

**SUBJECT: INTERNAL AUDIT SECTION
CONTRACT PROCEDURE RULES -
EXEMPTIONS**

**DIRECTORATE: Chief Executives
MEETING: Audit Committee
DATE: 23rd November 2017
DIVISION/WARDS AFFECTED: All**

1. PURPOSE

- 1.1 To consider the adequacy and appropriateness of the exemption process from the Authority's Contract Procedure Rules since the last report in December 2016.
- 1.2 To inform the Audit Committee of the number of waivers requested by operational managers and to identify any non compliance with the process or adverse trends.

2. RECOMMENDATION(S)

- 2.1 That the Audit Committee accepts and acknowledges the justifications for the exemptions provided by operational officers.
- 2.2 If the justifications are not accepted, then consideration should be given to calling in the respective operational officer and their respective Head of Service to further account for the reasons why they could not comply with the Council's Contract Procedure Rules at the time of the procurement.
- 2.3 That the Audit Committee receive an updated report in 6 months time to include any further responses obtained by the Chief Internal Auditor.

3. KEY ISSUES

- 3.1 To ensure compliance with the Council's Contract Procedure Rules in the way goods, works and services are procured on behalf of the Authority.
- 3.2 Reassurance that the exemption process from Contract Procedure Rules is operating as intended by managers procuring goods, works or services on behalf of the Authority.

- 3.3 Some operational managers procuring goods, works and services on behalf of the Authority may not be as familiar with Contract Procedure Rules and the exemption process as they should be.

4. REASONS

- 4.1 Council approved the revised Contract Procedure Rules for Monmouthshire County Council in April 2009. This was as a result of a major update of the Council's former Contract Standing Orders which incorporated compliance with the Procurement Strategy.
- 4.2 The previous report was presented to Audit Committee in December 2016. This report covers the period November 2016 to May 2017.

5. EXEMPTIONS - Background

- 5.1 Although the Contract Procedure Rules were written to ensure a consistent and fair approach to how officers procure works, goods and services on behalf of the Council, there will be occasions where full compliance may not be appropriate. Provided there is sufficient justification and appropriate approval for not following these rules then that is permissible within the agreed policy.
- 5.2 Management need to ensure that the use of exemptions is proper and they are not being used for convenience or to avoid following CPRs. Exemptions from CPRs are therefore administered by Internal Audit, although approvals are given by Heads of Service, Chief Officers and or Cabinet Members.
- 5.3 The following table shows the requests for exemptions from CPRs since the revised CPRs were approved by Council.

Period		No' of exemption requests	Cumulative
1 st April 2009	31 st August 2010	41	41
1 st September 2010	31 st August 2011	19	60
1 st September 2011	31 st August 2012	32	92
1 st September 2012	31 st March 2013	10	102
1 st April 2013	31 st October 2013	16*	117
1 st November 2013	31 st May 2014	15	132
1 st June 2014	31 st October 2014	9	141
1 st November 2014	31 st May 2015	33	174
1 st June 2015	31 st October 2015	5	179
1 st November 2015	31 st May 2016	15	194
1 st June 2016	31 st October 2016	13	207
1 st November 2016	31 st May 2017	15	222

* (includes 111a) and 111b))

- 5.4 The majority of exemption forms have been returned to Internal Audit although there are some which are still outstanding so it is not possible to determine whether or not the correct procedures have been followed in all cases.
- 5.5 This process will only capture the exemptions which have been requested via and returned to Internal Audit.
- 5.6 The process is as follows:
- Obtain a sequentially numbered exemption form from Internal Audit
 - Record the reason for requesting the exemption on the form
 - Obtain the appropriate level of approval
 - Return the fully signed off and approved form to Internal Audit

6. EXEMPTIONS – June 2016 to October 2016 [195 - 207]

- 6.1 Of the 13 requested exemptions, 5 were not originally returned to Internal Audit. An update has previously been provided to Audit Committee.

EXEMPTIONS – November 2016 to May 2017 [208-222]

- 6.2 Of the 15 requested exemptions, 9 have not been returned to Internal Audit which means that it cannot be verified that they have been correctly authorised. This is concerning as the expected process is not being properly followed by all managers / Heads of Service.
- 6.3 All officers who request an exemption will be reminded to return the form to Internal Audit by the Chief Internal Auditor.
- 6.4 5 out of 6 returned forms had been appropriately authorised. This is reassuring in that the managers who are aware of the process are following the correct process.
- 6.5 There was some confusion over the submission of Exemption Form 217; the original request was for the procurement of staging for the Summer 2017 events, but when the form was returned to Internal Audit, authorisation had been given to manage the whole events programme. Therefore, the procurement for the staging had not been correctly authorised.
- 6.6 More recently it has also been noted that some managers are sending Exemption Forms to Internal Audit which have not been formally issued

which indicates a weakness in the control environment as the correct process is not being followed.

