Glasgow City Council Internal Audit Section
Committee Summary
Corporate Review – Procurement – Contract Management

Item 5(a)

17th September 2025

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1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of the contract management arrangements in place within the Council for non-social care contracts.

1.2 Glasgow City Council, as a public sector body, must ensure its funds are spent appropriately. As such, procurement of any works, goods or services required by the Council must be conducted under strict procurement rules. The Council has Standing Orders Relating to Contracts in place and these must be adhered to by all services, including the Corporate Procurement Team (CPU), and used in conjunction with the Scottish Government Procurement Journey and the Council's Corporate Procurement Manual and Toolkit.

1.3 A key procurement requirement is contract management. Contract management is conducted to monitor suppliers/contractors' performance throughout the lifetime of the contract to make sure that they perform to the quality, service, cost and delivery identified in their original tender submission.

1.4 The council follows a segmented, shared ownership model, in relation to the management of its contracts. This means certain types of contracts, predominately construction and ICT, require a significant level of day-to-day operational management by the relevant department/section. For example, under the terms of construction New Engineering Contracts (NEC), the client must assign a Project Manager to administer the contract, and this responsibility resides with Neighbourhoods, Regenerations, and Sustainability (NRS). The CPU has responsibility for the overall contract management of all non-social care contracts, in line with the Council's contract management procedures and processes.

1.5 The purpose of the audit was to gain assurance that contract management arrangements are being undertaken as expected, the performance of external contractors / suppliers is adequately monitored, and where significant issues are identified, appropriate action is taken.

The scope of the audit included the following areas:
- Documented contract management policies and procedures.
- Roles and responsibilities in relation to contract management.
- Walk-through of contract management processes.
- Staff training.
- Evaluation of monitoring processes.
- Sample testing of contracts to verify compliance.
- Actions taken for issues or service deficiencies.
- The Contract Management Register.
- Record-keeping arrangements

1.6 A sample of 20 contracts was selected for review:
- 17 contracts managed by the CPU.
- 3 construction contracts operationally managed by NRS.

Final contract values were not assessed as part of this review. This was covered in a previous audit that was reported to the Finance and Audit Scrutiny Committee in March 2025.

2   Audit Opinion

2.1   Based on the audit work carried out a limited level of assurance can be placed upon the control environment. The audit has identified scope for improvement in the existing arrangements and four recommendations which management should address.

3   Main Findings

3.1   Contract Management policies and procedures are well documented within the Corporate Procurement Toolkit and are readily available and accessible to all staff. The Contract Management Register is regularly reviewed, updated quarterly, and the data is accurate and consistent with live contract lists.

3.2   For the sample of three construction contracts, we observed adequate contract management practices are in place relating to the oversight of these contracts with appropriate, continuous on-site monitoring and reporting in operation. We noted that these contracts are managed with the same level of scrutiny and that there are escalation arrangements in place, should an issue be identified by either the Council or by a contractor. NRS inspectors conduct regular site visits to monitor ongoing work, and regular meetings take place to discuss key elements of the works and/or emerging issues. Officers record activities such as work progress, staff presence, materials delivery, and generate reports after each visit. These reports include descriptions of completed work, any issues or disputes, weather conditions, and photographs taken during the inspection, which are then sent to the project manager. For all three construction contracts in our sample, evidence confirmed that all arrangements had consistently taken place as expected.

3.3   When issues arise with a supplier or their goods, the service user is expected to address the matter directly with the supplier in the first instance. If the issue remains unresolved, the service user is required to complete a Non-Conformance Report (NCR) and submit it to the CPU. The CPU then acts as part of contract management, which may include further discussions with the supplier or assessing the supplier's suitability for future contracts.

3.4   For non-construction contracts managed by the CPU, there are appropriate arrangements in place for classifying contracts into high, medium, or low risk. This process involves completing a Contract Management Assessment Tool (CMAT), which assigns scores to each contract based on criteria such as contract value, political or reputational risk, market factors, and complexity. The individual scores are then totaled to produce a cumulative score that determines the contract's management level, which differs between the different levels, for example, contracts classified as low risk are not required to undertake performance review meetings. However, it was noted that there are areas where improvements could be made. CMAT forms are not always completed correctly, and the contract management arrangements identified from the CMAT assessments are not consistently being implemented as intended.

3.5 Supplier Performance Review Meetings are required to be held either biannually or annually, depending on the classification of the contract determined by the CMAT. These reviews are a key component of contract management used to monitor supplier performance, address issues, and ensure contractual obligations are being met. However, no evidence could be provided to demonstrate that any of the required scheduled performance review meetings had taken place for the sample selected (where applicable).

3.6 The Development Team and the three Strategic Teams, operating within the CPU, are involved in the supplier performance meeting process. The teams share responsibility for ensuring that meetings are properly arranged and followed up on. The Development Team is responsible for notifying the contract owner within the relevant Strategic Team when a meeting is due, after which the contract owner is expected to arrange the meeting with the supplier. However, no evidence could be provided to confirm that these notifications were reliably communicated for our sampled contracts, nor any evidence to suggest that, if communicated, the Strategic Team scheduled any meetings. Additionally, if meetings are not scheduled or held as planned, the issue is not then escalated, and there is no formal process in place within the CPU to track, manage, or follow up on such instances.

3.7 There is no established formal training in place for officers within the CPU involved in contract management beyond the initial induction. Instead, training is conducted on an ad-hoc basis when staff seek guidance or clarification.

