

Glasgow City Council Internal Audit Section

Committee Summary

Chief Executive's Department and Neighbourhoods, Regeneration and Sustainability – Mini Comp B Process

Item 6 (a)

18th September 2024

1 Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of the Mini Comp B (MCB) process in operation by Neighbourhoods, Regeneration and Sustainability (NRS).
- 1.2 The MCB process was developed to allow NRS to award contracts for specific low value works and reduce the involvement of the Corporate Procurement Unit (CPU) under the Council's Construction and Trades framework. Following agreement with the CPU, seven lots were deemed suitable for NRS to independently carry out mini competitions for specific works. An MCB tool was developed by the CPU which allows NRS to rank suppliers based on their tender returns against the established criteria set out in the framework.
- 1.3 The objective of the audit was to ensure that there are adequate controls in place and that the MCB process is operating effectively to ensure that contracts are awarded to the correct supplier in accordance with the contract evaluation criteria. The scope of the audit included:
 - Documented procedures covering the MCB process and supporting documents.
 - Roles and responsibilities of all key parties involved.
 - A walk-through of the process to ensure the tool is working as intended and identify potential gaps in control and/ or emerging risks.
 - Training requirements for relevant staff.
 - Checking a sample of MCB exercises for compliance with the process and evaluation criteria.
 - Approval arrangements.
 - The manual override process.
 - Record keeping arrangements.
- 1.4 Our review focused on MCB's carried out within the Council's Construction and Trades framework contract, which was in place between August 2019 and December 2023. This has now been succeeded by the new Civils and Infrastructure framework. We were advised on conclusion of our fieldwork that the CPU have developed new scoring calculators to reflect the lots and suppliers under the new framework and that communications were ongoing between the CPU and NRS to finalise the new framework's MCB process, and to update procedures and guidance for relevant staff.

2 Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and one recommendation and one service improvement which management should address.

3 Main Findings

- 3.1 A number of key controls are in place and generally operating effectively. The CPU provided users with documented guidance on how to use the calculator tool as well as guidance on the overall Construction and Trades Framework, which included the MCB process and advised when this was appropriate and details on the relevant lots and thresholds. The guidance is appropriately retained within a shared space and assessable to all relevant staff.
- 3.2 We noted that the MCB process and selection tool is working as intended and applies the evaluation criteria and terms and conditions of the Construction and Trades framework. We also observed that reasonable arrangements are in place to reduce the risk that the selection tool formulae and background data can be amended by users, and any updates to the tool or data held within are applied by the CPU officers only.
- 3.3 Although there are no formal MCB training arrangements in place, we observed that relevant staff demonstrated a sound understanding of the process. In addition, officers received adequate training through peer support and on-the-job training.
- 3.4 However, our audit testing found some areas where improvements should be made. Through sample testing of 20 MCB procurement exercises, we found areas of non-compliance with the arrangements in place. Full details of these are recorded at Recommendation 1 of the Action Plan.
- 3.5 We also found that although the NRS MCB guidance notes that the GR20 payment process (which includes additional controls) should be used, some officers involved in the payment and approval of expenditure process were not aware of these arrangements.
- 3.6 As noted, we established that guidance and supporting documentation have been produced covering the MCB process. From review we found these to be satisfactory and outline the key elements of the process. However, to promote best practice and to assist in the development of the new framework guidance, some additions to these could be made.

These include the addition of Tender Status options definitions.

- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation and one service improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	1

- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: The MCB process is used in accordance with documented guidance and procedures and is adhered to by staff.				
1	<p>Through sample testing of the 20 MCB exercises, we noted several areas of non-compliance:</p> <ul style="list-style-type: none"> Ten cases where we were unable to evidence that an Initial Procurement Assessment (IPA) document had been appropriately completed and approved by the budget holder and Finance. Eight cases where we could not confirm that all required tender documents had been issued. One case where the calculator tool could not be provided, therefore we could not evidence that it had been updated as expected. One case where evidence of the award letter issued could not be provided. Seven cases where the required CR1 finance approval form could not be provided as evidence. Five cases where a copy of the CR1 form was obtained, however no 	<p>NRS Management should remind staff of the importance of adhering to the MCB process and procedures in place. In addition, that supporting documentation must be appropriately retained for audit purposes.</p> <p>Management should also ensure that for the instances identified that these are adequately reviewed, and arrangements made to address the issues found (where applicable).</p> <p>Management should introduce sample checks to ensure that officers are adhering to the MCB process and details of these checks should be retained.</p>	Medium	<p>Response:</p> <p>Accepted. NRS will remind staff involved in the MCB process about the procedures in place and will address the instances identified.</p> <p>NRS will also introduce sample checks to ensure that officers are adhering to the MCB process and the fact that details of these checks should be retained.</p> <p>Officer Responsible for Implementation:</p> <p>NRS Client Procurement Officer</p> <p>Timescales for Implementation:</p> <p>31 December 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>evidence of approval from the budget holder or Finance could be provided.</p> <ul style="list-style-type: none"> Five cases where the MCB tracker had not been appropriately updated. Missing or incorrect details, for example successful supplier and tender status details were observed. <p>We also found that although the NRS MCB guidance notes that the GR20 payment process (which includes additional controls) should be used, some officers involved in the payment and approval of expenditure process were not aware of these arrangements. This resulted in three cases where the GR20 process was not followed.</p> <p>Failure to adhere to the key procedures in place increases the risk of inconsistent practices occurring and errors being made.</p>			

No.	Observation and Findings	Service Improvement	Management Response
2	<p>Guidance and supporting documentation have been produced covering the MCB process. From review we found these to be satisfactory and outline the key elements of the process.</p> <p>However, to ensure best practice some improvements could be made to the new Framework guidance, including the following:</p> <ul style="list-style-type: none"> • Definitions of the Tender Status options, which are required to be recorded on the MCB Tracker. • Clarification of when each status type is applicable to ensure the tracker accurately reflects the situation. • Version Control. 	<p>NRS Management in conjunction with CPU should consider including the elements noted in the new Framework's guidance which is currently being developed.</p>	<p>Response:</p> <p>Accepted. NRS will consider including these elements into the new guidance that is currently being drafted.</p> <p>Officer Responsible for Implementation:</p> <p>NRS Client Procurement Officer in conjunction with CPU.</p>