- 6.7 Although Heads of Service and operational managers were made aware of the revised Contract Procedure Rules at the time, the main concern is that current operational managers may be non compliant because they are not seeking the appropriate exemptions.
- 6.8 A list of all requests for CPR exemptions which have not been returned to Internal Audit will be sent to Heads of Service to chase up a return to the Chief Internal Auditor who will then verify that they have been correctly authorised. The Chief Internal Auditor will then also remind all Heads of Service of the correct procedure to follow when seeking an exemption from the Council's procurement rules.

7. RESOURCE IMPLICATIONS

None.

8. CONSULTEES

Head of Finance

Results of Consultation:

9. BACKGROUND PAPERS

Report to Council 2nd April 2009 – Contract Procedure Rules

10. AUTHOR AND CONTACT DETAILS

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AUDIT COMMITTEE NOVEMBER 2017

CONTRACT PROCEDURE RULES - EXEMPTIONS

APPENDIX 1

**Contract Procedure Rules
Exemption Forms Log**

		Period	Exemption Ref
Report 1	Jan-11	April 2009 to 31 Aug 2010	1 – 41
Report 2	Nov-12	September 2010 to August 2011	42 – 60
		September 2011 to August 2012	61 – 92
Report 3	May -13	September 2012 to March 2013	93 – 102
Report 4	December -13	April 2013 to October 2013	103 - 117
Report 5	July 2014	November 2103 to May 2014	118 - 132
Report 6	December 2014	June 2014 to October 2014	133 - 141
Report 7	July 2015	November 2014 to May 2015	142 - 174
Report 8	December 2015	June 2015 to October 2015	174 - 179
Report 9	June 2016	November 2015 to May 2016	180 - 194
Report 10	December 2016	June 2016 to October 2016	195 - 207
Report 11	November 2017	November 2016 to May 2017	208 - 222

November 2016 to May 2017 [Exemptions 208 – 222]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Requested	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
208	Chris Price	Extension of existing gulley emptying contract which expired 31/10/16 pending re-tender exercise. New contract expected to be in place from 1/4/17.	40,000	CEO	09/11/2016			
209	Craig Williams	To extend the current interim contract to provide service management and practice development support within Children's Services. <i>This looks as though this is a second extension of an original contract which extends for a longer period than the original contract period.</i>	65,000	SCH	10/11/2016	Y	23/11/2016	Urgent and specialised provider
210	Deb Hill-Howells	Redesign work to establish new Abergavenny Community Hub at Town Hall	99,603	ENT	17/11/2016			

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Requested	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
211	Steve Baldwin	Parsons Brinkerhoff used as part of the Consultancy Framework Service. MCC has been using their Geotechnical services for a number of issues on the A466 and we have done various bits of investigation and repair works of which they have detailed knowledge. We have recently completed repairs near to the old Livox Quarry entrance but at some point we may require the road to be realigned and we are in the process of undertaking further investigations to allow this to be investigated.	57,000		21/11/2016			Framework now ended but require consistency of supplier for road repairs.
212	Marie Bartlett	Feasibility study for new swimming pool at Monmouth as part of Alternative Method of Delivery work	70,000	ENT	13/12/2016	Y	14/02/2017	Industry specialist - Alliance Leisure

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Requested	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
213	Craig Williams	Link with 206: extension Specialist fostering consultant for Children's Services. The grounds for the exemption sought are in relation to The Pollen Shop being commissioned on an urgent basis as a 'specialist provider'. The Pollen Shop are being asked to provide 'urgent' additional support, to increase the pool of specialist foster carers in Monmouthshire and to ensure that the full financial and operational benefits of the project are achieved in a timely manner. over 26 weeks from 1-1-7 to 30-6-17	13,200	SCH	14/12/2016			
214	Karen Durrant							

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Requested	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
215	Craig Williams	Further extension of agreement with Back Bone & Heart Consulting Limited to 30/9/17 for provision of interim support for Children's Services teams pending permanent managerial appointments. <i>Original agreement was covered by exemption 192 and this has previously been extended by exemption 209.</i>	62,883	SCH	20/01/2017	Y	12/05/2017	Specialist provider
216	Ian Hoccom	provision of technical and project management services for construction of a 5MV solar farm - Oak Grove Farm Crick	17,500	Resources	23/01/2017	Y	25/01/2017	specialist provider & WG Funding
217	Dan Davies	Staging for series of concerts in Caldicot Castle	36,000	ENT	tbc	N - unsigned, signed copy requested 16/3/17	09/03/2017	Specialist provider
218	Ruth Rourke	External Counters for Countryside Service	30,000	ENT	17/02/2017			

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date Requested	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
219	Paul Keeble	Extension to contract with Alan Griffiths for construction work, phase 2 of the Abergavenny Public Realm scheme	c.300k	CEO-Ops	10/03/2017			First extension of existing contract, specialist provider
220	Mike Moran	2017 Summer Holiday Playscheme	56,400	ENT	16/03/2017	Y	22/03/2017	Specialist provider
221	Roger Hoggins	Contract for cleaning of Tintern public conveniences	5,000	CEO-Ops	03/04/2017			
222	Steve Griffiths	Contract for energy efficiency surveys of houses. MCC has secured WAG grant funding to pay for this work, which must be completed by 30/6/17.	35,000	ENT	10/05/2017			