



Internal Audit Consultancy Report  
Assignment Number – 14-22 (a)  
Property Information System  
August 2014

## Interim Report

## Background and Scope

This review was carried out as part of the audit plan approved for 2014/15 by the Audit Committee on 2nd April 2014. The indicative scope of the review, agreed by the Committee, is to provide advice and assurance over the arrangements for the procurement and implementation by the Environment Service (TES) of a new corporate asset management information system (CAMIS). This will apply to the Council's non-HRA property portfolio.

The final agreed scope for the review to be undertaken by Internal Audit is to provide assurance to the Project Manager that robust internal controls are either planned or are in place for the project to procure and implement a corporate property asset management system. Any gaps observed were to be drawn to the attention of the Project Manager.

This report details the outcomes of the first stage of Internal Audit's review and concentrates on providing assurance that the appropriate controls have been implemented through the process of planning and execution of the initial stage of the tendering process. Further reports will be issued at the completion of the relevant stages throughout the process, in accordance with the Assignment Brief.

## Process

The system is being procured through a Competitive Dialogue process which may be used for complex projects where the buyer cannot either define the technical means capable of meeting their needs or where there are complex legal or financial considerations for the project.

In a Competitive Dialogue, after a pre-qualification process, tenderers participate in a dialogue with the authority. The dialogue process is structured, transparent and documented. It differs from more traditional models of Procurement in that it involves a process of successive elimination and that requirements can be progressively refined throughout the process. Having identified a small number of potential suppliers, the authority then closes the dialogue and invites final tenders.

After taking advice from Corporate Procurement, this was judged to be the most appropriate procurement route to take.

To ensure that the project was able to demonstrate transparency and objectivity throughout the selection, a project team was selected on the basis of individual professional specialisms representing the range of activities which are required to be supported by the system. The Project Team included officers from Corporate Asset Management, Estates Management, Premises Management, Construction and Financial Management from within TES. In addition, officers from other Services, representing IT, Legal Services, Information Security, Procurement, Accounting and Internal Audit, were asked to assist in ensuring that the system and process met corporate requirements and ensured best practice. By the end of stage 1 of the procurement phase this had elicited a number of appropriately qualified tenderers.

The system requirements included certain pass/fail criteria and the evaluation weightings of the specifications were agreed within the team for distribution to

potential suppliers. The evaluation and scoring of the tenders was undertaken by members of the Project Team. Officers were given instructions regarding the scoring and justifications of each score were to be stated by each team member, demonstrating consistency and transparency of the selection process.

Stage 2, the dialogue stage of the procurement process, will involve a scenario-based presentation by the potential suppliers and visits to sites to see systems in the live environment to demonstrate the functionality of each system.

All three eligible tenderers provided a programme timetable identifying key milestones which would enable them to conclude implementation by 1<sup>st</sup> April 2015. Of these, the most detailed programme, provided for a final implementation date of 30<sup>th</sup> March 2015.

### Audit Trail

One of the critical requirements in the specification of the system was the provision of an Audit Trail which all of the eligible suppliers asserted, to varying degrees, is integral to their product.

Although not required by the evaluation document, some of the tenderers provided further evidence of the audit trail capability. It was a requirement of the specification that assurances regarding audit trails would be provided by the Internal Audit departments of the current clients of the potential suppliers, however, whilst this would be helpful these opinions may not be available. It was intended that further information would become available regarding the functionality of audit trails at the presentation of the scenario demonstration.

Only one tender noted the impact on their database of different levels of audit functionality and noted that, for optional audit trails, parameters would have to be stipulated by the Council. Management should consider their specific requirements of an audit trail and the potential for it to impact on the performance of the database. Internal Audit will provide advice as part of this process.

### Governance

The statement of needs required that the system would provide a “commercial off the shelf” Asset Management System for recording details of non-HRA property assets across the Council’s portfolio. This includes properties which are leased by or to the Council, details of contracts associated with those property assets, compliance with legal requirements regarding records of statutory testing, the capability to manage projects through the creation of a contract register and the management of projects and to ensure budgetary control. It also requires that the system be compatible with the Council’s IT infrastructure, would be able to interface with existing systems (including finance) and would comply with the Council’s Information Security Management System. In interfacing with the Council’s accounting system, the CAMIS would maintain and support the existing governance and authorisation structure. All of the tenderers have stated that their proposed solutions would be able to meet the governance considerations.

## Opinion

It is the opinion of the Auditor that, all of the eligible tenderers have presented workable solutions which comply with the original stated requirements and each has stated that an Audit Trail is integral to their system. At this stage it is considered that the planned controls, including the audit trail, would support and maintain the existing control environment.

## Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the officers working in the Project Team during this review.

## Feedback

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

## Distribution

This report has been distributed to:

B Malone, Chief Executive

J Valentine, Executive Director (Environment)

B Renton, Depute Director (Environment)

S Crawford, Head of Property

S Mackenzie, Head of Performance and Resources

K Stephenson, Project Manager

J Symon, Head of Finance

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

## Authorisation

The Auditor for this assignment was A Gallacher. The supervising Auditor was M Morrison.

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Jackie Clark

Chief Internal Auditor

Date: 21 August 2014