

# **Highways and engineering services contract award and management**

**Wirral Council**

**Report in the Public Interest**

**Audit 2010/11**

**8 June 2012**

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# Summary report

## Introduction

- 1** This report is made under section 8 of the Audit Commission Act 1998 (the Act). This allows me to issue a report in the public interest where a matter comes to my notice to allow it to be considered by the Council or brought to the attention of the public.
- 2** During 2008, Wirral Council (the Council) carried out a competitive tendering process for the provision of highway and engineering services (HES) aimed at bringing together several previous contracts in order to rationalise the services and provide better value for money. Six of the seven shortlisted tenderers submitted a bid, including the Council's in-house Operational Services Department (OSD).
- 3** The contract was awarded on 16 October 2008, with effect from 1 April 2009. Staff within OSD transferred to the successful bidder on 1 April 2009 under the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 4** In November 2008, a group of OSD staff raised concerns about the procurement process with the Council's Chief Executive and an internal investigation was carried out. The group was not satisfied that their concerns had been dealt with appropriately by that investigation and, in March 2009, they raised their concerns with me.

## My responsibilities

- 5** External audit is an essential part of the process of accountability for public money. Appointed external auditors operate within the duties, powers and discretions given under the Audit Commission Act 1998 and the Code of Audit Practice (the Code) approved by Parliament. The Code determines the nature, level and scope of external audit work. Under the Code, the external auditor provides:
  - an independent opinion on a public body's accounts; and
  - an independent value for money conclusion as to whether a public body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6** Appointed auditors have certain other powers, including reporting in the public interest under section 8 of the Act. They consider matters brought to their attention by members of the public in undertaking their work.

**7** Appointed auditors are prescribed persons for disclosures relating to ‘the proper conduct of public business, value for money, fraud and corruption in local government and health service bodies’. The obligation of appointed auditors to a whistleblower under the Public Interest Disclosure Act 1998 (PIDA) is confined to the receipt of disclosures. PIDA neither requires nor empowers appointed auditors to carry out an investigation into the subject matter of any disclosure made or to report the results of any investigation undertaken. However, appointed auditors will consider any information received as a result of a disclosure and determine what action, if any, to take in the context of their existing statutory and professional powers and duties.

## Audit approach

**8** I carried out an initial review of aspects of the HES contract award in the course of my 2009/10 audit, focused on the tendering stage. I reported the outcome of my review in September 2010. My report was also considered by the Council’s Audit and Risk Management Committee in September 2010. I undertook, however, to follow up that work when the Council’s assessment of the benefits realised from, and hence the value for money of, the contract was available.

**9** In undertaking this follow-up work, I have:

- followed up the recommendations and actions agreed in my previous report;
- assessed the arrangements for achieving value for money, including benefits realisation and governance; and
- considered further information from the whistleblowers in the context of my responsibilities.

## Main conclusions

**10** I have identified a number of weaknesses in the Council’s arrangements to award and manage the HES contract. Whilst I have not identified any specific loss to public funds, the Council’s arrangements do not, in my view, demonstrate good governance and value for money are being secured from this contract. As a result, the Council has exposed itself to significant risks. The weaknesses identified are, in my view, indicative of similar failings identified in other recent reports issued to the Council. They highlight the need for the Council to strengthen its arrangements for demonstrating good governance and securing value for money in its use of public funds.

**11** The Council needs to take action to secure improvements in a number of areas, in particular:

- to demonstrate good governance, by improving the Council’s arrangements for managing and reporting risks, declaring interests, reviewing and complying with contract procedure rules, delivering internal audit, reporting to elected members and responding to whistleblowing; and

- to demonstrate value for money, by improving the Council's arrangements for tender evaluation and contract management, including contract variation, record keeping and performance management.

**12** The Council has begun to respond to the messages from my ongoing work. Improved procedures and systems for recording, managing and reporting contract variations, for example, have already been established. I have also noted the work undertaken on the Council's arrangements for demonstrating ongoing value for money, based on the Audit Commission's report 'Going the Distance'. Nevertheless, much is still to be done to mitigate a number of the risks identified by my work, for this contract, for other Council contracts and for the Council's overall arrangements for securing good governance and value for money. My recommendations are set out in the attached action plan.

### **The way forward**

**13** The Council has a duty to respond to this report in accordance with sections 11 and 12 of the Audit Commission Act 1998. I will monitor the Council's response as part of my 2011/12 audit.

