



**Comhairle nan Eilean Siar**  
**Internal Audit Review**  
**STRATEGIC PROCUREMENT**  
**Final Report –2024/25 -03**

**16 January 2025**

COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT DRAFT REPORT  
STRATEGIC PROCUREMENT

---

CONTENTS

	Page
SECTION 1 <a href="#">EXECUTIVE SUMMARY</a>	1-2
SECTION 2 <a href="#">RECOMMENDATIONS AND AUDIT OPINION</a>	3
SECTION 3 <a href="#">FINDINGS, RECOMMENDATIONS AND ACTION PLAN</a>	4-6
APPENDIX A <a href="#">RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT</a>	7
APPENDIX B <a href="#">DEFINITION OF AUDIT OPINIONS</a>	8
APPENDIX C <a href="#">ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES</a>	9

Date of Visit	November 2024
Draft Report Issued	13 December 2024
Management Response Received	15 January 2025
Final Report Issued	16 January 2025

Issued to:	
Chief Executive	Malcolm Burr
Chief Officer, Law and Governance	Tim Langley
Senior Procurement Officer	Martin Maciver
External Audit	Martin Devenny

## **SECTION 1: EXECUTIVE SUMMARY**

### **Introduction**

1.1 The Report has been prepared following an internal audit review of Strategic Procurement – inc. Revenue Contracts as part of the operational annual internal audit plan for 2024/25. The purpose of the Report is to provide an overview of the Comhairle’s arrangements for the operation and management of Strategic Procurement inc. Revenue Contracts. The scope of the audit included a review of the following objectives:

- Pre-tender and tender stage processes are in place and operating effectively;
- Local and national contracts are utilised as well as contracts available through framework agreements and collaborative working;
- Engagement takes place with suppliers when developing contract specification;
- Consideration is given to community benefits within all contracts, for example, apprenticeships, environmental benefits etc.;
- Commodity strategies are prepared for relevant contracts;
- Processes are in place for the review of contracts during their life and after completion, prior to the decision to re tender a contract;
- Contracts are monitored in terms of performance, costs, value for money and also in areas such as community benefits etc.;
- Robust and transparent methods for calculating savings made through contracts are in place;
- Procurement savings and non-financial benefits are reported to the relevant committee;
- Off contract expenditure is minimised where possible;
- Financial assessments and risk assessments are undertaken for high value contracts; and
- Revenue Contracts.

### **Background Information**

1.2 The Comhairle has policies and procedures in place which set out the requirements in terms of procurement processes and journey. For continuous improvements to be made in this area, departments are required to work closely with the Procurement section. Strong procurement processes within departments and the Comhairle will in turn promote the four main principles of public procurement which are transparency, accountability, fairness and proportionality.

**Concluding Remarks**

- 1.3 Our detailed findings are included in the body of the Report. We would point out that the most significant issue arising from our review which require management attention are:
- The Procurement Steering Group has not been meeting.

## SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

- 2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	1
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	2
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	1

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

- 2.2 Based on the audit work carried out our overall opinion is that a **Reasonable** level of assurance can be placed upon the control environment of the service/area under review.

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

**It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. There are current limitations in place as a result of a cyber-attack on 7 November 2023. This is likely to have limited our access to documentation prior to this date which requires to be acknowledged when considering the contents of the Report.**

Internal Audit  
Comhairle Nan Eilean Siar  
Sandwick Road  
Stornoway  
Isle of Lewis  
HS1 2BW

16 January 2025

**COMHAIRLE NAN EILEAN SIAR**  
**INTERNAL AUDIT DRAFT REPORT**  
**STRATEGIC PROCUREMENT**

---

**SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
H1	<p>Following on from the covid pandemic the Procurement Steering Group has not been meeting. This was previously noted as an area of good practice. Instead, e-mails have been issued to the responsible officers with full details and a nil return is being accepted as approval.</p> <p>There is a high risk that items are not being scrutinised as they should and there is the possibility that emails may not be read within the appropriate times or read at all.</p>	Procurement steering group to be reimplemented physically or virtually.	Agreed	Martin Maciver	31 March 2025

**COMHAIRLE NAN EILEAN SIAR**  
**INTERNAL AUDIT DRAFT REPORT**  
**STRATEGIC PROCUREMENT**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
M1	<p>The procurement department doesn't tend to oversee reviewing contracts. It tends to be the departments that are the contract owners.</p> <p>The departments tend to manage the contract and if there are any issues the department will get in touch with the supplier</p> <p>There may be instances where the supplier does not meet the full contract requirements which may not be picked up by the contract owner.</p>	<p>Basic training regarding responsibility to contract owners and a formal handover for the overseeing of the contract.</p> <p>Feedback to be provided to the procurement department for future contracts.</p>	Agreed; final email to be sent to the contract owner at conclusion of the procurement process.	Martin Maciver	31 March 2025
M2	<p>Not all procurement exercises are undertaken and overseen by the Procurement team. Delegated authority has been given to two other members of staff who do not hold procurement qualifications due to their in-depth knowledge in their field.</p> <p>Risk of processes not being followed through fully or steps being missed especially with changes to the procurement process planned for 2025. Procurement should be involved and have oversight of all procurement activities undertaken by the Comhairle to ensure that all steps are being followed and appropriate documentation is held should it be required for future use.</p>	<p>It should be ensured that everyone with delegated authority has the required knowledge and training to undertake procurement exercises in line with current and future legislation.</p> <p>Procurement should be involved / oversee all procurement done by parties outside the procurement team.</p>	Agreed	Martin Maciver	31 March 2025

**COMHAIRLE NAN EILEAN SIAR**  
**INTERNAL AUDIT DRAFT REPORT**  
**STRATEGIC PROCUREMENT**

<b>GRADE</b>	<b>FINDINGS &amp; IMPLICATIONS</b>	<b>RECOMMENDATION</b>	<b>MANAGEMENT COMMENT</b>	<b>RESPONSIBLE OFFICER</b>	<b>TARGET DATE OF IMPLEMENTATION</b>
L1	Procurement Policy strategy document currently covers the period 2021-23, this should have been reviewed to ensure appropriate updates have been made.	Procurement Policy Strategy to be updated and reviewed on a regular basis.	Agreed; Documents currently under review and being rewritten	Martin Maciver	31 March 2025



## **RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT**

### **Responsibility in Relation to Internal Controls**

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

### **Responsibilities in Relation to Fraud and Corruption**

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

**DEFINITION OF AUDIT OPINIONS AND RATINGS**

The standard definitions for internal audit assurance over an engagement are as follows:

<b>Level of Assurance</b>	<b>Definition</b>
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION