

<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>12<sup>TH</sup> MARCH 2010</b>
<b>TITLE OF REPORT:</b>	<b>UPDATE ON PROCUREMENT PROCEDURES WITHIN ASSET MANAGEMENT AND PROPERTY SERVICES</b>
<b>HEAD OF ASSET MANAGEMENT AND PROPERTY SERVICES</b>	<b>MALCOLM MACASKILL</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To update Audit and Governance Committee on procurement procedures within Asset Management and Property Services.

### **Key Decision**

This is not a Key Decision.

### **Recommendation**

**THAT Audit and Governance Committee notes the report and progress made.**

### **Key Points Summary**

- 1 Since the Internal Audit report in July 2009, Asset Management and Property Services has reviewed its procedures and made appropriate changes.
- 2 The report on the Partnership Agreement with Amey was assessed as “satisfactory” by Internal Audit.
- 3 Asset Management and Property Services works closely with Legal Services and Corporate Procurement on contract letting.
- 4 No contracts have had to be re-let as a result of revised tender procedures.

## **Alternative Options**

5 There are no alternative options.

## **Reasons for Recommendations**

6 This is an information update report.

## **Introduction and Background**

7 Audit and Governance Committee on 29<sup>th</sup> January resolved “That a report be submitted to the next meeting regarding an action plan showing how the issues referred to in the report will be rectified and to indicate if any contracts were re-let subsequent to tender procedures being revised”.

## **Key Considerations**

8 The Internal Audit report on Contract Letting identified that Asset Management and Property Services procedures followed appropriate industry standards. However, there were some elements of the procedures which did not fully comply with the Council’s Standing Orders Contract Procedures Rules current at that time.

9 The Internal Audit report identified where improvements could be made.

10 This report notes the steps introduced or reinforced since July 2009 to address the actions recommended in the Audit Report:

- (i) Tender documentation had been addressed to the Head of Asset Management and Property Services. Documentation is now addressed to the Assistant Chief Executive – Legal and Democratic. This process was implemented in November 2009.
- (ii) A tender receipt register was to be set up. Since all tenders are now addressed to the Assistant Chief Executive, Legal and Democratic, responsibility for this register lies with that service. This process was implemented in November 2009.
- (iii) Tender envelopes are to be retained. Tender envelopes are now retained and held with the contract file. This process was implemented in November 2009.
- (iv) Tenders were opened by three Asset Management and Property Services officers. Tenders are now opened by an officer from Legal and Democratic Services in the presence of a representative of the Corporate Procurement Manager and a representative from Asset Management and Property Services.
- (v) The audited contract did not have all relevant pages initialled by the officers. All Asset Management and Property Services staff involved in tender opening/evaluation have been reminded of this requirement. Documentation is signed on the front page and initialled on appropriate additional pages. Staff were reminded of the appropriate signing requirements in November 2009.
- (vi) If a School Board or Governors do not accept the tender recommended by the tender process and Asset Management and Property Services, the Assistant Chief Executive, Legal and Democratic will be notified. Since the Audit Report there have been no instances of officer recommendations being ignored and as such there has been no requirement to contact Legal and Democratic Services.

- (vii) Unsuccessful tender letters are held as an electronic mail merge. However, the Audit Report recommended that hard copies be held in the contract file. A hard copy of the mail merge is now held in the contract file. This was implemented in November 2009.
- (viii) All contracts are to be signed by the Assistant Chief Executive, Legal and Democratic. The Council's delegated signing authorities do permit Orders for Works. A meeting with the Assistant Chief Executive, Legal and Democratic and Asset Management and Property Services Management Team will be held, with a date to be set in March 2010, to discuss the appropriate governance arrangements. Meeting before April 2010.
- (ix) Asset Management and Property Services has reviewed and updated its approved list of contractors and approved list of consultants. This ensures that the information held for each company is up to date and complies with OJEU regulations and the Council's Standing Orders. Asset Management and Property Services have also worked with Corporate Procurement preparing updated contract documentation to include Data Quality, Environmental Sustainability, Equality and Diversity and CRB checks. This work has been acknowledged as good practice to be followed by other services. Furthermore, other Services have been made aware of the progress made by Asset Management and Property Services in this area and approaches have been made to Asset Management and Property Services for advice. This was implemented in November 2009.
- (x) Internal Audit will undertake a further unannounced audit of Asset Management and Property Services contract procedures to assess improvements.
- (xi) Since the revision of procedures following from the Audit Report of July 2009, there have been no instances of contracts having to be re-let as a result of the changes.
- (xii) The second Internal Audit report related to assertions by the Council's strategic partner Amey that Asset Management and Property Services had tendered work to external contractors which were within the scope of the contract and should have been awarded to Amey. The review has been completed and the review was given a satisfactory Audit opinion.

## **Financial Implications**

11 None as a result of this report.

## **Legal Implications**

12 None as a result of this report.

## **Risk Management**

13 Internal Audit will carry out a further unannounced review to assess compliance.

## **Consultees**

14 Internal Audit.

## Appendices

15 None.