



Internal Audit Report
Chief Executive's Service
Procurement 13-03
July 2013

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

This audit was carried out as part of the audit plan for 2013/14, which was approved by the Audit Committee on 27 March 2013.

The Council approved the Contract Rules on 23 March 2005 (report 05/199 refers). The Contract Rules state that, in respect of any contract where the cost of services, supplies or works is above £5,000 and does not exceed £50,000, best value must be demonstrated, but the simplified tender process of the Quick Quote System within the Public Contracts Scotland system may be adopted.

The delegated authority to contract for goods and services contained within the Council's Scheme of Administration permits the Chief Executive or any Executive Director to enter into contract on behalf of the Council in accordance with the Council's contract rules.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Housing & Community Care, Corporate Procurement Services and officers in all services who have used the Quick Quote system.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure the adequacy of arrangements for the use of the Quick Quote system	
Auditor's Comments: The arrangements in place for the use of the Quick Quote system are adequate. The Guidelines on procurement are clearly signposted and summarised on the council's intranet (Eric). There is clear guidance on what procurement route to take depending on several factors which are detailed on a decision matrix. If the procurement is of a relatively low value (orders less than £50,000, but more than £5,000); low risk and non repetitive nature, the guidance advises the use of procurement route 1 which is the Quick Quote function. A sample of contracts that had been subject to the quick quote system were tested and the auditor was able to confirm that the appropriate procedures were followed. In some cases officers are using the Quick Quote System to evidence best value on contracts with a value of less than £5,000.	
Strength of Internal Controls:	Strong

Management Action

Responsibility for the maintenance of adequate and effective internal controls rests with management. Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

D Burke, Executive Director (Housing and Community Care)

J Walker, Depute Director, Housing and Community Care

J Symon, Head of Finance

A Taylor, Head of Finance & Support Services (Housing & Community Care)

G Boland, Senior Business & Resource Manager

S Mackenzie, Head of Performance and Resources

M Mitchell, Procurement Manager

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment was M Morrison. The supervising auditor was J Clark.

This report is authorised for issue:

Jacqueline Clark

Chief Internal Auditor

Date: 15 July 2013

