

Report of the Corporate Director of Economy and Place

Sub-Contracting Arrangements (Civil Engineering) 2015-16 Internal Audit Report Update

Summary

1. This report provides Members with an update following the internal audit report for Sub-Contracting Arrangements (Civil Engineering) 2015-16. A copy of the internal audit report is at Annex 1
2. This report outlines the actions taken to address the issues raised in the report.

Actions within Civil Engineering (Audit Report)

3. Action 1.1 from the report

The Highways and Civil Works service are currently undertaking an exercise with the corporate procurement team in order to put in place preferred suppliers or framework agreements for all required materials and services. On completion of this exercise, the Highways and Civil Works service will retain evidence of their procurement activity. This will be in the form of tender and contract documentation. Contractors selected from framework agreements will be chosen according to performance based criteria. The financial management system will retain the details of the materials and contractor that were used for each job.

Action Taken:

- Mini procurement Competition through Crown Commercial Services, this is a Framework Building Materials and Associated Services 'One Stop Shop' for the supply of Building materials and associated services. The procured supplier can provide Civil Engineering and Highways products based on a regularly used product list. The list is made up of some of the most regularly used

products for the Civil Engineering and Highways team. This contract is in place until the year 11/9/2020.

- Minor civils works are in contract until August 2017; these were procured through a request for quotation process, inviting contractors to submit their rates into a ranked framework.
- Carriageway resurfacing is in contract through North Yorkshire County Council NEC 3 framework. This is a ranked framework with the ability to mini tender within the framework to achieve overall best value.
- Large Patching surfacing is in contract through North Yorkshire County Council NEC 3 framework. This is a ranked framework with the ability to mini tender within the framework to achieve best value. The highways team also have procurement access to surfacing contractors and specialist surfacing contractors, through the West Yorkshire framework.
- Contract details for the surfacing schemes are retained which show the details of the materials and contractor that we use for each job.
- Training for all officers involved in the City of York procurement process and NEC 3 contract procedures has been undertaken and further training for new staff will be given as required.

4. Action 2.1 from the report

The Highways and Civil Works service are currently undertaking an exercise with the corporate procurement team in order to put in place preferred suppliers or framework agreements for all required materials and services. On completion of this exercise, appropriately authorised contract documentation will be retained. A monitoring spread sheet will also be retained by the service, detailing contract values and their expiry dates

- A process for the central retention of contracts and procurement route documentation is being implemented.
- A Central contracts register is maintained by the service and procurement, this ensures that contracts timescales are monitored.

Recommendations

5. Members are asked to note the work undertaken by the service areas to address the audit report actions.

Reason: To update the Committee, following the internal audit report on Sub-Contracting Arrangements (Civil Engineering) 2015-16 .

Council Plan

6. The proposals contained in this report assist with the priority of a Focus on Frontline Services.

Implications

7. **Financial:** There are no financial implications
8. **Human Resources (HR) :** There are no HR implications
9. **Equalities:** There are no equalities implications
10. **Legal:** There are no Legal implications
11. **Information Technology (IT):** There are no IT implications
12. **Property:** There are no property implications

Risk Management

13. The following risks and mitigation have been identified

Risk	Mitigation
Failure to renew contract arrangements in a timely manner	Ongoing monitoring of the central register of contracts with the procurement team.
Procurement does not guarantee value for money	Proactive contract management within the contract to monitor performance and value for money
Procurement process may exclude small and medium enterprises from the process which the Highways Department have traditionally worked with	Highways and Procurement teams jointly delivered supplier engagement sessions, this is part of an ongoing process going forwards.

Contact Details

Author:	Chief Officer responsible for the report:		
Russell Stone Head of Operations Tel. (01904) 553108	Neil Ferris, Corporate Director of Economy and Place		
	Report Approved	✓	Date 11 July 2017
Specialist Implications:			
Wards Affected:			All ✓

Annexes

Annex 1: Sub-Contracting Arrangements (Civil Engineering and Building Maintenance) 2015-16 Internal Audit Report