

Carmarthenshire County Council

INTERNAL AUDIT REPORT

**MID AND WEST WALES FIRE AND RESCUE
SERVICE
PROCUREMENT REVIEW
2007/2008
FOLLOW UP**



1. INTRODUCTION

1.1 Background

Carmarthenshire County Council provides Internal Audit Services to the Mid and West Wales Fire and Rescue Service (MWWFR), through an Audit Plan agreed annually with representatives of the Service. The 2007/08 Plan provided for 35 Internal Audit days.

It was agreed with the Director of Finance and Procurement that we would undertake a follow up review of the Procurement review that was undertaken in 2007-08 to ensure that the action plan had been implemented.

1.2 Audit Objectives

- To ensure that the action plan of the Procurement review 2007/08 has been implemented.

1.3 Scope of Work

- To evaluate the adequacy of the current Procurement procedures;
- To undertake testing to ensure action plan has been fully implemented.
- To ensure roles and objectives are clear;

2 FINDINGS

General Opinion

2.1 Procurement Policies and Procedures

The Authority should continue to ensure that the policies and procedures linked to procurement are robust particularly with the increased budget pressures and the need to ensure value for money.

There were 8 recommendations identified in the 2007/08 procurement report and it was agreed that Internal Audit would undertake a follow up review to ensure that the action plan had been implemented. The findings were as follows.

R1. The Authority Procurement Policy is still in Draft. It is acknowledged collaboration is ongoing and proposed Welsh National Fire and Rescue Strategy is to be launched

The All Wales Fire and Rescue Service Procurement Strategy was finalised in October 2008. The Authority's Strategic Procurement Board is in the process of reviewing the All Wales Strategy, which will be used as a basis to draw up an action plan to reflect priority areas. This is envisaged to be completed by September 2009.

R2. There are various procurement values and associated conditions within Contract Standing Orders, these have been in place for some time and certainly some of the values appear low and may not be compatible with other Fire Authorities.

The Strategic Procurement Group on the 20th October 2008 agreed the revised procurement thresholds; Contract Standing Orders were amended and these were ratified by the Fire Authority on the 1st December 2008.

These revised values were circulated to all Managers and incorporated into ongoing training provided by the procurement Section. The Authority Intranet and Internet have also been updated.

R3. The current authorisation limit on the e –procurement system differs to the limit stated in the standing orders, the £10k level is more than authorised in Contract Standing Orders.

No further action needed. It has been agreed that the current limit will be acceptable and will remain on the e procurement system

R4. Currently, the onus is on the manager to ensure that they comply with the procurement conditions within Contract Standing Orders as no compliance checks are undertaken centrally.

This recommendation has not been addressed. Internal Audit have provided Ledger Prints to the Head of Procurement to enable them to review expenditure over various thresholds and to undertake compliance checks.

R5. Testing highlighted that not all procurement arrangements had complied with standing Orders, often documentation was not available to support actions undertaken and exemption procedures were not followed. This action could put the Authority under risk of challenge from an unsuccessful tenderer or being unable to evidence value for money has been obtained.

Contract Standing Orders have been updated and the overview presented to managers on the Strategic Procurement Group, together with the training should ensure that all departments comply with procurement arrangements. Exemption procedures are now fully operational.

Internal Audit will undertake further compliance testing of this area during 2009 -10.

R6. It is acknowledged that significant improvements have been made to the development of the Authority contract register, but departments were unclear of what should be included in the register.

The Register has been continually updated, and Departments are now working with Procurement on a programme to update the Register.

R7. The approved list of contractors maintained by the property Services Department has not been reviewed. This issue was raised by Wales Audit Office in their report. The Premises Manager confirmed that this procurement area is likely to be reviewed and re-tendered in the near future.

The Estates Department and the Procurement Department have been working together to improve procedures. Neighbouring Council Authorities have been contacted to identify best practice and the Newport City Council model has been adopted for a trial period. This means that a list of suppliers is being established based on the Nationally approved "Constructionline" database.

Internal Audit will undertake further compliance testing of this area during 2009 -10.

R8. The TVAC contract for the purchase of appliances (TVAC). The total value of the contract was £2.2m and was part of the collaboration between the 3 Welsh Fire & Rescue services. North Wales fire had been nominated as the Lead Authority. There appeared to be a delay in the delivery of the appliances, documentation held by the Transport Manager was incomplete and it was unclear if the information available related to the specific contract.

Procedures have been amended which should strengthen control and reduce the risk of a similar action from occurring.

In line with Corporate Procurement Strategy / Welsh Fire and Rescue Service Strategy robust Contract conditions will be agreed prior to any future vehicle procurement exercise or an agreed framework utilised.

It should be noted that M&WWF&RS will lead on the next Welsh collaborative vehicle procurement exercise in 2009/10.

Overall risk should be reduced through early involvement and support of the Procurement staff.

ACTION PLAN – RECOMMENDATIONS

Ratings

- *** Recommendation should be introduced as a high priority
- ** Implementation is strongly recommended
- * Implementation of recommendation is desirable to comply with best practice guidance

Ref	Summary of Issues	Recommendations	Rating	Comments / Agreed Action	Officer Responsible	Target Date
R1	<p><u>R4. Currently, the onus is on the manager to ensure that they comply with the procurement conditions within Contract Standing Orders as no compliance checks are undertaken centrally.</u></p> <p><i>This recommendation has not been addressed. Internal Audit have provided Ledger Prints to the Head of Procurement to enable them to review expenditure over various thresholds and to undertake compliance checks.</i></p>	Periodic Compliance checks should be undertaken to ensure adherence to Procurement Rules.	***	Action undertaken		

Formatted: Tabs: 36 pt, Left

Formatted: Indent: Left: 0 pt