



Internal Audit Report

COMMUNITY SERVICES

Review of *Contract Procurement*

July 2010

1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Contract Procurement, Community Services as part of the 2010/11 Internal Audit programme.

This audit was included in Internal Audit's Annual Plan as part of a Major Capital Audit for 2010/11. Since then a new Procurement Manual has been approved by the SMT and issued for general use; a final version of the Capital Programme Planning and Management Guide and Corporate Project Management Guidelines are about to be issued. Two of these three documents extend beyond capital contracts and it is felt desirable that a review should be undertaken that encompass both Revenue and Capital Contract procurement.

2 AUDIT SCOPE AND OBJECTIVES

The simple objectives of the review will be to:-
Ensure compliance with Contract Standing Orders in the procurement of contracts for goods, services and public works; and
Determine if systems and procedures for contract procurement and Project Management are sufficient to satisfy the requirements of the documents issued or about to be issued

3 RISK ASSESSMENT

As part of the audit process and in conjunction with our Systems Based Auditing, ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

There were no items directly related to contract procurement not being considered in the course of our review.

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit. It was noted that while contract procurement administration being the focus of the review does not impact directly the nature of the operational work in agreeing and procuring care packages is very much a governance issue both in best value and following the public pound.

5 MAIN FINDINGS

The main finding in our review was largely outside the control of Community Services staff in that the time taken by Care Commission from inspection of Providers to issue of report at an average of 2.5 months was considered long in view of the vulnerability of the clients involved.

The remaining findings were either minor in nature or had been addressed in some way by existing controls and procedures.

6 RECOMMENDATIONS

Two recommendations were identified as a result of the audit, both considered of medium priority. The recommendations are shown in the action plan below.

7 AUDIT OPINION

Based on the findings we can conclude that the controls and procedures in place are more than satisfactory. This can be attributed to changes introduced in recent years which have ensured a distribution of responsibility which while ensuring a division of duties has fostered teamwork. The one thing which can spoil this success is human error and the Procedures for the purchase of care packages from external providers as opposed to contract procurement administration could provide a future audit opportunity where there would be scope for appropriate compliance testing.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to the Community Services and Facility Services staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	It was noted that the care Commission had inspected one of the Providers in our review in October 2009 and no final report had yet been issued. Further investigation indicated that on average 2.5 months elapse between a Care Commission inspection and the issue of a report.	Medium	The subject should be discussed with the Care Commission at a senior level to identify the norms and to establish if there is cause for concern in general.	Executive Director, Community Services	This meeting took place in the interim period between issue of draft and final report.
2	The issue of sometimes lengthy procedural documents such as the Procurement Manual, a Capital Planning and Management Guide and Project Management Guidance from three different sources within the Council but which cross	Medium	This matter is highlighted at SMT to draw attention for the need to consult and work together to avoid duplication and necessary paperwork.	Executive Director, Community Services	9 th August 2010

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	<p>functional or service boundaries creates confusion to a greater or lesser extent. Some evidence of this was found in respect of the rewiring contract at Dalintober Primary School.</p> <p>There is no obvious solution when different Services are responsible for specific functions but where there is a Corporate policy or procedure It is important that those responsible are aware and consult when developing such a manual or procedure.</p>				