

Shrewsbury Town Council

Internal Audit Report 2019-20: Tenders

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*For and on behalf of
Auditing Solutions Ltd*

Background

All town and parish councils are required by statute to make arrangements for an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Return. Auditing Solutions Ltd has provided this service to Shrewsbury Town Council since 2009-10.

This report sets out the work undertaken in relation to the 2019-20 financial year, during our visit on 10th December 2019, together with the matters arising and considerations for action, where appropriate.

Internal Audit Approach

This undertaking was approved by The Council as part of the five-year strategic plan which was to review the tender and contract management procedures and processes that are implemented by the Council

This programme has been designed to include appropriate assurance that the Council's systems operate in a manner to ensure that contracts are managed and awarded by a fair, unbiased and transparent process and in accordance with the Council's Financial Regulations.

Overall Conclusion

We are pleased report that Shrewsbury Town Council is a primary example for the awarding of contracts. They have a very satisfactory level of management controls, procedures, supporting records and the subsequent publishing of the contracts awarded on the Council website.

We have noted in this report that there are a number of different procedures adopted when going to tender for contracts for the purchase of capital items or contracts approved with companies that operate in or on Council premises.

A sample of these tenders and contracts were reviewed and considerations provided as part of our audit process and for the Council to review so that an appropriate and uniform unbiased awarding of the contracts can be undertaken.

Detailed Report

Review of Contract/Supplier Applications

We have undertaken as part of this review the tenders and contracts processes and looked at a cross section to include project management, play areas, tree work and general maintenance. We have also reviewed the awarding of contracts that generate income for the Council.

To assist in this review process, we have looked at contracts awarded in respect of;

- Solar Lighting
- Triple Flail Mower
- 2 x Stiga 540 DPX
- Radbrook recreation ground
- Roundhill Green play area
- Quarry - Ice-cream
- Sunday Market

We have also looked at the management and processes in respect of tree works and day to day maintenance work.

Review of the Proposals

Our aim here is to ensure that appropriate steps have been considered or taken so that the awarding of the contract is both fair and transparent and that the processes minimise the risk of the Council showing preferential selection.

We noted from our review process that the awarding of the contracts was not necessarily based on price but consideration also covered application and quality of the equipment, being fit for purpose, serviceability, post purchase support including spare parts, aesthetical to the environment and the supplier being 'local' to Shrewsbury.

Tenders and Assessment of these Proposals

The main procedures to enable the assessment of the proposals was for the tender details to be constructed outlining the specifications and this detail to be published on the Shrewsbury Town Council website and on the Government contracts finder website. A time scale for a closure date/response was also given. The tender documentation was also provided and an address label attached so that the proposer could return the application with out their identity being disclosed.

These tenders were subsequently held until after the due date and then opened by nominated members of the staff and the monetary details signed or initialled by the staff opening the tender.

An assessment process was then undertaken and in some instances a scoring evaluation completed which incorporated an initial general overall assessment and then a more detailed

review which provided a scoring level for a comparison to be made of the various companies submitting the tenders.

1. An excellent example of the work undertaken by the Projects Manager and the subsequent evaluation process was the review for the solar lighting that was to be installed in the Quarry. The evaluation included a comprehensive weighted/scoring process and once this had been completed the results were submitted to The Council for a final decision.
2. We also reviewed the tender processes in respect of the play areas and found that there was a comprehensive tender process undertaken which included pre tender site visits and then a specification being placed on the Council web site and the Government contract finder website to enable prospective companies to make application/tender for the work.

[We noted that in some instances the play facilities were the result of S106 monies being given to develop and provide equipment for the community living in the area of the proposed site. These developments are approved by the appropriate Council Committee ahead of any tender being drafted.]

These tenders were subsequently held until the due date and then opened by nominated members of the staff and the monetary details signed or initialled by the staff opening the tender.

An evaluation process was then undertaken and an assessment document completed outlining the individual applicants, play values (Itemised equipment being provided), costs and any pluses or minuses to the proposal. The proposers also provided CAD plans/pictures of the proposed site and what it would subsequently look like upon completion.

When the proposals had been evaluated the Ward Councillor would be invited to review the CAD details and a final decision made on the awarding of the contract.

3. With regards to the tree works there are a number of local companies who provide services to Shrewsbury Town Council and whilst it was not a requirement to get quotes as the values were, in most instances, were less than £5k a comparative evaluation is undertaken and work awarded fairly and appropriately according to circumstances prevailing at the time.
4. In respect of the General Maintenance of assets this includes groundworks, buildings, power supplies, refurbishment and repairs undertaken and it is in many cases smaller value items and requires in many instances quick response times to rectify faults or repair broken equipment. There are a number of local providers and in most cases the work is carried out and where appropriate, allocated fairly.
5. We also evaluated the contracts awarded to companies that make use of Council facilities for their applied trade (end-user contracts). The two contracts reviewed were the Ice Cream contract in the Quarry and the Sunday Market.

In both of these areas the tenders were subsequently held until after the due date and then opened by nominated members of the staff and the monetary details signed or initialled by the staff opening the tender.

The Quarry tenders were reviewed and the details placed on a control sheet and the final decision being made to the 'highest bidder'. The successful party notified and likewise the unsuccessful applicants also notified.

The Sunday Market was also reviewed and the tender processes considered to be completed in a very satisfactory manner with a weighting/scoring of the proposed contractors to evaluate who would be the most appropriate to operate the market.

Overall Review

We have completed a review of the management controls and processes and consider that the Council tenders and the method to publicise the requirements is in a clear and satisfactory manner.

The tenders submitted are subsequently opened and reviewed and as detailed in our report above there are a number of different processes and procedures undertaken to arrive at conclusions so enabling decisions to be made.

We consider that the most satisfactory review of tenders for both supplier contracts and end-user contracts is the weighted/scoring process, which whilst in some areas of the evaluation can still be subjective it provides a score/rating that allows The Council to respond to both the successful and the unsuccessful applicants and have evidence of the areas that formed part of the review process.

We also consider that a review of the current procedures relating to the play areas is reviewed and that some changes are considered so that there is a process more in keeping with the methodology used by Project Management.

- Removing the initial pre tender viewing of the play area, the subject of the tender and instead only providing the appropriate specifications including the square meterage on the Council and Government websites
- Implementing a scoring system in the analysis of the tenders for contracts of the play areas and supplementing the final weighting/scoring documentation in the presentation to the Ward Councillors rather than the CAD pictures.
- Providing in the letter to the unsuccessful applicants their weighting/score and the points awarded for the winning quotation.

With regards to the General Maintenance area whilst it is not always possible to have comparative evaluations, for good housekeeping and maintaining supplier awareness of the Councils requirements to obtain best value it would be prudent to obtain alternative quotes where possible.

We acknowledge that one application/process does not 'fit all' and that there has to be flexibility in any evaluation, however, the weighting/scoring of the larger tenders/applications

would lead to the approval of a contract utilising an appropriate regularised and transparent process.