

APPENDIX B - SUMMARIES OF COMPLETED AUDITS THAT HAVE CONCLUDED A 'LIMITED' LEVEL OF ASSURANCE:

C. Resources

C1. Contract Monitoring – Continual Audit Testing

Internal Audit has completed a review of contract monitoring arrangements of 28 contracts across varied areas within Bristol City Council. Specifically, the audit approach included:

- Selection of a sample of contracts across the Council
- Review of assignment of contract managers and recording on 'ProContract'
- Review of a sample of contracts to ensure monitoring processes were established and operating.

Based on the completion of the fieldwork, an opinion of '**Limited**' assurance was assigned. The key findings from the review were as follows:

- There is no corporate contract management model for contract managers to follow.
- Internal Audit identified that, for the sample of contracts tested:
 - Only 39% (11/28) of the contracts had measurable Key Performance Indicators
 - Progress reports were produced for only 57% (16/28) of the contracts
 - Only 18% (5/28) of the contractors had had a financial review during the contract period;
- The current contract monitoring module is not considered fit for purpose by contract managers, but there is no official instruction that it should not be used;
- Key Performance Indicators are not always available to contract managers as they had not been specified at the procurement stage, or included in the contract;
- Contract Managers do not always have access to a signed contract.

All recommendations have been provided to management, and agreement has been obtained together with appropriate implementation time scales.

C2. Supplier Checks and Supplier Resilience

An internal audit review has been undertaken to provide an independent opinion on the adequacy of due diligence arrangements for how prospective suppliers are checked, approved and set up and to review supplier resilience in the event of an incident that impacts upon the supply of goods or services. Specifically, the audit approach included the following:

- Review of procedures in place to ensure adequacy of due diligence checks and resilience for prospective new suppliers
- Assessment of effectiveness of procedures
- Review of accountabilities and responsibilities within the processes for ensuring due diligence and supplier resilience.

Based on the completion of the fieldwork, a **'Limited'** assurance opinion was concluded. The key findings of the review were as follows;

- There is a robust, documented system for due diligence checks in advance of adding new suppliers to ABW;
- There is no published guidance on resilience checks to be carried out, including proportionality of below threshold contracts, at the tendering stage;
- Evidence of adequate insurance was not always available nor were financial checks in a number of incidences;
- The Procurement team does not have oversight of resilience checks and other standards (e.g. social value) where contracts are awarded as a result of a waiver;
- Evidence of supplier resilience checks is not consistently uploaded to current contract management system in order to give adequate oversight to Category Managers;
- Category Manager for Buildings, Structures and Highways has instructed that all technical assessments revert to requiring financial checks and uploading of all documents required at tender stage, including insurances until further guidance is issued.

All findings have been provided to management, actions discussed, and agreement has been obtained together with appropriate implementation time scales.

C3. Procurement – Off-Contract Spend

The purpose of this internal audit assignment was to provide an independent opinion on whether processes and controls to mitigate against 'off contract' spend (spend in excess of £15,000 with a single supplier where no formal contract exists) in breach of Council / EU Procurement Rules is adequate. Specifically, the audit approach included the following:

- Review of annual spend to individual suppliers where no contract was evidenced;
- Detailed review of sample of suppliers where high spend was identified but not matched to a contract number.

Based on the completion of the fieldwork, a '**Limited**' assurance opinion was concluded. The key findings of the review were as follows:

- Significant 'off contract' spend (40%), from a sample identified at the end of February 2019 by Internal Audit, continue to have no compliant contract or waiver in place;
- There is evidence that 'off contract' spend is now being identified by Category Managers and investigated;
- A framework for the facilities management contract was awarded to a single supplier, which provided the specification that has been well scoped and will help eliminate 'off contract' spend to a significant number of suppliers;
- A pilot to target early detection of possible off contract spend in known areas of concern is showing positive results;
- Formal processes to track actions arising from spend reports have yet to be established;
- Initial work to address off contract spend issues has yet to embed as business as usual.

All findings have been provided to management, actions discussed, and agreement has been obtained together with appropriate implementation time scales.