# Detailed report

## Pre-tender stage (before 5 September 2008)

**14** In the administration of public funds, it is important not only that the highest standards of conduct are observed, but also that they are seen to be observed. For that reason, public bodies should put in place robust arrangements to combat corruption and avoid suspicions of corruption. Amongst those arrangements are clear policies and processes for dealing with contractors and potential contractors, including arrangements for declaring personal and family relationships with contractors and potential contractors, and managing the threats that arise from such relationships.

**15** In my report to the Council in September 2010, I raised concerns about:

- a meeting between the Director of Technical Services, another senior Council officer and a representative from the winning contractor in the pre-tender period for the HES contract (whilst recognising that I had found no evidence that the meeting influenced the outcome of the tendering exercise or constituted 'canvassing'); and
- the failure of the Director of Technical Services to declare a personal relationship with the representative from the winning contractor until 11 November 2008, after the contract had been awarded.

**16** As a result of the work I have subsequently undertaken, I have now concluded that:

- the purpose of the meeting held between the Director of Technical Services, another Council officer and a contractor representative in the pre-tender period was to discuss the contract and sub-contract arrangements. This is in contravention of the Council's procedures;
- as the contractor was providing services to the Council prior to the letting of the HES contract, the Director of Technical Services should have made a declaration of his relationship with the contractor's representative before he did so in November 2008; and
- the declaration of interest made by the Director of Technical Services in November 2008 was:
  - incomplete (in that it did not record any discussions held with the Council's Chief Executive or agreed actions to mitigate risk); and
  - inconsistent with other evidence (in that it indicated that the Director considered there was no conflict of interest because he believed that the representative of the contractor was responsible for new products/ product development whereas he had in fact met with the representative specifically to discuss the contract).

**17** Management considered this matter in March 2009 and concluded at that time, and again, following my 2010 report, that on the basis of the information then available, no further action was required.

**18** The Invitation to Tender specifically prohibits any ‘canvassing’ on the part of tenderers. Meeting with one potential bidder and no other during the pre-tender period to discuss contract arrangements is also likely to have placed the Council in breach of the general EU Treaty principles of fairness and equal treatment which are applicable to procurement. I have not seen any evidence that, during its initial investigation, management considered whether the meeting between the contractor and Council officers in the pre-tender period amounted to canvassing or resulted in a breach of EU requirements.

**19** The Council should:

### Recommendations

**R1** Reconsider the issue of the declaration of interests for the HES contract having regard to the information now available.

**R2** Reinforce to all staff their responsibilities for accurate, complete and timely declarations of interests.

**R3** Provide training to all staff involved in procurement on communication with tenderers during the pre-tender and tender evaluation periods.

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### Tender evaluation

**20** Thorough and robust evaluation of tenders in accordance with the published evaluation methodology is necessary so that a public body can make a fully informed decision on tender award. The process includes scrutiny of the rates tendered:

- to ensure that they are complete and internally consistent; and
- to identify abnormally low rates and consider whether they cast doubt on the ability of the contractor to deliver the contract at the rates tendered.

**21** The successful contractor quoted and confirmed rates for some elements of electrical work for street lighting and traffic signs that were only 2 per cent of the average of those of other tenderers. The Council’s Contract Evaluation Team queried these rates but subsequently accepted that the rates were genuine. The issue was not reported to senior officers or elected members prior to the award of the contract.

**22** After the award of the contract, officers considered the very low rates for electrical work were the result of an ambiguity in the contract, a view not shared by the winning contractor. It uniquely tendered on the assumption that the Council was responsible for making payments directly to the electrical sub-contractor over and above the rates tendered. As a result, the Council:

- paid an estimated additional £640k directly to the sub-contractor in the period to October 2010 which was not taken into account in the tender evaluation; and
- agreed a contract variation from October 2010 to increase the rates to include the costs of the sub-contractor, increasing the estimated tender price by £855,000 over the remaining life of the five-year contract.

**23** Whilst Officers have accepted that this issue has had a significant consequential financial impact they also have pointed to non-financial benefits from the changes made.

**24** The estimated additional £1.495m would not have increased the tender price above that of the next lowest tenderer. However, the subsequent variation to the rates for electrical works casts doubt on the robustness of the tender evaluation process. Officers have accepted that procedures need to be amended for future contracts in this respect.

