

Report To: Corporate Governance Committee

Date of Meeting: 3 September 2014

Lead Member / Officer: Julian Thompson-Hill, Leader Member for Finance & Assets

Report Author: Ivan Butler, Head of Internal Audit

Title: Procurement of Construction Services - Update

1. What is the report about?

This report provides the Committee with details of Internal Audit's follow up work of Procurement of Construction Services following its initial report in October 2013 and the Wales Audit Office's (WAO) report of March 2014.

2. What is the reason for making this report?

The Corporate Governance Committee requested that our follow up report for Procurement of Construction Services be presented to the Committee to provide assurance that improvements have been made.

3. What are the Recommendations?

Committee considers and comments on the Internal Audit follow-up report.

4. Report details.

Internal Audit issued a report on Procurement of Construction Services in October 2013 that gave a 'low' assurance rating, with an action plan that included 11 areas for improvement. Our review concluded that *"...there is considerable scope for improvement. By developing a strategic approach, there is potential to make construction procurement much more efficient through streamlining processes and making them more consistent, with the benefit of removing duplication."*

The WAO report covered school building maintenance work, concluding that *"Improvements need to be made to the current procurement arrangements to ensure that the Council can demonstrate that it is achieving value for money. In addition, the Council is not complying fully with its current contract procedure rules."* The WAO Recommendation Action Plan included six areas for improvement.

The attached follow up action plan in Appendix 1 incorporates all actions from both the Internal Audit and WAO action plans and shows lack of progress to date in delivering the improvements identified by the relevant services within timescale. Only 2 of the 17 risks have been addressed in full, with others in progress at various stages. In particular:

- there is no procurement strategy in place;
- framework agreements have been delayed by several months of the agreed implementation date;
- e-sourcing roll-out is delayed by a year of the agreed implementation date; and
- revised contract procedure rules (CPRs) have not been agreed and will be delayed by a year of the agreed implementation date. This is affecting the implementation of several other improvement actions.

5. How does the decision contribute to the Corporate Priorities?

There is no decision required for this report.

6. What will it cost and how will it affect other services?

There are no costs attached to this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

8. What consultations have been carried out with Scrutiny and others?

Not applicable – information report only

9. Chief Finance Officer Statement

Not applicable – information report only

10. What risks are there and is there anything we can do to reduce them?

Not applicable – information report only

11. Power to make the Decision

Not applicable – information report only