

## Audit Objective

To provide assurance that the council has appropriate processes in place for managing contracts below £150,000 which ensure compliance with relevant legislation as well as the council's own policies and Contract Standing Orders.

## Executive Summary

	<b>Assurance Opinion</b> 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.	<b>Management Actions</b>	<b>Organisational Risk Assessment</b>	<b>High</b>
		<b>Priority 1</b>	5	Our audit work includes areas that we consider have a high organisational risk and potential significant impact.
		<b>Priority 2</b>	3	
		<b>Priority 3</b>	2	Key audit conclusions and resulting outcomes should be considered by both senior management and the Audit Committee.
	<b>Total</b>	<b>10</b>		

## Key Conclusions

	The council needs to improve existing and develop new oversight and assurance mechanisms for contract management. There is no defined lead officer for strategic oversight of contract management, no internal resource for supporting contract managers, providing training, identifying and addressing poor practice.
	There is no contract management training for staff. While there is some guidance in place, it is not clear if anyone at the council has reviewed or approved it. All but one of the contract managers we interviewed were unaware of available guidance. Also, across the contracts tested we found issues with monitoring of contract performance and contract spend. Four contracts lacked clear performance criteria, penalties or documented performance meetings. Four contract managers who could not or did not provide evidence showing how they monitor contract budgets.
	Across the contracts we reviewed, we found inconsistent compliance with contract variation procedures and non-documented variations and four contracts were not recorded on the council's contract register.
	Three contracts were not signed by both parties. For some contracts it was unclear who is the designated contract manager.
	The council's Contract Standing Orders and Procurement Portal page includes key elements for how contracts should be managed. The Contract Management Plan provides guidance and a template to help contract managers and line managers oversee key aspects of a contract through its daily operations and lifecycle. There is a requirement to notify Legal Services of major procurements and Legal Services keep a record of contracts referred to them.

## Audit Scope

The following areas were reviewed during the audit:

- The availability of guidance documents and training for staff.
- Contract management tasks including regular supplier meetings, monitor the contract spend and monitor the contract term to ensure timely renewals, extensions or retendering.
- A formalised process is in place for managing contract changes.
- Formal evaluations are undertaken upon contract completion to assess performance and capture lessons learned.

We selected a sample of suppliers with recent expenditure between £50k and £150k, reviewed the contracts and met with the contract managers to obtain evidence of compliance with the council's policies and Contract Standing Orders. We completed detailed testing on six contracts. Due to time constraints, we did not test budget allocations.

## Summary

We are providing a Limited assurance opinion. We have identified 10 improvements to strengthen the controls in contract management across the council. These include a need for a dedicated officer to oversee contract management across the council. A structured framework and training should be established to support individual contract managers with contract monitoring, record keeping and compliance with the Contract Standing Orders and other existing guidance. There is a need to produce a comprehensive record of the council's contracts to improve corporate oversight of contracts, and to market test or re-tender the long-term contracts to evidence value for money. Whilst the audit focussed on contracts between £50k and £150k these findings may apply to other larger contracts.

Audit Findings & Management Action Plan – January 2026

<p><b>Finding 1</b></p> <p><b><u>The council has not clearly assigned or articulated responsibility for the strategic oversight and coordination of corporate contract management. There is limited central oversight of contract management.</u></b></p> <p>While we are advised that the Director of Governance is now the corporate lead for contract management, this role and its relating responsibilities have not been clearly defined and documented yet.</p> <p>Reliance is being placed on individual service managers to manage contracts without a clearly structured supporting framework. There is no dedicated officer or function that is responsible for supporting services to manage their contracts or for identifying poor practice and providing assurance to senior management.</p> <p>Based on this and our other findings, there is a need to improve existing and develop new oversight and assurance mechanisms for contract management across the council.</p>	<p><b>Action</b></p> <p>a) We will clearly define the Director’s role as the corporate lead for contract management.</p> <p>b) We will document and communicate these responsibilities in a contract management framework document.</p> <p>c) A procurement manager will be appointed to ensure that contract managers are trained and equipped to manage contract compliance, performance and risk management.</p>												
	<table border="1"> <tr> <td><b>Priority</b></td> <td style="background-color: red; color: white; text-align: center;">1</td> <td><b>SWAP Reference</b></td> <td>AP#8679</td> </tr> <tr> <td><b>Responsible Officer</b></td> <td colspan="3">Director of Governance</td> </tr> <tr> <td><b>Timescale</b></td> <td colspan="3">April 2026</td> </tr> </table>	<b>Priority</b>	1	<b>SWAP Reference</b>	AP#8679	<b>Responsible Officer</b>	Director of Governance			<b>Timescale</b>	April 2026		
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<b>Timescale</b>	April 2026												

