

**Bridgend County Borough Council**  
**Audit Committee**  
**4<sup>th</sup> October 2006**  
**Report of the Chief Internal Auditor**

**Social Services Transport Contract**

**PURPOSE OF REPORT**

1. To summarise for members the findings of the above audit.

**HOW THE AUDIT AROSE**

2. Following the completion of the tender process for the above contract one of the tenderers felt aggrieved about the conduct of the tender process and wrote in to the Council complaining about the process.
3. This complaint was also copied to a number of elected members, one of whom subsequently utilised the member referral system with a request that, amongst others, the matter be referred to myself.
4. This in itself did not necessarily mean that I would instruct my staff to conduct an audit. The Council has procedures for dealing with complaints and they should usually be the first port of call rather than Internal Audit.
5. However, on seeing management's initial response to the complainant I felt that there were potentially significant issues still unanswered and decided to order an audit investigation.

**BACKGROUND**

6. The contract consists of transport over 85 different routes with a total value of approximately £400,000, and in reality is made up of individual contracts for each routes or groupings of routes.
7. However, UK government regulations which implement EU procurement directives require us to treat these as a single contract and place them through one of the procurement processes allowed by the regulations.
8. In my opinion it is this duality of from one perspective looking like a series of smaller contracts while from another having to be treated as a single contract that is at the root of some of the problems we have identified.
9. Although my report is critical of aspects of the procurement process of this contract it is worth baring in mind that this particular procurement was accompanied by significant rationalisation of routes resulting in a saving of approximately £100,000 p.a.

**FINDINGS**

10. I attach a copy of the internal audit report as an Appendix but I would like to add and emphasise a few points:

- We found no evidence to support the concerns of the aggrieved tenderer.
- Although, the report identifies a breach of contract procedure rules in the failure to notify the Director of Corporate Services of the contracts which were not awarded on lowest price this should be not be taken as suggesting that these contracts should have been awarded on a lowest price basis. Indeed I feel that in this particular type of contract the needs of the client should be paramount.
- That said, it is worth noting that only 11 out 85 of the routes were not awarded to the lowest tenderer and in 2 of those cases the lowest tenderer was overcommitted. In the remaining 9 the overriding complex needs of the clients drove the decision.
- While the audit report identifies a failure to use delegated powers, and this must be learnt from in the future , this seems to be a mistake flowing from the dual nature of these contracts that I have already alluded to .

## **RECOMMENDATION**

11. Representatives of management will be present at the meeting and members are recommended to **note** the report.

**Nyall Meredith**

**Chief Internal Auditor**

Contact officer tel: Nyall Meredith, Chief Internal Auditor, 754901

Background documents:

Audit Reports within the internal audit division.