

**Scotland Excel**

**To: Joint Committee**

**On: 21 June 2019**

**Report  
by  
Chief Auditor**

**Internal Audit Report Summary – Contract Management (Award Arrangements)**

**1. Summary**

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Joint Committee.
- 1.2 Internal Audit undertook a review of the arrangements in place to award contracts. This report provides a summary of the work undertaken, the audit findings and the action being taken by management to address the recommendations made.
- 1.3 Appendix 1 provides a summary of the overall assurance rating for the engagement and the number of recommendation in each category, the Committee summary for the engagement is also attached.

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**2. Recommendations**

- 2.1 Members are invited to note the Internal Audit Summary for the Internal Audit review of Contract Management (Award Arrangements).
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# Appendix 1

## Scotland Excel

### Internal Audit Service

#### Summary of Internal Audit Reports issued

Category	Engagement	Assurance Rating	Recommendation Ratings			
			Critical	Important	Good Practice	Service Improvement
Assurance	Contract Management (Award Arrangements)	Substantial	0	0	2	0

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> <li>There is a sound system of internal control designed to achieve the objectives of the area being reviewed.</li> <li>The control processes tested are being consistently applied.</li> </ul>
Reasonable Assurance	<ul style="list-style-type: none"> <li>The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk</li> <li>There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.</li> </ul>
Limited Assurance	<ul style="list-style-type: none"> <li>Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk.</li> <li>The level of non-compliance puts the objectives of the area being reviewed at risk.</li> </ul>
No Assurance	<ul style="list-style-type: none"> <li>Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed.</li> <li>Significant non-compliance with control processes leaves the processes/systems open to error or abuse.</li> </ul>

<b>Recommendation Rating</b>	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

**Internal Audit Report**  
**Scotland Excel**  
**SE - Contract Management Arrangements**  
**(A0008/2019/004)**

**Date: February 2019**

**COMMITTEE SUMMARY**

**Audit Objectives**

The objectives of the audit were to ensure that:

1. Contract awards were approved by officers of the appropriate authority level and Committee as required;
2. Successful tenderers and unsuccessful tenderers were appropriately notified;
3. Standstill rules were complied with;
4. Appropriate evidence of debriefing unsuccessful tenderers was retained;
5. The Contract award notices were issued on required websites/ portals within prescribed timescales.

**Audit Scope**

1. Interviewed the appropriate staff to establish the current system in place for contract awards.
2. Selected a sample of 5 contracts and carried out a series of tests to ascertain that contract awards have been appropriately approved, standstill rules have been complied with and that contract award notices have been issued as required.

**Key Audit Assurances**

1. Contract awards are approved at the Executive Sub Committee who have delegated authority for this task.
2. Tenderers are appropriately notified of the tender outcome.
3. Contract notices are issued on the Public Contract Scotland website and the Supplement to the Official Journal of the EU (Tenders Electronic Daily (TED)) within prescribed timescales.

**Key Risks**

There were no key risks identified during the audit.

**Overall Audit Opinion**

The audit has identified that satisfactory arrangements are in place for the contract award stage of the contracts selected for testing. Recommendations have been made to ensure that evidence of communications with tenderers during the standstill period is retained and that community benefit information is available in the contract award notices.

**Management Commentary**

Management have taken corrective action to address the audit recommendations made.