**25** A number of other rates have also subsequently been amended to reflect ambiguities in the tender specification, most notably for milling and planing. These also had a financial impact, although neither the Council nor I have quantified the impact.

**26** In addition, there is evidence that the contractor has from the inception of the contract struggled to secure a financial return on the contract. Information provided to me, and an external independent review report in June 2010, confirmed that this was the case. This calls into question the effectiveness of the Council's assessment of unusually low rates.

**27** The Council should:

## Recommendations

**R4** Review arrangements for ensuring that tender specifications are robust and do not contain ambiguities that limit future benefit realisation.

**R5** Quantify and report to elected members the additional cost of using the electrical sub-contractor during the period April 2009 to October 2010.

**R6** Review procedures for challenging individual rates and the overall impact of rates tendered during the tender evaluation process.

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## Contract award (16 October 2008)

### Signing a written contract

**28** The Council's Contract Procedures Rules require a signed contract to be in place for all contracts awarded. If work commences before a written contract is in place, there is an increased risk of dispute as to the contractual terms governing the work.

**29** The HES contract was not signed until 17 March 2010, some 12 months after the contract commencement date. In the interim, the Council reduced but did not eliminate the risk by writing to the contractor to confirm that it could commence work before the formal contract was signed on the basis of the contract terms contained in its tender.

**30** Whilst the Legal and Technical Services Departments were aware of the risk, it was not entered in either the departmental or Council-wide risk register. Furthermore, elected members were not adequately advised of the risks. The report to the Sustainable Communities Overview and Scrutiny Committee in November 2009 did not advise elected members that the contract remained unsigned and the risks of proceeding on this basis.

**31** The Council should:

### Recommendation

**R7** Ensure that any decision to commence significant contracts prior to contract signature is recorded in risk registers, appropriately approved and reported to elected members.

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### Form of contract

**32** Various standard forms of contract are available that have different provisions about the sharing of risks and rewards between the parties. The Council engaged specialist consultants during the development of the Invitation to Tender who advised the Council to consider migrating over time from the initial contract form to one that would allow a greater sharing of risk and reward with the contractor, while retaining an appropriate level of control for the Council.

**33** Best practice for major projects involves a series of independent 'Gateway' reviews at key stages of the project to provide assurance that the project can progress successfully to the next stage. The Council has commissioned a series of Gateway reviews of the HES contract. The Gateway reports issued in February 2009 and June 2010 identified a continued mutual desire of the Council and the contractor to migrate the form of the contract and recommended a supporting risk and benefits options appraisal.

**34** Despite considering changing the form of contract for some elements of the work, the Council has so far decided not to migrate the contract. The Gateway recommendation, however, remains important should the Council proceed with such migration in future. The Council will also need to consider and take legal advice on whether any proposed migration represents a material change which would result in a breach of procurement regulations before making a decision.

**35** The Council should:

### Recommendations

**R8** Undertake an option appraisal to evaluate the risk and benefits of HES contract form migration, and evaluate and consider the findings, in advance of any such migration.

**R9** If migration of the contract is considered, determine whether this represents a material change which would result in a breach of procurement regulations before making a decision.

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## Contract mobilisation (16 October 2008 to 31 March 2009)

**36** The necessary work to underpin the benefits realisation and performance management framework was not completed in advance of the commencement of the contract. The benefits realisation plan itself was approved by the Council in May 2009, a month after the 1 April 2009 date of contract commencement. The performance management framework was not approved until July 2009. The delay in implementation of an effective performance management framework during the contract mobilisation stage exposed the Council to the risk of inadequate contract management on commencement of the contract. The practical consequences of this weakness in the Council's arrangements are considered further in the next section of this report.

**37** The Council should:

### Recommendation

**R10** Provide and consider reports on departures from contract mobilisation plans and the associated risks.

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## Contract management and monitoring (from 1 April 2009)

### Authorisation of contract variations

**38** It is inevitable that circumstances will arise that were not envisaged when a contract was tendered. Variations to contracts are therefore necessary, but these need to be properly controlled so that the Council can ensure that any variations do not breach EU procurement requirements and demonstrate that it continues to secure value for money.

**39** The Council's Contract Procedure Rules require:

- the reporting of any variation over £50,000 to the Director of Finance; and
- the approval of the relevant Cabinet member or Committee to any variation increasing the contract price by more than £20,000, except where the variation is necessary for technical reasons.

