

Glasgow City Council Internal Audit Section Committee Summary

Item 2(c)

26th March 2025

Corporate Review – Procurement - Contract Expenditure Controls

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the arrangements in place relating to the management of contract expenditure.
- 1.2 The Council, as a public sector body, must ensure its funds are appropriately spent. As such, procurement of any works, goods or services required by the Local Authority must be conducted under strict procurement rules.
- 1.3 The overarching governance document in place is the *Standing Orders Relating to Contracts*, which were approved by the City Administration Committee (CAC) in 2022. The Standing Orders must be adhered to by all services, including the Corporate Procurement Team (CPU) and client departments, and should be used in conjunction with the Scottish Government Procurement Journey and the Council's Corporate Procurement Toolkit.
- 1.4 When procurement contracts are awarded at predetermined maximum values, arrangements to monitor spending are required to ensure that expenditures do not exceed the amounts established at the time of the contract award. All contract approvals, whether arising from frameworks or standalone tenders, including Single Supplier Justifications (SSJ's), must adhere to specific authorisation thresholds. If the spending surpasses these thresholds, it could lead to non-compliance with the Council's Standing Orders and procurement regulations, as the contract would have potentially required a higher level of approval from the outset.
- 1.5 The objective of this audit was to gain assurance that there are adequate controls in place for the management of procurement contract spend, including the specified maximum values and justifications and that these are operating effectively. The audit included a review of the key controls in the following areas:
 - Policies, procedures and roles & responsibilities;
 - A sample of contract awards to verify the final spend value;
 - The approval process and threshold levels;
 - Single Supplier Justifications and Rejections;
 - Monitoring and reporting arrangements;
 - Management of expenditure; and
 - Record keeping arrangements to maintain an adequate audit trail.

2 Audit Opinion

2.1 Based on the audit work carried out, a satisfactory level of assurance can be placed upon the control environment.

3 Main Findings

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| <p>3.1 We can report that key controls are in place and operating effectively. The procurement process, including the requirement to obtain necessary approvals and ensuring compliance with financial thresholds, is functioning as intended. Reporting requirements are appropriately adhered to, and the different procurement routes are well understood by all relevant officers.</p> <p>3.2 Through sample testing of 10 live contracts, 10 expired contracts and three SSJ's, we assessed compliance with the defined procurement criteria. Our findings indicated that for all contracts reviewed, the necessary approvals had been obtained, and the procedures outlined in the <i>Standing Orders for Contracts</i> were followed. Contract awards were appropriately documented, aligned with financial thresholds and that the final contract value did not exceed these (where applicable). Additionally, record-keeping processes were found to be reliable, ensuring an adequate audit trail to support procurement activities.</p> <p>3.3 We also found that there are appropriate arrangements in place to monitor contract expenditure. We noted that the <i>Standing Orders Relating to Contracts</i> contains a provision regarding contract usage, and that the CPU maintain a range</p> | <p>of documents and tools that focus on contract monitoring, including the management of contract expenditure.</p> <p>3.4 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.</p> <p>3.5 We would like to thank officers involved in this audit for their cooperation and assistance.</p> <p>3.6 It is recommended that the committee note the content of this report.</p> |
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