

Audit Findings & Management Action Plan – June 2025

Finding 1	Action		
<p><u>Through analysis of expenditure data and discussion with the Procurement team, we identified potential compliance concerns for 35 suppliers.</u></p> <p>We reviewed expenditure data for 2023/24 and 2024/25 (up to 23rd February 2025) to identify suppliers with whom the council has spent more than the goods and services procurement threshold (£213k). We then compared this to the contract register to identify possible compliance issues. Through this analysis and discussion with Procurement officers, we identified the following common areas of concern:</p> <ul style="list-style-type: none">• There are 13 suppliers that have cumulative spend above procurement thresholds. 11 of these suppliers do not have known contracts. Some of these suppliers provide similar services (e.g. house adaptations) so there may be opportunities to procure contracts at organisational level.• There are issues with 7 suppliers of homelessness services. There are challenges in procuring the homelessness services due to the council’s dependence on government funding and there being limited markets. 6 of these suppliers are not included in the published contract register and have spend above procurement thresholds. Further issues are reported in the separate Temporary Accommodation audit.• There are 5 suppliers with known contracts where expenditure has exceeded the procured contract value. If spend exceeds the procured contract value by more than 10%, the council may be required to re-procure the contract.	<p>The Head of Legal and Democratic Service will raise these issues with Senior Management Board (SMB). If these compliance issues are confirmed, Procurement and SMB will then take appropriate action to resolve the issues.</p>		
	Priority	1	SWAP Reference
	Responsible Officer	Head of Legal and Democratic Services	
	Timescale	31 March 2026	

Finding 2

There are no processes in place to identify spend that does not comply with procurement rules.

At the beginning of the audit, Procurement was not consistently monitoring supplier spend to identify instances where the contract value or the legal procurement thresholds have been exceeded or conducting checks to identify examples of disaggregated spend by services areas to avoid compliance with procurement regulations.

This means there was no independent mechanism for identifying non-compliance that could expose the council to legal and reputational risk.

We analysed expenditure data for 2023/24 and 2024/25 (up to 23rd February 2025) and found that:

- Only 42% of supplier payments were linked to a purchase order
- Only 32% of supplier payments classified as Contract Payment were linked to a purchase order.

Action

The Procurement Manager is implementing a process to monitor spend to improve Procurement's ability to identify instances of non-compliance.

Procurement created a draft procedural note for reporting on breaches and spend sampling testing that was presented by the Section 151 Officer and the Monitoring Officer to SMB. Officers are considering what support is needed for managers before implementing this.

Currently there is no process in place to link purchase orders to contracts. The Head of Legal and Democratic Services will raise this with SMB for them to consider changes to the purchase order process.

Priority	1	SWAP Reference	AP#6513
Responsible Officer	Head of Legal and Democratic Services		
Timescale	31 March 2026		

Finding 3

The financial management system is not set up to allow officers to record expenditure against specific contracts

This means that the Procurement team cannot easily monitor compliance with contract values or procurement thresholds, as reported under AP#6513.

Officers told us that under the new Procurement Act there is a requirement for local authorities to publish specified information about any payment of more than £30k made under a public contract. Without effective systems and monitoring, the council will not be able to meet this requirement.

Action

The council is expecting to implement a new financial management system. The team responsible for implementing the new system have been informed of the new procurement reporting requirements.

The Head of Legal and Democratic Services will take the new procurement reporting specification requirements to SMB to get approval for the requirements to be included in the new system.

Priority	2	SWAP Reference	AP#6634
Responsible Officer	Head of Legal & Democratic Services		
Timescale	31 March 2026		

Finding 4	Action			
<p><u>There has been no regular procurement training for senior management and officers.</u></p> <p>It is a legal requirement for local authorities to comply with The Procurement Act 2023, which replaced the Public Contracts Regulations 2015. The Procurement Act 2023 also introduced a new body, the Procurement Review Unit, which has the power to inspect and issue statutory recommendations to local authorities.</p> <p>There has been no regular procurement training for senior management or officers. Lack of knowledge, understanding and compliance with the regulations could result in the council being fined for breach of the regulations.</p> <p>The Procurement Manager provided procurement training to Heads of Service on 8th May 2025 at their Operational Management Board meeting.</p>	<p>The Procurement Manager will arrange for the training to be given to:</p> <ul style="list-style-type: none">• Heads of Service who did not attend the initial session• officers directly involved in the procurement of goods, services and works <p>Furthermore, the Procurement Manager is investigating how best to;</p> <ul style="list-style-type: none">• introduce a process so that newly appointed Heads of Service and officers responsible for the procurement of goods, services and works receive procurement training promptly• provide refresher training			
	Priority	2	SWAP Reference	AP#6502
	Responsible Officer		Procurement Manager	
	Timescale		31 March 2026	

Finding 5

Our sample testing indicates processes are not followed consistently.