**40** The Council has now identified that there were four variations to the contract of more than £50,000 in the period from April 2009 to May 2011, with an aggregate estimated value of over £1.14m. These variations were not reported in line with the Contract Procedure Rules to the Director of Finance. I note in this context that the Interim Director of Technical Services discussed the largest variation (for £855,000 relating to electrical works) with Internal Audit in email exchanges in April 2010. Despite advice from Internal Audit for the Interim Director to report the variation to elected members this did not happen until I raised the issue.

**41** The required approval for the variations from the relevant Cabinet member or Committee was also not obtained.

**42** The Council has not to date evaluated the number or value of variations between £20,000 and £50,000 within this contract to assess the overall impact.

**43** The Council has contended that there was ambiguity in the application of the Contract Procedure Rules to long-term contracts. Whilst I accept that the rules were not fit for purpose, officers should have sought clarification as to whether the rules applied and, if not, what rules did apply. I raised this ambiguity with officers in May 2011. The Council has adopted revised Contract Procedure Rules on variations (from October 2011) in response.

44 The Council should:

## Recommendations

**R11** Provide a clear summary to elected members of variations and new rates, the reasons for these and the financial impact (quantifying it against the original tender or the latest activity information) in order to inform the value for money assessment and ensure compliance with Contract Procedure Rules.

**R12** Monitor compliance with the revised Contract Procedure Rules for variations.

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## Record keeping

**45** The contract provides for important contract management procedures, such as those relating to 'early warnings' (raised by either party where there are matters that could impact on price, delivery or performance), 'compensation events' (a payment to or from the contractor possibly following an early warning or a project manager assessment) and 'project manager assessments' (an assessment of an issue that is usually raised as part of an early warning and may or may not lead to a compensation event). For the period April 2009 to May 2011, there were 294 early warnings, 92 compensation events and 17 project manager assessments.

**46** Effective contract management requires good record keeping of multiple contract management procedures. In the absence of such record-keeping, it is:

- difficult to assess the ongoing financial impact of changes to the contract; and
- more difficult to defend claims made against the Council or to hold the contractor to account; although, for this contract, the Council has successfully defended a significant arbitration claim brought against it by the contractor (embodied in three early warnings the first of which was raised in June 2008 but not adjudicated upon until March 2011).

**47** Internal Audit reviews during 2010 concluded that record keeping with regard to contract management was inadequate. Based on my own work, I support that conclusion:

- the potential impact of early warnings was often not quantified, sometimes not recorded and did not inform the departmental risk register;
- many compensation events and project manager assessments were completed without reference to the related early warning;

- for many compensation events, the financial impact was not quantified and, indeed, it was often difficult to establish whether they had been finalised. In the case of one early warning instigated by the Council on 20 May 2009, the compensation event documentation was not started until March 2011 when I raised questions; and
- the overall impact of compensation events and project manager assessments is difficult to identify and quantify.

**48** I raised my concerns over record keeping with the Council in May 2011. I have been provided with evidence that indicates that improvements have been made in record-keeping.

**49** The Council should:

### Recommendation

**R13** Establish clear standards for documentation of contract management procedures and monitor compliance.

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### Performance management

**50** Effective management of a contract is necessary to demonstrate that the anticipated benefits are being secured. The Invitation to Tender and contract set out key performance measures, reporting and audit arrangements against which the contractor's performance could be evaluated.

**51** In the first year of the contract, there was very limited monitoring of performance. The report to the Sustainable Communities Overview and Scrutiny Committee in June 2010 advised elected members that only one class of planned works – 'priority 2' – was being monitored. The baseline for performance was not established until the start of the second year of the contract. At that stage, an external 'Gateway 5' report also identified that there was no performance information on reactive requests, customer feedback, resolution of issues reported by the public and non-adherence to statutory practices on street works.

**52** The report to the Sustainable Communities Overview and Scrutiny Committee in December 2010 contained no information on achievement against the planned maintenance protocol, compliance with contractual requirements on health and safety, recycling or customer satisfaction targets.

**53** Despite the weaknesses in performance measurement and monitoring, identified in June 2010, the Director of Technical Services presented an annual report on the contract to the Sustainable Communities Overview and Scrutiny Committee in September 2011 that indicated that all performance measures had been achieved in the second year of the contract.

54 The Council should:

### Recommendations

**R14** Introduce an effective performance management system from the start of a contract.

**R15** Undertake regular tests on the accuracy of performance information reported.

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## Governance arrangements

**55** The Council should put in place proper arrangements to ensure stewardship and governance, and should regularly review the adequacy and effectiveness of them. In the course of my work on the HES contract, I have identified weaknesses in the Council's arrangements in a number of areas, as evidenced in my consideration of the contract arrangements elsewhere in this report. There are, in addition, however, some wider themes that I also wish to raise with regard to the Council's arrangements for:

- managing risks, including reporting to elected members;
- understanding costs and performance and achieving efficiencies in activities;
- maintaining a sound system of internal control, incorporating an effective internal audit function; and
- promoting and demonstrating the principles and values of good governance.

## Risk management

**56** The Council has from the outset identified a number of significant risks from the HES contract. My review shows that whilst a number of key risks identified were well managed, there are areas where acknowledged risks have not been adequately mitigated. Examples highlighted in this report include those arising from:

- ambiguity in elements of the tender documents;
- poor documentation of early warnings;
- the absence of performance monitoring from the contract start date;
- the absence of clear performance targets or requirements in some areas; and
- concerns raised in external independent Gateway reports about the potential for breakdown in communication and partnership working due to lack of delivery against work schedules.

**57** I have also identified a number of examples where risks have not been properly identified and as a consequence have not always been clearly reported to elected members in a timely manner. These include:

- the response to an anonymous whistleblower regarding a significant claim against the Council by the contractor;
- variations to the contract;

- the delay in contract signing, and
- non-compliance with Contract Procedure Rules.

**58** In addition, independent external reviewers undertook a series of formal ‘Gateway’ reviews at key stages in the process. The first four of these were reported in full to Cabinet. But for the fifth, prepared in June 2010, the Cabinet received only a summary that omitted some significant risks that should, in my view, have been reported to elected members. For example, risks concerning:

- the performance of the contractor in delivering during the mobilisation stage;
- ongoing improvements in value for money, requiring a modern asset register IT system; and
- the need to complete a log of lessons learnt for future contracts.

**59** The Council should:

### Recommendations

**R16** Establish and implement clear procedures for identifying risks and escalating them through departmental and corporate risk registers.

**R17** Ensure significant risks are reported promptly to elected members.

**R18** Ensure elected members receive and consider the full reports for all ‘Gateway’ reviews to enable them to understand fully the risks facing the Council and agree corrective action.

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### Understanding costs and performance

**60** Maintaining robust financial information underpins the Council’s ability to deliver its fiduciary responsibilities and to challenge how it secures economy, efficiency and effectiveness in its use of public funds. In March 2011, I asked senior Council officers for baseline financial and activity data for the HES contract. The financial data provided by the Council in response, received some five months after my request, could not be reconciled to publicly available data reported to elected members. This undermines the Council’s ability to demonstrate that it is securing ongoing value for money from this contract and, indeed, the robustness of the Council’s overall arrangements in this regard. I qualified my 2010/11 value for money conclusion accordingly.

**61** The Council should:

### Recommendation

**R19** Agree for all procurements the arrangements for collating on a routine basis the financial and performance information needed to evaluate the effectiveness of the procurement exercise.

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## Internal Audit

**62** Under the Accounts and Audit (England) Regulations 2011, the Council is required to maintain an adequate and effective system of Internal Audit of its accounting records and control systems. As a tool of management, Internal Audit plays a key role in monitoring compliance with standards of governance, codes of conduct, standing orders and financial regulations. It also has a role in investigating breaches of standards of financial conduct and allegations of fraud and corruption. Its role is set out in Financial Regulations.

**63** Internal Audit carried out a review of the HES contract in February 2010. It provided a 3-star (good) level of assurance despite identifying a number of high-priority risks and recommendations in key areas of the contract management and monitoring systems.

**64** A follow-up review in August 2010 reported that:

- only one of the four recommendations in high-risk areas from the original review had been implemented;
- the other three recommendations in high risk areas had been partly implemented; and
- a new medium risk issue had been identified.

**65** Despite these weaknesses, Internal Audit confirmed the level of assurance as 3-star (good).

**66** The conclusions drawn by Internal Audit are not, in my view, supported by their findings and, as a result:

- the Council has been placed at increased risk that contract payment arrangements and the checking of the quality of work remained inadequate; and
- insufficient attention has been drawn to weaknesses in systems and procedures to reduce ongoing risks to the Council.

