

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	26 June 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Procurement Compliance Audit Update
REPORT NUMBER	CORS/25/170
EXECUTIVE DIRECTOR	Andy MacDonald
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	Mel Mackenzie
TERMS OF REFERENCE	6.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present Committee with the requested update on improvements implemented in relation to Procurement Compliance, following the Internal Audit report considered by the Committee on 28 November 2024.

2. RECOMMENDATION

That the Committee: -

- 2.1 Notes the information in relation to improvements implemented contained within the report and appendices.

3. CURRENT SITUATION

Background

- 3.1 An Internal Audit review was carried out on Procurement Compliance and report presented to Audit, Risk and Scrutiny Committee on 28 November 2024. The report had an overall risk rating of major with limited assurance being taken over the area of assessment. Committee requested that an update report be presented within two committee cycles on the implementation of improvements.
- 3.2 A summary of the key areas for improvement is listed below, the report included 10 recommendations with a moderate risk rating and 16 recommendations with a major risk rating, full details of the recommendations and improvements implemented in response can be found at Appendix 1, all improvements have been implemented and recommendations marked complete.

Improvement Area	Risk Rating	No. Recommendations
Procedures & Governance	Moderate	1
Procurement Checklists	Moderate	1
Delegated Procurement Authority	Major	4
Procurement Documentation	Major	4
Procurement Planning	Moderate	1
Aggregate Spend and Exceptions	Moderate	3
Approvals	Major	3
Contract Notices	Moderate	1
Tenders & Quotations	Major	4
Framework Agreements	Moderate	2
Direct Awards	Major	1
Purchase Orders and Payments	Moderate	1

- 3.3 Engagement has been conducted across the Council in the implementation of improvement activity, including presentation of three minute briefs on key changes/messages to Extended Corporate Management Team (ECMT), development of a communication plan for key procurement messages with key messages issued on changes via the Commercial & Procurement SharePoint site, the ACC Intranet site, by e-mail to delegated procurers and via Teams to Chief Officers/Leadership forum.
- 3.4 In order to monitor ongoing compliance in respect of procurement activity, assurance reporting has been developed around key indicators as per the below with the indicators to be measured at Cluster level, Internal Audit will support the assurance process by conducting a supplier sample twice annually. Procurement Compliance reports will be considered by the Risk Board twice annually.

Assurance Reporting Indicators		
Indicator	Assessment	Detail
Spend Control	(H / M / L)	Off Contract Spend % (against target of 80%)
Compliance Control	(H / M / L)	Volume of Off Contract Suppliers
Ability to Find Savings	(H / M / L)	Spend Control Metrics i.e. Number of Invoices with no PO
Confidence to Deliver Savings	(H / M / L)	Complexity of spend area vs controls in place
Instances of Non-Compliance from Supplier Sample	No.	Any instances of non-compliance identified to be recorded

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations in this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic	Failure to follow procurement processes can impact delivery of strategic aims & objectives.	Policies and procedures are in place and provide assurance on delivery against strategic aims and objectives.	L	Yes
Compliance	Failure to comply with internal procurement regulations and procurement legislation.	Policies and Procedures support compliance ensuring the Council is meeting legislative procurement duties, along with mandatory procurement training for staff.	M	Yes
Operational	Staff are not suitably training for	Mandatory procurement training for staff involved in		

	Procurement Activity.	procurement activity and maintenance of Delegated Procurer register, supplemented with documented guidance & support offers assurance.	L	Yes
Financial	Failure to follow procurement processes can impact delivery of best value.	Performance against savings targets reported on quarterly and on an annual basis within the Annual Procurement Performance report, assurance reporting now includes delivery of savings as a key metric at cluster level.	L	Yes
Reputational	Impact of poor compliance on reputation of ACC.	Regular reporting to Risk Board and monitoring of compliance.	L	Yes
Environment / Climate	Failure to follow procurement processes can impact delivery of strategic aims & objectives.	Policies and procedures are in place and provide assurance on delivery against strategic aims and objectives.	L	Yes

8. OUTCOMES

- 8.1 The recommendations in this report have no impact on the Council Delivery Plan.

9. IMPACT ASSESSMENTS

Assessment	Outcome
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Integrated Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Chief Officer Commercial and Procurement. An assessment is not required as the reason for this report is to provide Committee with an update on the implementation of recommendations from an Internal Audit Report, there will be no differential impact because of the proposals in this report, on people with protected characteristics.
Data Protection Impact Assessment	Not Required
Other	N/A

10. BACKGROUND PAPERS

None

11. APPENDICES

11.1 Appendix 1_Procurement Compliance Improvement Plan

12. REPORT AUTHOR CONTACT DETAILS

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