We selected a sample of 5 contracts from the contract register (January 2025) and reviewed their compliance with council procedures, including value threshold and authorisation requirements. We only received information for 4 of the contracts, for which we found the following issues:

Contract Finder

The exemption contracts awarded to 2 of the contractors have not been published on Contract Finder.

Authorisations

The Business Case Endorsement for one of the contracts had not approved in accordance with procurement rules. It was signed by the Service Manager instead of the SMB Member and Portfolio Holder as required.

Raising purchase orders

One contract had a purchase order that did not comply with Financial Regulations because it was:

- Raised upon receipt of the contractor's invoice, meaning there was no commitment in the financial management system.
- Raised for the value of the invoice rather than the total contract value.

Contract Register

- An incorrect contract value has been entered for one contract.
- An incorrect contract type has been entered for one contract.
- The estimated tender value for one of the contracts has not been updated to reflect the actual tender value
- No contract end date has been entered for one contract

Exemption Register

One of the exemption contracts has not been recorded on the Exemption Register

Contract value exceeded no re-tender has taken place

The actual cost incurred for one of the contracts is currently 21% over the tendered cost. Further works have been identified, and additional budget has been requested. In accordance with Procurement regulations, the contract should have been referred to Procurement for approval to vary the contract.

Action

The Procurement Manager will arrange for the identified errors to be corrected where practical.

Procurement only sign off exemption contracts valued above £100k. For these contracts, Procurement will publish the required notices. However, below £100k, Heads of Service provide approval, and they are responsible for making sure Procurement is informed so Procurement can update Find a Tender. This has been incorporated into procurement training for senior management.

Procurement will review the authorisation process for procurements and waivers.

The Head of Service Legal and Democratic Services will ask SMB/Finance to issue a reminder to all e-Procurement users that purchase orders should be raised:

- at the point of engaging a supplier and not after the supplier has provided the goods/service/works
- for the whole value of the goods/service/works contract

The Procurement Manager has now sent out a request to service areas to provide information missing from the Contract Register. This information is not always provided upon request despite Procurement chasing it. Procurement will now escalate to Head of Service, Director, and Head of Legal & Democratic Services when information is not received.

The Procurement Manager will initially look at whether the population of information on the contract register can be improved. Over time, Procurement would like to digitalise as much of this process as possible, but this is a longer-term aspiration.

Procurement covered contract variations in the recent training session with Heads of Service, advising any variations needed should be discussed with Procurement. A further training session on this subject may be necessary though currently there are other topics where training is of a higher priority.

Priority	2	SWAP Reference	AP#6642
Responsible Officer	Head of Legal and Democratic Services		
Timescale	31 March 2026		

Finding 6

The waiver procedures do not clearly show when they need to be referred to Procurement. Data analysis suggests there is common use of exemptions.

Under current processes, Procurement has no involvement where the contract value is less than £100k.

We note that the waiver procedures do not clearly state that the Procurement team must only be consulted and authorise the exemption/waiver contracts where the estimated value exceeds £100k.

We analysed the January 2025 contract register entries for contracts starting in 2024/25. We noted that a high proportion (7 of 11) of contracts valued between £25k and £100k are stated as being exemptions. We have not had time to review this any further, but waivers/exemptions should only be granted in specified circumstances to ensure the council complies with procurement regulations and achieves value for money. The council should consider whether the £100k approval threshold is appropriate.

Action

The Procurement Manager advised that whilst the procedure notes are not specific, the Waiver Approval form clearly sets out the level of authorisation required.

The Head of Legal and Democratic Services and the Procurement Manager will consider whether the £100k threshold be reduced, and how Procurement's oversight of waivers can be strengthened. If changes are needed, the Head of Legal and Democratic Services will discuss this issue with SMB.

Once a decision has been made, any appropriate procedure/form will be amended accordingly.

Priority	2	SWAP Reference	AP#6775
Responsible Officer	Head of Legal and Democratic Services		
Timescale	31 March 2026		