

REPORT TO: Audit and Governance Committee

MEETING DATE: 20 May 2014

BY: Depute Chief Executive - Resources & People Services

SUBJECT: Internal Audit Report – Procurement Scheme of Delegation

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Procurement – Scheme of Delegation.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Procurement – Scheme of Delegation.

3 BACKGROUND

- 3.1 A review was undertaken as part of the audit plan for 2013/14.
- 3.2 The main objective of the audit was to ensure that the internal controls in place for the approval of procurement activity were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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EAST LoTHIAN COUNCIL – INTERNAL AUDIT PROCUREMENT – SCHEME OF DELEGATION

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2013/14 a review was undertaken of Procurement – Scheme of Delegation.

A sample of 20 procurements from across the Council was selected for examination and a summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council's Corporate Procurement Procedures outline the delegated authority of Officers to initiate a procurement process.

1.3 Areas with Scope for Improvement

- There was a failure to ensure that the most up to date version of the Corporate Procurement Procedures had been formally approved – a number of different versions of the procedures were available to staff on the intranet. *Risk – an inconsistent approach may be adopted.*
- In two cases there was a failure to ensure that the procurement process had been initiated by an Officer with the appropriate delegated authority. *Risk – failure to comply with the Scheme of Delegation.*
- The procedures in place for ensuring that all relevant procurement documentation is fully completed require review. *Risk – documentation held may be inaccurate or incomplete.*
- The guidance available to Officers setting out the circumstances under which procurement activity is reported to Members requires review – at present there is an anomaly between the requirements as specified in the Standing Orders and those outlined in the Corporate Procurement Procedures. *Risk – an inconsistent approach may be adopted.*
- The arrangements in place for uploading live content on the intranet and the Council's website require review. *Risk – information available to both staff and the public may be inaccurate or out of date.*

1.4 Summary

Our review of Procurement – Scheme of Delegation identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

May 2014

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.1.1	<p>Management should ensure that the most up to date version of the Council's Corporate Procurement Procedures is formally approved and incorporated in the Standing Orders.</p> <p>Management should review the existing arrangements in place for updating content on the Council's website and intranet – formal procedures should be developed to provide guidance to staff.</p>	<p>Medium</p> <p>Medium</p>	<p>Service Manager – Legal and Procurement</p> <p>To be confirmed</p>	Agreed		June 2014
3.2.1	Management should ensure that the Scheme of Delegation is complied with and that all procurement processes are initiated by an Officer with the appropriate authority.	Medium	<p>CMT/Service Managers</p> <p>Service Manager – Legal and Procurement</p>	<p>Agreed</p> <p>Responsibility lies with departments but will be monitored by Procurement.</p>		In Place
3.3.1	Management should ensure that appropriate documentation is fully completed and retained for all procurement activity undertaken.	Medium	<p>CMT/Service Managers</p> <p>Service Manager – Legal and Procurement</p>	<p>Agreed</p> <p>Responsibility lies with departments but will be monitored by Procurement.</p>		In Place

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.1	<p>Management should ensure that the existing anomaly between the Corporate Procurement Procedures and the Standing Orders is addressed.</p> <p>Management should ensure that guidance available to staff clearly outlines the circumstances under which procurement activity requires to be reported to Members.</p>	Medium	Service Manager – Legal and Procurement	Agreed		June 2014

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.