

<b>Report to</b>	Corporate Governance Committee
<b>Date of meeting</b>	8 July 2020
<b>Lead Member / Officer</b>	Lisa Lovegrove – Chief Internal Auditor
<b>Report author</b>	Lisa Lovegrove – Chief Internal Auditor
<b>Title</b>	Internal Audit of Contract Management

## **1. What is the report about?**

This report provides details of a recent Internal Audit report of Contract Management that received a 'Low' assurance rating.

## **2. What is the reason for making this report?**

Corporate Governance & Audit Committee has agreed that it will receive and discuss all Internal Audit reports receiving a 'Low' assurance rating so that they can discuss the outcome and receive assurance that improvements will be made.

## **3. What are the Recommendations?**

That the Committee comments on the report and decides whether it requires any further update reports on progress with the improvement action plan.

## **4. Report details**

The Internal Audit teams in Flintshire County Council and Denbighshire County Council agreed to carry out a joint audit looking at the robustness of contract management activity across both Councils.

A questionnaire was issued to staff involved in contract management activity across both councils and the collective results from the questionnaire were used to scope the audit and focus the detailed testing.

Our audit concluded that, overall, contract management is not being managed well within council services. In general, staff do not fully understand their roles and responsibilities, key contract management information is not maintained, monitoring meetings are often not being documented, and outcomes are not being reported. There were pockets of good practice, with a couple of service areas which could demonstrate that contracts were managed effectively.

Other key issues highlighted include:

- While a contract register were being populated with historic contracts, some signed contracts were difficult to locate.
- No corporate contract management training had been provided to staff in recent years and, as a consequence, staff have relied on “on-the-job” training.
- The council’s Contract Procedure Rules (CPRs) set out the high level requirements for contract management, but staff were not fully aware of them. This has resulted in non-compliance in a number of cases.

We consider that strengthening training, providing guidance notes and improving monitoring arrangements will ensure that the council’s contract management arrangements improves to gain the best performance from the council’s many contracts. It also ensures suitable evidence is maintained should a contract enter difficulties so that further action can be taken.

On the back of this review, a paper is being prepared for the Senior Leadership Team to highlighting the weakness identified with contract management and non-compliance with CPRs in order to gain their backing to drive forwards the necessary improvements with each service area.

A copy of the full audit report is included as Appendix 1.

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

Not applicable – there is no decision required with this report.

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

Not applicable – there is no decision required with this report.

**7. What are the main conclusions of the Well-being Impact Assessment?**

Not applicable – there is no decision required with this report.

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

Not applicable – there is no decision required with this report.

**9. Chief Finance Officer Statement**

Not applicable – there is no decision required with this report.

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

Not applicable – there is no decision required with this report.

**11. Power to make the decision**

Not applicable – there is no decision required with this report.