential for aggregated supplier spend to exceed Council Contracting Rules and PCR 2015
- Signed contracts with the Council's suppliers are not in place therefore no assurance that the terms and conditions of the contract are acceptable to the Council
- Contract performance is not subject to effective scrutiny and oversight by management and those charged with governance
- Contract renewal processes are not sufficiently robust, leading to reactive negotiations with providers
- The SLA with Bolsover District Council is not monitored and poor performance is not addressed.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review the Council's Contracting Rules in place and ensure they provide clarity on procurement and contract management requirements, and are in accordance with the Public Contract Regulations 2015
- Review a sample of suppliers and ensure that they have been awarded the contract in line with the Contracting Rules and the PCR (2015) or a waiver has been signed
- Review the processes in place to assess annual supplier spend to ensure that all spend in excess of the Council's agreed limits (and regulations) are included within a contract and have been appropriately procured
- Sample a number of suppliers and ensure there are signed contracts in place, signed by both parties and are currently in date
- Sample a number of high value contracts across different departments and assess whether contract management meetings are in place in line with Council policy.
- Review meeting minutes and ensure actions arising from the meetings have been followed up, escalated where necessary and signed off
- Review key performance information in place as part of the contracts. Sample a number of contracts and ensure the agreed KPIs are reported as per contract terms. Where the supplier is not performing, review the escalation processes and resulting action
- Procedures to facilitate the appropriate and timely renewal of existing contracts
- Review whether the performance measures as detailed within the background section are measured. Assess if the KPIs are achieved and if not, how are actions taken to address poor performance.
- However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.



FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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