<p><b>Finding 2</b></p> <p><b><u>We found there was no contract for two suppliers, despite a requirement to have a formal contract when expenditure will exceed £50k.</u></b></p> <p>The council’s Contract Standing Orders describes the procurement process and threshold above which a formal contract is required (£50k). Six out of eight suppliers we tested had contracts in place in accordance with the Standing Orders. The remaining two suppliers Richard Jackson (cumulative spend £123,296.40) and S J Surfacing Solutions (cumulative spend £58,052.42) had no contracts in place. The Contract Standing Orders indicate that where recurrent purchases of a similar nature from a single supplier exceed £50,000, there should be a contract in place. Without a contract the council may have more limited recourse if a supplier’s performance is poor. Lack of awareness of threshold requirements could expose the council to legal or regulatory challenge.</p> <p>We found that not all contract managers interviewed had attended the required procurement training. A comparison of the contract managers interviewed against the</p>	<p><b>Action</b></p> <p>a) We will draft and formalise Richard Jackson contract.</p> <p>b) Contract managers for Homemaker contract will complete procurement training and a record of attendance will be retained.</p> <p>c) We will draft and formalise S J Surfacing Solutions contract. Contract manager will complete procurement training and a record of attendance will be retained.</p>																								
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<b>Timescale</b>	March 2026																								

Procurement Training attendance records found inconsistencies between expected attendance and documented evidence of attendance.

Specifically, one contract manager responsible for the S J Surfacing Solutions was not required to attend the training. This was the same manager who advised that they were unaware that cumulative supplier expenditure had exceeded the relevant threshold, resulting in a requirement for a formal contract.

Further, three contract managers; one responsible for G2 Recruitment Solutions (Y Badal) and two responsible for Homemaker contracts were required to attend the procurement training but did not sign the attendance record. As a result, there is no documented evidence to confirm their attendance at the procurement training.

d) The contract manager for G2 Recruitment Solutions (Y Badal) will complete procurement training and a record of attendance will be retained.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8682
<b>Responsible Officer</b>	Assistant Director Planning Strategy and Development Management		
<b>Timescale</b>	March 2026		

e) We will undertake communication and awareness sessions with managers on the council's new Contract Standing Orders including procurement thresholds and contract management requirements.

f) We will introduce a spending tracking tool that flags when cumulative supplier spend approaches key thresholds. This will assist in complying with the Procurement Act requirements to report contract spend.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8683
<b>Responsible Officer</b>	Director of Governance		
<b>Timescale</b>	September 2026		

**Finding 3**

**The council does not provide contract management training.**

No training on the council's contract management requirements and guidance has been provided to managers who are directly or indirectly involved in managing contracts.

The managers we spoke to have relied on their line manager or their experience from other organisations to manage their contracts.

If managers are unaware of the required contract management requirements this may result in incorrect or inconsistent decision making when managing contracts.

**Action**

- a) Training will be provided for all contract managers and managers covering:
  - Contract Standing Orders, Contract Management Plan, Use of the Procurement Portal and responsibilities under the Constitution.
  - Roles, responsibilities and accountability of contract managers
  - Performance monitoring and escalation procedures
  - Monitoring contract spend.
  - Contract variation process.
  - Contract performance monitoring.
- b) A system will be developed to monitor and report which contract managers that have or have not completed contract management training.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8684
<b>Responsible Officer</b>	Director of Governance		
<b>Timescale</b>	September 2026		

**Finding 4**

**Most of the contracts we reviewed did not include a formalised performance management framework. Most contract managers were not aware of escalation procedures included in their contracts, and some do not document supplier meetings.**

***Performance framework***

Sample testing found four contracts (G2 Recruitment Solutions (Y Badal), South West Norse Ltd, Homemaker and Stephen J Pratten) had no formal performance management framework such as defined KPIs in place to monitor and evaluate the contractors' performance.

Of the four contracts without a formal framework, only one (G2 Recruitment Solutions (Y Badal) showed evidence of performance monitoring. There was no documented evidence provided for the other three contracts to show how performance was assessed. Although contract managers advised that performance is monitored, the lack of records or supporting documentation limits assurance on the effectiveness of consistency of performance management across the contracts.

Without a performance framework there is the risk of poor service delivery, undetected underperformance and reputational or financial consequences due to lack of accountability. Also, not having penalty clauses limits the council ability to enforce performance standards or recover costs in case of service failure.

