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

Item 8(c)

19th August 2026

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of compliance with the procurement processes in place for the award of two recent contracts (Enterprise Resource Planning Replacement [ERP] and SAP 3rd Party Support).

1.2 The procurement of any works, goods or services required by Glasgow City Council (the Council) must be conducted under strict procurement rules to achieve maximum efficiency, effectiveness and value for money. The Sustainable Procurement Strategy plays a pivotal role in supporting the Council's Strategic Plan. The Sustainable Procurement Strategy was approved by the City Administration Committee on 23 March 2023.

1.3 The Corporate Procurement Unit (CPU) has responsibility for procuring goods, services and works for specific commodities detailed within the CPU commodities list. Commodities not owned by the CPU are procured by Service departments or partner organisations.

1.4 The purpose of the audit was to gain assurance that procurement arrangements are in place and that these arrangements are being followed. The audit included a review of the key controls in the following areas:

- Documented policies, procedures and guidelines
- Communication arrangements
- Arrangements for confirming project funding prior to commencing procurement activity
- Assessment of estimated contract values
- Document retention
- Tendering exercises and contract awards arrangements, including approvals where no competitive action has been taken
- Alignment with the Council's Strategic Plan
- Stakeholder Engagement

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 two recommendations which management should address.

3 Main Findings

3.1 We note that some key controls are in place and generally operating effectively. We verified that both the Sustainable Procurement Strategy and Standing Orders Relating to Contracts which are in place have been suitably approved and the thresholds are consistent with the relevant procurement legislation. A Procurement Toolkit is in place to provide procedural guidance to CPU staff. For both procurement exercises reviewed, Financial Services had a business case in place which was appropriately authorised. CPU retain responsibility for each procurement exercise and provide guidance and support to the instructing Service at each stage of the procurement exercise.

3.2 Contract values are ultimately set by the market. For both contracts reviewed, the Service undertook suitable measures to gather indicative costs. As part of the Initial Procurement Assessment (IPA) completed by the Service and submitted to the CPU, confirmation of funding is requested and should be documented. We were able to verify that for both procurement exercises reviewed there was evidence that funding for the contract was in place.

3.3 Each procurement exercise is required to demonstrate alignment with the Council's Strategic Plan and we were able to verify this for both procurement exercises reviewed. Although a direct award was not used for either of the contracts awarded, the processes to be followed should a direct award be necessary are documented within the Council's Standing Orders Relating to Contracts.

3.4 Appropriate engagement with stakeholders took place at the early engagement, tender development and contract award stages for both procurement exercises reviewed. This includes the use of an external consultant with sufficient product and market knowledge to guide the scoping and costing of the ERP Replacement contract. Consultations also took place across a range of Services within the Council to determine the requirements from the ERP replacement system.

3.5 However, our testing identified some areas of non-compliance. The CPU Department Champions is a list of Service staff who provide guidance on procurement activity. From review of this list, we identified that 2 members of staff on the list (both from Financial Services) are no longer employed by the Council.

3.6 The documentation required to be retained varies depending on the procurement route used. The CPU is responsible for the retention of records related to procurement exercises which they manage. Project plans are used by the CPU to track and monitor each stage of the procurement journey to ensure that each task is completed as expected, as well as ensuring that the required documentation is completed and retained as appropriate. From the project plan for the ERP Replacement, we reviewed a sample of 17 of the 46 tasks listed and identified 3 areas where the project plan was not followed as expected. From the project plan for SAP 3rd Party Support we reviewed a sample of 15 of the 36 tasks listed and identified 3 areas where the project plan was not followed as expected. Further information is provided in the Action Plan.

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

3.8 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK public sector.

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.

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4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Tendering exercises are undertaken in line with procurement procedures.				
1	We reviewed a sample of tasks from the project plans for the ERP Replacement and SAP 3rd Party Support contracts. Through review of available evidence, we found the following issues: • The ERP Replacement programme was awarded under a mini-competition from the RM5198 Crown Commercial Services Framework. The Commodity Sourcing Strategy was originally prepared on the basis of an open tender procurement and included references to financial vetting. However, as this was then changed to a mini-competition, no additional financial vetting was required. The strategy was not updated to reflect this change. • CPU should receive client approval to proceed to the contract award stage. Although we were able to source evidence of this from the Service, evidence of the approval was not retained within the CPU's records.	CPU Management should remind all staff of the importance of complying with agreed processes and that management should conduct suitable checks to verify that expected evidence is retained within CPUs records. CPU Management should ensure that supporting procurement documents are updated to accurately reflect the requirements of the procurement route undertaken.	**Medium**	**Response: Accepted.** The CPU will conduct quarterly checks as part of their governance process to ensure Project Plans are being fully complete which in turn will support the completion of other procurement associated documents. CPU Management will remind staff of the importance on the accuracy of the finalised documents and will monitor the accuracy when reviewing and approving tender documentation. **Officer Responsible for Implementation:** Recommendation Part 1 – Procurement Development Manager

No.	Observation and Risk	Recommendation	Priority	Management Response
	• Management within the CPU should sign off that a Post Contract Implementation Review has been carried out. This was not formally signed off by a manager on the project plan. • For SAP 3rd Party Support, scoring calculators should be completed by each tender evaluator. The scoring calculator retained by CPU only detailed the scoring by 1 of the 3 evaluators who had scored the tender (although we were able to obtain figures from each individual evaluators). A moderation meeting was carried out, however there was no record held of the discussion or the agreed final scoring. • Client approval to proceed to the contract award stage was not retained within the CPU records. • The Post Contract Award Implementation Review was not formally signed off by a manger on the project plan. If the Council cannot provide evidence that appropriate procurement processes have been followed, there is an increased risk that it may be subject to financial loss or legal challenge.			Recommendation Part 2 – Operational Procurement Manager **Timescales for Implementation:** 30 September 2026

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Staff with procurement responsibilities are correctly identified.				
2	We obtained the list of Service staff who act as a point of contact for procurement advice (CPU Department Champions). We reviewed the list of 15 Service staff and identified that 2 of the employees listed are no longer employed by the Council. If the list of authorised staff is not accurate, there is an increased risk that officers may encounter delays when seeking advice on the procurement of goods and services.	CPU Management should ensure that the CPU Departmental Champions list is updated and is subject to regular review.	**Low**	**Response:** Accepted. Departmental champions list will be updated and reviewed on a recurring basis **Officer Responsible for Implementation:** Procurement Development Manager **Timescales for Implementation:** 30 September 2026