



City and County of Swansea

Minutes of the **Scrutiny Inquiry Panel - Procurement**

Remotely via Teams

Tuesday, 27 July 2021 at 10.00 am

Present: Councillor C A Holley (Chair) Presided

Councillor(s)

P Downing
P K Jones
B J Rowlands

Councillor(s)

V M Evans
L R Jones
M Sherwood

Councillor(s)

E W Fitzgerald
I E Mann
T M White

Other Attendees

Cllr D Hopkins

Officer(s)

Simon Cockings
Chris Williams
Michelle Roberts

Chief Auditor
Head of Commercial Services
Scrutiny Officer

Apologies for Absence

Councillor(s): H M Morris

1 Disclosures of Personal and Prejudicial Interest

Item 5 – Cllrs Mike White, Wendy Fitzgerald, Phil Downing

2 Prohibition of Whipped Votes and Declaration of Party Whips

None

3 Minutes of Previous Meeting

The Panel accepted the minutes of the previous meeting on the 24 June 2021.

4 Public Questions

No public questions were received.

5 The Auditing of Procurement

The Council's Chief Auditor provided a report and attended the meeting. The Panel sent a number of key questions that they asked him to address in his report, they included:

1. Can you outline the role of Audit in procurement in the Council?
2. What is the main guidance for auditing procurement?
3. How do you look at probity, competence, consistency of approach and alignment with the Councils strategies and objectives, and how?
4. Do you look whether the procurement is cost effective and transparent in its practice, and how?
5. Do you also look at how the council ensures it is procuring locally, ethically and greenly where possible, and how?
6. Do you look at whether procurement activities align the Wellbeing of Future Generations Act, and how?
7. How do you Audit joint procurement activity and how?
8. Is the Councils procurement activity also externally audited and by whom?
9. Can you provide the Panel with an example of an internal audit of a procurement activity?

The report supplied will form part of the evidence pack at the end of the inquiry along with the following issues raised in the resulting discussion:

- Audit do not just look at cost alone but also value for money. Cost effectiveness is considered and it is recognised that other criteria not just cost need to be taken into account.
- Audit look at compliance rather than strategic direction. Directors will outline that aspect.
- Schools are audited on a rolling programme, thematic audits on procurement this year due to access restrictions caused by Covid. Most schools are audited on a 3 yearly basis. The audit covers overall financial matters but includes procurement aspects. Overall learning from these exercises are communicated to schools via the schools bulletin. An Annual Audit of Schools report is also completed that is looked at by the Governance and Audit Committee. A copy of this report was appended as an example of work completed when auditing.
- It was suggested by a panel member that schools could be advised to have a sub-committee or standing item on their Finance Committee's relating to Procurement. The Panel heard that this is something that Chris Williams and Helen Morgan Rees are looking at currently, both agreeing that it would be a positive move.
- P Cards very useful as they are audited regularly but schools do not currently use them. This is because they use a different system based around Sims computer system, they have a multi-pay cards and transactions are recorded via a monthly statement that is uploaded onto Oracle on a monthly basis. Audit ensure they have been checked and signed off by the Headteacher, they are tracked. Moving over to P Cards would be difficult as currently there are two computers systems and schools have delegated budgets and responsibility.
- The Panel asked how risk is worked out, especially given recent events with Covid and also where companies go bust. The Panel heard that the procurement process is designed to highlight any risks. With financial due diligence assessed, ethical supplies agreement etc., there is a range of strict criteria in place to assess risk.
- If higher risk is identified then the potential contract is passed to the Finance Department who look at ways of mitigating that risk with for example Bonds.

- The Panel heard that we do have a strong and robust procurement process of which Audit is part. Audit have a rolling programme of audits to check against Contract Procedure Rules. Heads of Service understand the value of these audits.
- We do not currently have external audit and we do not use external/3rd Party risk assessors/providers for contracts. We are provided with software from Welsh Government that provides us with any 'flags' that we need to be aware of. The Panel wondered if this Welsh Government system could also be used to rate Environment and Ethical status too. This would then be of benefit to Local Authorities across the whole of Wales.
- The possibility of including environmental and ethical issues in our internal process was raised. They considered whether it would or should fit into this audit process. They recognised that currently the Councils Audit process is financially based and this would require changes to contract procedure rules. It would require broadening the scope of testing. The Panel will consider this issue further as part of their inquiry. Chris Williams told the panel that he is currently working with Welsh Government on how to improve their directions for Local Government, developing a new centre for excellence and WG are taking a lead on this. Other issues outside of the financial are to be considered as part of this work. He also said that each department has a service plan of which environment and ethical considerations form part.

6 Inquiry Project Plan

The Panel reviewed and accepted their Inquiry Project Plan.

The meeting ended at 10.50 am

Chair