***Escalation process***

A review of the escalation process found all six contracts had escalation procedures but no penalty clauses for underperformance. Furthermore, two of the six contract managers we spoke to indicated they were unaware of such processes, largely due to the absence of performance issues to date. There is a potential gap in contract documentation and risk mitigation as the current reliance on positive contractor performance may not ensure adequate preparedness should issues arise in the future.

***Supplier meetings***

Additionally, while three of the six contracts (Meadow Rd, Manor Close, Homemaker) had clearly defined supplier meeting arrangements with supporting evidence of monthly or quarterly meetings, the other three lack such evidence. Although we were informed that regular meetings occur, there was no documented evidence of these meetings, or any follow up actions.

**Action**

- a) We will develop and implement a standardised performance management framework including mandatory KPIs for all contracts.
- b) All contract managers will be reminded to maintain documented record of performance reviews, supplier meetings and follow up actions.
- c) Across the Council all existing high-risk contracts will be reviewed to ensure all include formal KPIs, escalation procedures and penalty clauses.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8685
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<b>Responsible Officer</b>	Director of Governance		
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<b>Timescale</b>	September 2026		
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- d) G2 Recruitment Solutions (Y Badal) contract will be reviewed and updated to include formal KPIs, escalation procedures and penalty clauses.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8688
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<b>Responsible Officer</b>	Assistant Director Planning Strategy and Development Management		
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<b>Timescale</b>	March 2026		
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- e) South West Norse Ltd and Stephen J Pratten contracts will be reviewed and updated to include formal KPIs, escalation procedures and penalty clauses.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8687
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<b>Responsible Officer</b>	Assistant Director Place, Assets and Commercialisation		
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<b>Timescale</b>	March 2026		
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- f) Homemaker contract will be reviewed and updated to include formal KPIs, escalation procedures and penalty clauses.

<b>Priority</b>	<b>1</b>	<b>SWAP Reference</b>	AP#8689
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<b>Responsible Officer</b>	Assistant Director Regulated Housing		
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<b>Timescale</b>	March 2026		
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**Finding 5**

**Four contract managers did not provide evidence showing how they monitor contract budgets.**

A review of the process for monitoring contract spend across the six contracts (cumulative spend value £467,533.67) found significant gaps and inconsistencies in contract managers actively monitoring contract spend against the contract.

While contract managers often described processes for managing budgets, reviewing timesheets, and approving invoices, for four contracts (G2 Recruitment Solutions (Y Badal), South West Norse Ltd, Homemaker and Stephen J Pratten) no supporting evidence was provided to verify these controls at the time of audit.

Contract budgets may not be met if contract spend is not regularly monitored. Managers were either unaware of, or not following, the council’s contract management requirements and budget monitoring procedures.

Action			
a) Contract manager for G2 Recruitment Solutions (Y Badal) will regularly report on contract spend against budgets, including any over or underspends to senior management.			
Priority	1	SWAP Reference	AP#8690
Responsible Officer	Assistant Director Planning Strategy and Development Management		
Timescale	March 2026		
b) Contract managers for South West Norse Ltd and Stephen J Pratten will regularly report on contract spend against budgets, including any over or underspends to senior management.			
Priority	1	SWAP Reference	AP#8691
Responsible Officer	Assistant Director Place, Assets and Commercialisation		
Timescale	March 2026		
c) Contract manager for Homemaker will regularly report on contract spend against budgets, including any over or underspends to senior management.			
Priority	1	SWAP Reference	AP#8692
Responsible Officer	Assistant Director Regulated Housing		
Timescale	March 2026		

**Finding 6**

**We found inconsistent compliance with contract variation clauses, gaps in the documentation and agreement of variations, and incomplete and inaccurate records on the council’s contract register.**

Testing on six contracts found that there was inconsistent compliance with the contracts’ variation clause, gaps in the documentation and formal agreement of variations and incomplete and inaccurate records on the council’s contract register.

***Compliance with variations clauses***

Three contracts (South West Norse Ltd, Homemaker and Stephen J Pratten) have had apparent variations made without sufficient documented evidence that they were quantified or formally agreed in writing and signed by both parties.

Non-compliance with contractual terms regarding variations may lead to disputes, legal challenges or unenforceable contract changes. Also lack of documentation and quantification may result in overpayments, budget overspends and undetected financial commitments. The managers may not have been aware of the variation clauses and the documentation to be completed and approved.

***Contract register***

Four contracts (South West Norse Ltd, Homemaker, G2 Recruitment Solutions (Y Badal) and Stephen J Pratten) including their respective variations were neither quantified nor recorded in the council’s contract register. We have previously reported issues about the incomplete and inaccurate contract register under separate Local Government Transparency Code and Supplier Resilience audits.

**Action**

We will undertake communication and awareness sessions with contract managers that includes the council’s contract changes/variations process and the variations templates and approval requirements.

