

## 2. Contract Management Audit Report Executive Summary

### Audit Objective

To review the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to contract management.

### Assurance Opinion

#### Satisfactory Assurance

Whilst there is a basically sound system of internal control there are weaknesses which put some of the objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the objectives at risk.

### Number of actions

Priority	Number
High	0
Medium	1
Low/Advisory	3
Total	4

### Audit Approach and Scope

A sample of 9 suppliers was selected by:

- comparing an analysis of supplier spend (extracted from EFins) for the period 1 April 2023 to 12 February 2024 with one for the previous year and identifying new suppliers with spend values over £100k
- reviewing Procurement's computerised records of individual procurements that they have carried out
- reviewing the Council's Contract Database

The scope of the audit included testing of key controls as shown below:

Key controls tested	Assessment	Actions Raised
Responsibility for the contract management		
Records and documentation		<ul style="list-style-type: none"> <li>• Payments to 6 suppliers – lack of contracts and formal tendering process</li> </ul>
Understanding and communicating the requirements of the contract		
Financial management and control		
Performance management		
Contract reviews (internal & external)		
Adapting to change		
Managing risk		
Contract close out		

### Summary and next steps

For the three suppliers I reviewed where there were contracts in place, I found that contract management processes were being followed. However, I found that in 6 cases ECC were making payments totalling over £100k per annum/supplier, where there was no contract in place and no evidence of a formal tendering process (as required by ECC's Procurement and Contract Procedures).

Remedial action discussed and agreed by management to the items raised will be incorporated in the final report a copy of which will be sent to senior management in accordance with the audit reporting structure.