



## Internal Audit

### Audit report

### Cursiter Quarry Procurement Procedures

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### Contents

Audit Opinion .....	1
Executive Summary .....	1
Introduction .....	3
Audit Scope.....	3
Audit Findings .....	4
Action Plan.....	11
Key to Opinion and Priorities.....	13
Appendix 1 .....	14

## Audit Opinion

Based on our findings in this review we have given the following audit opinion.

### Unsatisfactory

**There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.**

A key to our audit opinions and level of recommendations is shown at the end of this report.

## Executive Summary

The recent purchase ordering process for 80,000 tonnes of stone, associated haulage and ship discharge was carried out in substantial non-adherence to the Council's own policies of: Contract Standing Orders, Financial Regulations and Sustainable Procurement. Orders were not raised in a published or open manner.

The failure to comply with the preliminary key stages of the correct procurement process within the Infrastructure and Strategic Projects Service, negated the opportunity for other appropriate senior/chief officers to exercise their corporate responsibilities contained within the essential later stages of the Council's procurement policies including the Financial Regulations.

Taking into account the main contract and the two local contracts for ship discharge and transport to the quarry, the cost per tonne for the stone is calculated at £18.05 which gives an overall cost for 80,000 tonnes of £1,444,000.

There has been reputational damage caused to the Council, in particular by a lack of inclusiveness towards local businesses, which has caused understandable widespread concern and furore throughout the community.

There are five high priority recommendations resulting from this audit:

- The Council must ensure that it has robust and effective monitoring of compliance with its Financial Regulations, Contract Standing Orders and Sustainable Procurement Policy.
- The Council should have procedural processes and arrangements for monitoring and governance over the use of lotting strategies.
- A sustainability impact assessment should be carried out for contracts of this nature.
- The Council should review the setting of unlimited amounts for purchase orders.
- Members must be briefed in sufficient detail to be able to scrutinise proposed activity effectively.

The number and priority of the recommendations are set out in the table below. The priority headings assist management in assessing the significance of the issues raised.

Responsible officers will be required to update progress on the agreed actions via the Pentana Risk system.

<b>Total</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>

The assistance provided by officers contacted during this audit is gratefully acknowledged.

## Introduction

The Council's Interim Chief Executive informed the Chief Internal Auditor of an order raised which is for the importation of approximately 80,000 tonnes of stone and instructed Internal Audit to investigate compliance with formal procedures.

There has been public interest in this purchase order including those of an environmental and local economy sustainability nature. There is widespread public concern amongst the community over the non-inclusion of local businesses in the procurement process.

The purchasing activity was carried out by obtaining quotations and raising of purchase orders in a manner outwith an open procedure which is required within the Council's own policies and law.

This review was carried out by Internal Audit in its primary role of an assurance function which provides an independent and objective opinion on the adequacy of the Council's control environment. Internal audit work is designed to add value to and improve an organisation's operations, in particular in evaluating and improving the effectiveness of risk management, control and governance processes.

This review was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.

## Audit Scope

The scope of this audit was to review the following:

- Whether the purchasing activity was carried out in compliance with Council Policy and processes, including but not limited to its policies of:
  - Contract Standing Orders.
  - Financial Regulations.
  - Sustainable Procurement.
- Whether the order was carried out within delegated limits of authority.
- Analysis which was carried out regarding the costs and benefits of this exercise.
- The information provided to the Council's Senior Management Team and Members regarding this order.
- Governance arrangements for other high cost procurements carried out at the Quarry.

## Audit Findings

### **1.0 Was the purchase ordering of the stone, haulage and ship discharge activity carried out in compliance with Council Policy and processes?**

- 1.1 The Contract Standing Orders of the Council state that the purpose of Contract Standing Orders (CSOs) is *“to set clear rules for the procurement of Supplies, Services and Works for the Council. Following the rules should ensure that the Council is fair and accountable in its dealings with Contractors and in the award of Contracts. CSOs are intended to ensure that the Council obtains value for money for the Council taxpayer. Value for money is defined as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the end users’ requirements”*.
- 1.2 The CSO policy document recognises that *“there may be occasions where it is appropriate to award a Contract without following a genuine and effective competition. This procedure is known as Non-Competitive Action (NCA) and can only be applied in exceptional circumstances”*. The CSOs state further that an *“NCA will only be approved when a genuine business need exists which outweighs the need to subject the requirement to competition. Evidence in support of the NCA must stand up to scrutiny or challenge”*.