<b>Priority</b>	2	<b>SWAP Reference</b>	AP#8694
<b>Responsible Officer</b>	Director of Governance		
<b>Timescale</b>	September 2026		

**Finding 7**

**Three contracts have been in place for several years without market testing or re-tendering.**

There is no policy that requires contracts to be reviewed or re-tendered after a set period. We found that three contracts (South West Norse Ltd, Homemaker and Stephen J Pratten) with terms of six to 13 years have remained in place without any market testing or re-tendering.

Without regular market testing there is a potential risk that value for money is not achieved. The lack of a complete contract register also means there is limited corporate visibility over contract expiry and re-procurement needs.

**Action**

We will include in the new contract management framework the requirement for periodic review and market testing for longer term contracts to ensure value for money and competitiveness. Also ensure monitoring and compliance mechanism are in place.

<b>Priority</b>	2	<b>SWAP Reference</b>	AP#8695
<b>Responsible Officer</b>	Director of Governance		
<b>Timescale</b>	September 2026		

**Finding 8**

**It is unclear if council officers have reviewed or approved contract management guidance. Only one of eight contract managers we interviewed were aware of the guidance.**

The council’s Constitution, Contract Standing Orders and Procurement Portal – Contract Management page includes key elements for how contracts should be managed within the council. The Contract Management Plan provides clear guidance and a template to help contract managers and line managers oversee key aspects of a contract through its daily operations and lifecycle.

There is no documented evidence showing who has reviewed or approved key documents such as the Procurement Portal – Contract Management page, Contract Management Plan and Contract Variation guidance and form to ensure that these are fit for purpose and mirror the council’s processes. The lack of documented approval and unclear responsibilities can undermine governance and decision making.

For the eight suppliers we tested, only one officer that was directly or indirectly involved in contract management of two contracts was aware of the council’s contract management guidance. The manager was aware of the contract management guidance in the Contract Standing Orders and the Contract Management Plan which they used in practice. The remaining six advised that they were not aware of the council’s contract management guidance requirements.

Without clear understanding or application of policies and procedures, contract oversight and management can vary significantly across departments. Failure to adhere to contract management guidance can result in non-compliance with council’s policies and procedures and public procurement regulations.

**Action**

- a) At the same time of preparing the contract management framework a review will be undertaken of the existing contract guidance, including the Contract Management Plan template, Portal and related documents to ensure that the guidance is clear, fit for purpose and reflects the council’s processes.
- b) All relevant officers will be made aware of the guidance in (a).
- c) A follow up of this contract management audit will be undertaken to ensure managers are embedding the new guidance in a).

<b>Priority</b>	2	<b>SWAP Reference</b>	AP#8696
<b>Responsible Officer</b>	Director of Governance		
<b>Timescale</b>	September 2026		

**Finding 9**

**Three of the contracts we reviewed were unsigned.**

Out of the six sampled contracts’ only three (Meadow Rd, Manor Close and G2 Recruitment Solutions(Y Badal)) had been signed by both parties.

**Action**

- a) Homemaker contract signed by both parties will be obtained and retained and a reminder to staff more generally.

<b>Priority</b>	3	<b>SWAP Reference</b>	AP#8697
<b>Responsible Officer</b>	Assistant Director Regulated Housing		
<b>Timescale</b>	March 2026		

The remaining three contracts (Homemaker, Stephen J Pratten and South West Norse Ltd) were unsigned. Contracts that are unsigned by both parties may not be legally binding or enforceable.

b) South West Norse and Stephen J Pratten contracts signed by both parties will be obtained and retained and a reminder to staff more generally.

<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#8698
<b>Responsible Officer</b>	Assistant Director Place, Assets and Commercialisation		
<b>Timescale</b>	March 2026		

**Finding 10**

**For some contracts it is not clear who is the designated contract manager.**

The managers we interviewed had either direct or indirect responsibility for managing contracts but there was a lack of clarity regarding who was the designated contract manager and what their specific roles and responsibilities were in managing these contracts. When there are accountability gaps it leads to poor performance and responsibilities being neglected. Organisational changes or role changes may have been the reason for unclear responsibilities.

**Action**

a) An assigned owner will be allocated to the Richard Jackson and Homemaker contracts and will be documented on the contract register.

<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#8699
<b>Responsible Officer</b>	Assistant Director Regulated Housing		
<b>Timescale</b>	31 <sup>st</sup> March 2026		

b) An assigned owner will be allocated to the Stephen J Pratten contract and will be documented on the contract register.

<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>	AP#8700
	Assistant Director Place, Assets and Commercialisation		
	31 <sup>st</sup> March 2026		