

Worcestershire Internal Audit Shared Service



Internal Audit Report

Procurement 2024/25

13th November 2024

Distribution:

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Appendix 2

Contents

1. Introduction.....	2
2 Audit Scope and objective	3
3 Audit Opinion and Executive Summary	3
4 Detailed Findings and Recommendations	5
5. Independence and Ethics:	6
APPENDIX A.....	7
APPENDIX B.....	8

1. Introduction

- 1.1 The audit of the Procurement system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and for Bromsgrove District Council. The audit was a risk-based systems audit of the Procurement system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 The objectives and scope of this review were agreed after discussions with service management. The findings and recommendations were discussed with the head of service and service management.
- 1.3 This review underpins all strategic purposes.
- 1.4 The following Service risks were relevant to this review:
- FIN4 – Fail to effectively manage high value procurements resulting in breach of EU procurement rules.
- 1.5.1 There is a potential for fraud by collusion, bribery, false provision of services and corruption.
- 1.6 This review was undertaken by Samuel Grove during the month(s) of June, July & August 2024.

Appendix 2

2 Audit Scope and objective

- 2.1 This objective of this audit was to follow up on the 2021/22 audit and provide assurance that procurement is in compliance across the authority prior to the implementation of new legislation.
- 2.2 The scope covered:
- Procurement Rule Compliance
 - There is an up-to-date contracts register.
- 2.3 This reviewed covered the period from April 2023 to March 2024.
- 2.4 This review did not cover procurement training or the new procurement legislation.

3 Audit Opinion and Executive Summary

- 3.1 From the audit work carried out we have given an opinion of **limited** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2 We have given an opinion of **limited** in this area because the councils are largely compliant with errors limited to specific service or process areas.
- 3.3 The review found the following areas of the system were working well:
- That there had been improvement upon the prior audits findings and procurement is actively working towards achieving compliance with procurement rules with improved processes.
 - General consistency on the correct application and understanding of procurement rules.
 - The contracts register was found to be up to date, transparent and relevant documentation held by appropriate parties.
 - Raising the key decision threshold and introduction of procurement pipeline with quarterly reporting has improved procurement transparency.

Appendix 2

3.4 The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section Recommendation number	4
Deadline to Services Ongoing Learning/Compliance	High	1	
Retention of Documentation for Frameworks Precisely Meeting Service Requirements	Medium	2	

Appendix 2

4 Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Responses
Issues brought forward from previous audit					
Any matters arising from the prior audit report were covered in this audit.					
New matters arising					
3	H	<p>Deadline to Services Ongoing Learning/Compliance</p> <p>There are ongoing improvements among services, led by the procurement service, to ensure compliance with the procurement rules, this however has not yet been fully achieved. The process started in April 2023 and has been ongoing for 18 months at the time of the audit. Procurements have continued with the expectation that services will work towards being fully compliant, however service areas such as Garages and Environmental Services improvements have not yet reached fruition. No deadline or end date has been set by management.</p>	<p>Breach of procurement rules leading to scrutiny and potentially bringing into question values including:</p> <ul style="list-style-type: none"> - Fair Practise - Value for Money - Objectivity and Compliance <p>Risks Include:</p> <ul style="list-style-type: none"> - Reputational Damage - Public Concern and Adverse Media Coverage - Large workload developed for the procurement team by non-compliant services. 	<p>To establish a deadline for procurement compliance among improving services.</p>	<p>Management Response</p> <p>To set a deadline and brief CMT in relation to the expectations that this finding introduces.</p> <p>Implementation Date</p> <p>November 2024</p> <p>Responsible Officers</p> <p>Procurement Officer & Deputy Monitoring Officer</p>

Appendix 2

4	M	<p>Retention of Documentation for Frameworks Precisely Meeting Service Requirements</p> <p>Where a framework has precisely met the requirements of the procuring service there has been inconsistent retention of evaluation/scoring of the supplier in 5 cases out of 20, with a further 3 that the audit was not able to provide assurance over.</p>	<p>Inability to demonstrate compliance with the procurement rules leading to scrutiny and potentially bringing into question values including:</p> <ul style="list-style-type: none"> - Fair Practise - Value for Money - Objectivity and Compliance <p>Risks Include:</p> <ul style="list-style-type: none"> - Reputational Damage - Public Concern and Adverse Media Coverage 	<p>To reinforce procurement practises, generally in the retention of documentation but specifically in regards to frameworks.</p>	<p>Management Response</p> <p>Procurement rules & how to procure guides are to be updated to ensure that services are reminded to retain a brief or specification.</p> <p>Implementation Date</p> <p>November 2024</p> <p>Responsible Officer</p> <p>Procurement Officer</p>
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5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

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APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

APPENDIX B

Definition of Priority of Recommendations

Priority	Definition
H	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
M	Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.
L	Issues of best practise where some improvement can be made.