



Internal Audit Report

FINAL

Customer Services, Customer & Support Services

Review of Procurement

October 2011

1 INTRODUCTION

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

During 2010, the Council approved a number of new or updated documents related to Procurement. These include a Procurement Manual; Procurement Strategy; Capital Programme Planning and Management Guide and a Project Management Guide. In addition, the Council's Standing Orders have been reviewed and re-issued. In a previous review of Contract Procurement in Community Services differences between the foregoing documents were highlighted and as result raised at an SMT meeting by the Executive Director, Community Services.

2 AUDIT SCOPE AND OBJECTIVES

The objective of our review was to ensure that the procurement related procedures in operation adequately address the top level risks relating to procurement which are:

- (a) Contracts not delivered on time, within budget or of acceptable quality;
- (b) Procurement expenditure fails to fulfil the need;
- (c) Fraud;
- (d) Failure to secure value for money;
- (e) Failure of procurement procedures to reflect best practice, adhere to legislation or adequately accommodate equality and diversity; and
- (f) Failure of the organisation to improve.

3 RISK ASSESSMENT

The risks set out in 2 above were identified and no additional matters were apparent from the operational or strategic risk registers.

4 CORPORATE GOVERNANCE

Audit findings resulting from this audit do relate to overall Corporate Governance and recommendations have been made to address this.

5 MAIN FINDINGS

The Council has a responsibility to ensure that key documents on the Council's intranet website "Hub" and other public domains are current.

Reference documents, upon which staff rely for reference in order to undertake their duties, should be maintained with current versions available for reference.

The Council's Web Strategy document highlight's that Departments are responsible for the maintenance of current data on the HUB but, provides no process for monitoring the ongoing relevance of the documents over time.

6 RECOMMENDATIONS

Three recommendations were identified as a result of the audit all are of low priority. The recommendations are shown in the action plan attached at Appendix 2 and have been compiled with the agreement at Head of Service level and the Chair of the Asset Management Strategic Board.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within an 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.

7 AUDIT OPINION

It is the opinion of internal audit that there are processes in place to enable management to access current guidelines. However there is a need to review and keep the guidelines current.

8 ACKNOWLEDGEMENTS

Thanks are due to Customer Support Services Procurement staff and the Asset Management Strategic Board members 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.

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