3.8 Although the Contract Management Register is appropriately updated quarterly by the Development Team and stored in EDRMS, all officers within the CPU currently have unrestricted editing access rather than view-only access.

3.9 An action plan is provided at section four outlining our observations, risks and recommendations. We have made four recommendations for 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.	2
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.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

3.10 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.11 We would like to thank officers involved in this audit for their cooperation and assistance.

3.12 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 contract risk-level classification process is carried out as intended.				
1	While the CPU has established guidance on the completion of the Contract Management Assessment Tool (CMAT), we noted that, out of the 17 sampled non-construction contracts, there were instances where the required forms were not completed correctly, or they were not provided: • In six cases, the CMAT documents were not completed correctly. – In two of these cases, the sum of individual scores and the total score did not match. – In four cases, the total score from the CMAT did not align with the risk level assigned to the contract, and the override option to adjust the risk classification was not selected. • For five contracts, the CMAT was not provided. CPU management could not provide an explanation for this and advised that CMAT tool was not being consistently applied by officers within the team.	CPU management should: • Develop a process to monitor and ensure all relevant officers comply with the CMAT completion requirements, including ensuring that individual scores, total scores, and risk classifications are accurately calculated and recorded, and that the override option is appropriately applied. • Consider incorporating this process into the training requirements outlined in recommendation 3 and as part of the documented contract management procedures. • Review and correct the CMAT forms for the contracts identified during the audit as having discrepancies or incomplete documentation.	**High**	**Response:** Accepted. CMAT completion will be added as a mandatory approval to the project plan. CMAT completion will be included in the contract and supplier management training. Retrospective review will be conducted on sampled CMAT forms with any discrepancies being rectified. **Officer Responsible for Implementation:** Development Procurement Manager and Operational Procurement Manager **Timescales for Implementation:** 31 October 2025

We also observed that there is currently no process in place to verify the accuracy and completeness of the CMAT assessments as part of the contract management arrangements.

Where the CMAT forms are not completed correctly or are missing, there is an increased risk that contract risks may be misclassified. This could result in inadequate oversight of contracts and undermine the effectiveness of the risk management process.

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Contract management arrangements and processes are undertaken in line with policy and procedures.				
2	Supplier Performance Reviews are a key component of contract management. They are used to monitor supplier performance, address issues, and confirm that contractual obligations are fulfilled. Based on the score obtained through the CMAT, contracts are classified as high, medium, or low risk. Performance review meetings are scheduled either biannually for high-risk contracts or annually for medium-risk contracts. Low-risk contracts do not require performance review meetings; instead, an end-of-contract survey is conducted to assess overall performance. Of the 17 CPU-managed contracts in our sample, 13 required performance review meetings; however, no evidence could be provided to support that any of the performance meetings had taken place and management are currently unable to provide an explanation for this. The remaining two contracts were classified as low risk and, therefore, did not require performance review meetings. The Development Team is responsible for notifying the Strategic Team when supplier	CPU management should establish a routine process to confirm and document that Supplier Performance Review meetings are taking place when scheduled. They should also develop a clear escalation process for instances where scheduled meetings are missed. This should be documented in the contract management procedures.	**High**	**Response:** Accepted. Scheduled CSM Meetings will be added to individual 1-2-1 documents. Any scheduled meetings not completed will be added to the monthly Governance Report. Contract management document will be updated to reflect this change in process. **Officer Responsible for Implementation:** Development Procurement Manager and Operational Procurement Manager **Timescales for Implementation:** 30 November 2025

performance meetings are due. However, if meetings are not scheduled or conducted as planned, this issue is then not escalated, and there is no formal process to address, follow up, or track such occurrences.

The absence of documented performance review meetings increases the risk that supplier performance issues may be missed or unresolved, and that contractual obligations may not be effectively monitored or enforced. Additionally, a lack of oversight could impact the quality of supplier delivery and the achievement of contract objectives.

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Procurement staff have received relevant training in relation to Contract Management processes.				
3	There is no formal, structured training program in place for officers within the CPU involved in contract management beyond their initial induction. Refresher training is also not in place, with training only conducted on an ad-hoc basis when staff seek guidance or clarification. The absence of structured and ongoing training increases the risk that officers may not consistently apply current policies, procedures, and best practices. This could lead to variations in contract oversight and reduce overall compliance effectiveness. .	CPU management should introduce a more structured approach to training. This could include periodic refresher sessions for all officers involved in contract management to help ensure relevant officers remain familiar with current procedures.	**Medium**	**Response:** Accepted. Refresh training will delivered to the full team and optional annual refresh training will be available. **Officer Responsible for Implementation:** Procurement Development Manager **Timescales for Implementation:** 30 November 2025

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Access rights to the Contract Management Register are adequately restricted					
4	The Contract Management Register, which serves as a centralised record of all active contracts and related information, is reviewed and updated quarterly by the Development Team within the CPU and stored in EDRMS. However, all officers within the CPU currently have unrestricted edit access to the register, rather than view-only access. The current arrangements increase the risk of unauthorised or unintentional modifications to the register, which could compromise data integrity and lead to inaccuracies in the record of contract management activities.	CPU management should implement access controls by assigning view-only permissions to all officers within the CPU, with edit privileges restricted to designated staff.	**Low**	**Response:** Accepted. CSM register will now have restricted view only access to the CPU Strategic teams. **Officer Responsible for Implementation:** Procurement Development Officer **Timescales for Implementation:** 31 October 2025