

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

**DIRECTORATE: Chief Executives  
MEETING: Audit Committee  
DATE: 3<sup>rd</sup> December 2015  
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 July 2015.
- 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 July 2015. This report covers the period June 2015 to October 2015.

#### 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 <sup>st</sup> April 2009	31 <sup>st</sup> August 2010	41	41
1 <sup>st</sup> September 2010	31 <sup>st</sup> August 2011	19	60
1 <sup>st</sup> September 2011	31 <sup>st</sup> August 2012	32	92
1 <sup>st</sup> September 2012	31 <sup>st</sup> March 2013	10	102
1 <sup>st</sup> April 2013	31 <sup>st</sup> October 2013	16*	117
1 <sup>st</sup> November 2013	31 <sup>st</sup> May 2014	15	132
1 <sup>st</sup> June 2014	31 <sup>st</sup> October 2014	9	141
1 <sup>st</sup> November 2014	31 <sup>st</sup> May 2015	33	174
1 <sup>st</sup> June 2015	31 <sup>st</sup> October 2015	5	179
* (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.

Period			No' of requests	Returned to IA	Correctly authorised	Not Required	Not Returned
1 <sup>st</sup> 2014	June	31 <sup>st</sup> October 2014	9	6	6		3
1 <sup>st</sup> November 2014		31 <sup>st</sup> May 2015	33	22	22	N/A	11
1 <sup>st</sup> 2014	June	31 <sup>st</sup> October 2015	6	4	3	2	0

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 2015 to October 2015

6.1 Of the 6 requested exemptions, all have been returned to Internal Audit.

6.2 All officers who requestan exemption will be reminded to return the form to Internal Audit by the Chief Internal Auditor.

6.3 3 out of 4 returned forms had been appropriately authorised. This is reassuring in that the managers who are aware of the process are following the correct process.

6.4 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.

**7. RESOURCE IMPLICATIONS**

None.

**8. CONSULTEES**

Head of Finance

**Results of Consultation:**

**9. BACKGROUND PAPERS**

Report to Council 2<sup>nd</sup> April 2009 – Contract Procedure Rules

**10. AUTHOR AND CONTACT DETAILS**

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## AUDIT COMMITTEE DECEMBER 2015

### CONTRACT PROCEDURE RULES - EXEMPTIONS

#### APPENDIX 1

#### Contract Procedure Rules Exemption Forms Log

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

Exemption 174 has been reported in the current report for completeness

June 2015 to October 2015 [Exemptions 174 - 179]

Number	Requester	Details / comment	Estimated Contract Value £	Directorate	Date	Correctly authorised	Date Returned to Internal Audit	Reason for exemption
174	Steve Lane Area Engineer Highways	Purchase of a lorry (GF12 MXO) adapted for multiple uses. The vehicle has been hired from new, but is now being offered for sale by the hire company.	£20,800 (exc. VAT)	CEO	27/05/2015	N - authorised by senior manager (Tony Wallen) rather than Head of Service (Roger Hoggins)	22/07/2015	Specialist supplier (vehicle is known to us, adapted by us and has been well maintained). Form outlines that its cheaper to buy rather than continue to rent (based on 5 more years use) and that price is competitive for age/mileage.
175	Nikki Wellington/ Simon Kneafsey	1 year contract for IT Consultancy for 21st Century Schools	19,000	CYP	29/06/2015	Y	02/07/2015	Work of specialist nature. Chosen supplier (Agyllisis) has knowledge of MCC and its ICT infrastructure from previous work. Both the SRS and EAS have confirmed that they do not have sufficient resources available to provide this service so an external company is required.

176	Sian Hayward	Wi- Fi for new Raglan Primary School. Wi-Fi needed to allow School to operate appropriately when it opens in September. Wi-Fi was omitted from original tender for School.	tbc	tbc	06/07/2015	DID NOT PROCEED	Informed by SH on 11/8/15 that exemption was not required - contract was subsequently arranged by SRS under TCBC arrangements.	n/a
177	Mark Holley	Computer system - urgent purchase of system that is universally accepted by all insurers. Move to new system tied up with current tender process	tbc	Finance	03/09/2015	Y	01/10/2015	Specialist provider
178	Mark Holley	Insurance tender - to ensure tender is issued and in place prior to 1st October	tbc	Finance	18/09/2015	DID NOT PROCEED	Not required - decision was approved by Single Member & HoF	n/a
179	Debbie Jackson	Purchase of used 17 seater minibus for Gwent Outdoor Centres	17,500	Operations	19/10/2015	Y	29/10/2015	Awarded directly to the supplier for the provision of service on the basis of extreme urgency.