

Key Findings of Limited Assurance Audits

Procurement	
1	<p>Testing of a sample of 15 supplier expenditure, with expenditure totals for the year over £45,000 - £50,000 (within the tender threshold) found that only two of the suppliers were selected via a tender process. Remaining 13 suppliers were not selected via a tender process. Purchases were done via purchase orders approved by delegated signatories.</p> <p>Priority 1 recommendation raised to review all suppliers with total annual purchase orders of over £45,000.</p>
2	<p>A review of some categories of spend noted the following:</p> <ul style="list-style-type: none"> • Cleaning materials - Seven suppliers with total expenditure of £97,621.87. • Cleaning services - 12 suppliers with total expenditure of £105,791.03. • Tree surgery - Three suppliers with total expenditure of £231,252. • Stationery - Five suppliers with total expenditure of £53,118.90 • Food and drink - 23 suppliers with total expenditure of £176,321.42. • Uniform and PPE - 13 suppliers with expenditure totalling £87,234.88. • Waste and recycling (Waste disposal) - Four suppliers with expenditure totalling £158,827.44. • <p>Priority 1 recommendation raised to review the suppliers in each category of spend.</p>
3	<p>A central log of suppliers/catalogue used to be maintained but there is currently none in place. The Council's aim is to use local suppliers, however the Crown commercial service procurement framework is sometimes used to select suppliers.</p> <p>Priority 2 recommendation raised to maintain a central supplier catalogue of approved suppliers.</p>
4	<p>Testing found that some suppliers (with annual total orders over £10,000) were previously on framework agreement, however they are no longer on the agreement. Example of such suppliers noted during sample testing are Initial Wash room solutions and Bunzl cleaning and hygiene supplies.</p> <p>Priority 2 recommendation raised to review all contracts, that are not currently on a framework agreement, to ensure that they are procured from a framework or tendered.</p>
5	<p>The Contract Procedure rules notes that for Contracts under £50,000, at least three written quotes are required (unless it is impractical to do so) from potential contractors. Testing found that there were no contracts in place for some major suppliers of Food and drinks, cleaning products and Building materials. Also, evidence of receipt of quotes from three suppliers is not centrally maintained by the procurement team. Examples include Osgood Smith (Annual total of £24,546.25), Bidvest Food and Drink service (£27,426.60), and Colchester Cleaning Company (£17,058.00).</p> <p>Priority 2 recommendation raised to ensure that comparative quotes are received from similar suppliers to ensure value for money is received by the Council and the arrangements formalised. Contracts be put in place for selected suppliers.</p>

Procurement Contd.	
6	<p>Sample testing of six waivers found that waiver forms were completed for all six waivers and the forms include the reasons for the waiver. Four of the forms were approved by the Heads of services who are the Portfolio holders while two were not approved by the Heads of service.</p> <p>Priority 2 recommendation raised for all waiver forms be approved by the Heads of Services.</p>
7	<p>The Procurement department is not always included in the procurement process. The procuring departments raise purchase orders and these are approved by the budget holders within the team. This has resulted in continued use of suppliers without factoring in if the total costs to the individual suppliers is within the tender threshold. As the procurement team is not involved, it can also not be determined if the procuring teams are obtaining three quotes for orders as required by the Contract Procedure rules. As confirmed from the test of expenditure over £45,000, only two of the 15 expenditure tested were procured via a tender process, with the involvement of the Procurement team.</p> <p>Priority 2 recommendation raised to ensure that the procurement process is centralised and involves the Procurement team.</p>
8	<p>The Council has a Procurement strategy in place covering the period 2019 - 2022.</p> <p>Priority 3 recommendation raised to ensure that the Procurement Strategy be reviewed, updated and uploaded to the SharePoint site.</p>
9	<p>The Contract Procedure Rules was issued in October 2018. However, the next review date is not included. As the document is over three years old, it may be due for a review.</p> <p>Priority 3 recommendation raised to ensure that the document be reviewed, and the updated version made available to all staff members via the SharePoint site.</p>

Specific Contract Review	
1	<p>The Contractor was engaged by the Council a long time ago and it was confirmed by the Senior Procurement Consultant that the supplier is not listed in the Council's contract register and the supplier did not go through a tender process. The total value of purchase orders raised by the supplier in the last 18 months is £219,555 and this is within the EU requirement/tender selection threshold.</p> <p>Priority 1 recommendation raised to tender the services rendered by the contractor.</p>
2	<p>The Contract Procedure Rules require that for Contracts under £50,000, at least three written quotes are required from potential contractors. Sample testing of seven Purchase orders with the highest values, ranging from £3,800 to £12,000 found that only one quote was received for five of the seven purchase orders due to the time constraints involved in carrying out the jobs. It was noted that the four of the five purchase orders relate to Section 106 Agreement which was going to expire in a very short space a time and the Council had to identify projects and obtain a quote and raise orders within ten days. Information on two purchase orders were not available.</p> <p>Priority 2 recommendation raised to obtain quotes from more than one service provider.</p>
3	<p>There has previously been a contract in place on which the contractor being reviewed was a selected contractor. However, the contract has since lapsed and they are now engaged following quotations. The quote-by-quote basis of selecting the contractor doesn't take into account aggregated spend and this could contravene the Contract Procedure Rules. It is noted that the Supplier is currently not included in the Council's Contract Register.</p> <p>Priority 2 recommendation raised to ensure that, following a tender process, a valid contract be put in place with the selected contractor to ensure that the supplier is held to contract performance standards and adequately monitored.</p>
4	<p>It was noted that the supplier's invoices are handwritten and do not include detailed breakdown of the total cost of the invoice. The cost of materials and the cost of labour are not separately indicated on the invoices.</p> <p>Priority 2 recommendation raised to inform the supplier to provide detailed invoices, including the cost of labour and the cost of materials, for the services rendered to the Council.</p>
5	<p>The Council has a Contract Procedure Rules document. The document includes detailed procurement processes such as the EU threshold, Tender process, Framework agreements, and other procurement rules. The document was issued in October 2018. However, the next review date is not included. As the document is over three years old, it may be due for a review.</p> <p>Priority 3 recommendation raised to ensure that the document be reviewed, and the updated version made available to all staff members via the SharePoint site. (repeat of recommendation in Procurement audit).</p>

Specific Contract Review Contd.	
6	<p>Sample testing of seven Purchase orders with the highest values, ranging from £3,800 to £12,000 found that only one quote was received for five of the seven purchase orders due to the time constraints involved in carrying out the jobs.</p> <p>Priority 3 recommendation raised to maintain a catalogue of suppliers, to be made accessible to the relevant departments, so that quotes can be easily obtained from suppliers on a timely basis.</p>
7	<p>An Operational Effectiveness Matter was raised to consider assessing the value for money of moving the services, rendered by the contractor, in-house.</p>