**67** I have previously raised areas for improvement regarding aspects of Internal Audit's compliance with required CIPFA standards, most notably in my report to the Audit and Risk Management Committee in January 2010. My concerns remain, reinforced by my findings from my review of Internal Audit's work on the HES contract. I note, and welcome, in this regard the recent public commitment from the Deputy Chief Executive and Director of Finance to undertake a fundamental review of the Internal Audit section.

**68** The Council should:

### Recommendation

**R20** Consider the results of the fundamental review of Internal Audit at elected member level and agree corrective action.

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## Whistleblowing

**69** The arrangements for staff and contractors to raise relevant concerns with the Council are an important part of the Council's arrangements for promoting and demonstrating the principles and values of good governance. These include 'whistleblowing' arrangements that provide protection for staff and contractors who raise issues in good faith.

**70** I have previously been critical of the Council's whistleblowing arrangements:

- in my 2007/08 report into issues identified in the Directorate of Adult Social Services;
- in my 2008/09 ethical governance diagnostic; and
- in my 2009/10 report on the HES contract.

**71** I remain concerned that required changes to the Council's culture regarding whistleblowing and improvements to its whistleblowing arrangements have not been implemented with sufficient rigour or speed to give confidence to current employees that concerns will be treated seriously and fairly. Senior officers have acknowledged that more could, and should, have been done in this regard.

**72** It is important that the Council deals appropriately with allegations of inappropriate behaviour and ensures that the arrangements and culture within the Council enable individuals to have the confidence that they can report concerns without fear of reprisal. The Council has publicly stated on a number of occasions its desire to rectify its performance and reputation on matters of this nature. I commend the significant changes and resources the Council has put in place to respond to concerns of this nature, but much still needs to be done.

**73** The council should:

### Recommendation

**R21** Review at elected member level the adequacy of existing arrangements for receiving and considering concerns from whistleblowers and for agreeing corrective action.

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# Appendix 1 Recommendations

## Recommendations

### Recommendation 1

Reconsider the issue of the declaration of interests for the HES contract having regard to the information now available.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 2

Reinforce to all staff their responsibilities for accurate, complete and timely declarations of interests.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 3

Provide training to all staff involved in procurement on communication with tenderers during the pre-tender and tender evaluation periods.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 4

Review arrangements for ensuring that tender specifications are robust and do not contain ambiguities that limit future benefit realisation.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 5

Quantify and report to elected members the additional cost of using the electrical sub-contractor during the period April 2009 to October 2010.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 6

Review procedures for challenging individual rates and the overall impact of rates tendered during the tender evaluation process.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 7

Ensure that any decision to commence significant contracts prior to contract signature is recorded in risk registers, appropriately approved and reported to elected members.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 8

Undertake an option appraisal to evaluate the risk and benefits of HES contract form migration, and evaluate and consider the findings, in advance of any such migration.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 9

If migration of the contract is considered, determine whether this represents a material change which would result in a breach of procurement regulations before making a decision.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 10

Provide and consider reports on departures from contract mobilisation plans and the associated risks.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 11

Provide a clear summary to elected members of variations and new rates, the reasons for these and the financial impact (quantifying it against the original tender or the latest activity information) in order to inform the value for money assessment and ensure compliance with Contract Procedure Rules.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 12

Monitor compliance with the revised Contract Procedure Rules for variations.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 13

Establish clear standards for documentation of contract management procedures and monitor compliance.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 14

Introduce an effective performance management system from the start of a contract.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 15

Undertake regular tests on the accuracy of performance information reported.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 16

Establish and implement clear procedures for identifying risks and escalating them through departmental and corporate risk registers.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 17

Ensure significant risks are reported promptly to elected members.

**Responsibility**

**Priority**

**Date**

**Comments**

## Recommendations

### Recommendation 18

Ensure elected members receive and consider the full reports for all 'Gateway' reviews to enable them to understand fully the risks facing the Council and agree corrective action.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 19

Agree for all procurements the arrangements for collating on a routine basis the financial and performance information needed to evaluate the effectiveness of the procurement exercise.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 20

Consider the results of the fundamental review of Internal Audit at elected member level and agree corrective action.

**Responsibility**

**Priority**

**Date**

**Comments**

### Recommendation 21

Review at elected member level the adequacy of existing arrangements for receiving and considering concerns from whistleblowers and for agreeing corrective action.

**Responsibility**

**Priority**

**Date**

**Comments**

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