### **Compliance with Contract Standing Orders**

#### **1.3 In reviewing this procurement exercise, we found that it did not adhere to the initial stages of the Contract Standing Orders of the Council.**

- 1.4. EU Regulated Procurements (with a contract value at and above the EU thresholds for supplies, services and works).
- 1.4.1. The contract for the purchase of the stone did not follow Route 3 of the Procurement Journey or use the European Single Procurement Document (ESPD).
- 1.4.2. Contract notices were not passed for approval to the Procurement Manager.
- 1.5. Regulated Procurement (with a contract value above £50,000 for supplies and services or £2,000,000 for works, and below the EU thresholds).
- 1.5.1. The local contracts for ship discharge and transport to the quarry did not follow Route 2 of the Procurement Journey or use the ESPD.
- 1.6. As the initial stages above were not completed, the subsequent stages of the procurement procedure detailed in Appendix 1 attached were not followed.

### **Compliance with Financial Regulations**

#### **1.7. The following sections of the Financial Regulations of the Council were not complied with.**

- 1.7.1. Financial Regulations state that any officer who enters into an agreement for the supply of goods, services and works to the Council must ensure that the agreement complies with Contract Standing Orders.
- 1.7.2. All goods supplied to, or work executed for the Council shall be ordered or confirmed in writing by means of an official order. Verbal orders are not permitted.

- 1.7.3. Written purchase orders, together with the Council's ordering terms and conditions, should be sent by electronic method, for all orders made throughout the Council, including Cursiter Quarry.
  - 1.7.4. The officer authorising an order must be satisfied that, amongst other factors, the order does not contravene any other section of these Regulations or the Contract Standing Orders.
  - 1.7.5. Financial Regulations state that, Section 16, Section 17 and Section 26 of the Contract Standing Orders details the process for selecting a contract under the open tendering procedure, and would apply where the proposed contract would exceed £50,000, no approved list of contractors exists and the Executive Director of Corporate Services considers the restricted tendering procedure inappropriate.
  - 1.7.6. The Chief Executive and Executive Directors must obtain 3 written quotations. If 3 quotations cannot be obtained, then the Chief Executive or Executive Director must keep evidence of the reasons for this.
- 1.8. The Council does not have a record of sending each of the three purchase orders to the suppliers.
- 1.9. This review has found a practice of some purchases within the Council and at Cursiter Quarry being carried out by order numbers being provided to suppliers verbally.

### **Compliance with Sustainable Procurement Policy**

#### **1.10. The following sections of the Councils Sustainable Procurement Policy were not complied with.**

- 1.10.1. The Council's Sustainable Procurement Policy states the following values:
  - i. Promoting Survival: To support our communities.
  - ii. Promoting sustainability: To make sure economic, environmental and social factors are balanced.
  - iii. Promoting equality and fairness: To encourage services to provide equal opportunities for everyone.
  - iv. Working Together: To overcome issues more effectively through partnership working.
  - v. Working with communities: To involve community councils, community groups, voluntary groups and individuals in the process.
  - vi. Working to provide better services: To improve the planning and delivery of services.
- 1.10.2. The Sustainable procurement duty is the duty of a contracting authority:

Before carrying out a regulated procurement, to consider how in conducting the procurement process it can:

  1. Improve the economic, social, and environmental wellbeing of the authority's area,
  2. Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and

### 3. Promote innovation, and

In carrying out the procurement, to act with a view to securing such improvements identified as a result of paragraph A1. The Council is also obliged to have regard to the Procurement Reform (Scotland) Act 2014 statutory guidance.

- 1.10.3. All contracts that are awarded by the Council, regardless of value, are subject to an obligation to seek best value and to demonstrate transparency, equal treatment, non-discrimination and proportionality.
- 1.10.4. The Council recognises and wishes to maximise the benefits achievable through sustainable procurement. Sustainable procurement can deliver additional benefits for the Council while contributing to the social, economic and environmental well-being of people and places.
- 1.10.5. Sustainable procurement will enable the Council to:
  - Stimulate the market and encourage innovation for sustainable products and services.
  - Support the local supply community by engaging with Small and Medium Enterprises and Third Sector organisations so they can compete for Council contracts.
  - Help build a sustainable supply chain for the future and improve supplier relationships.
- 1.10.6. We will ensure that when developing our requirements for goods, services and works we assess the possible social, economic and environmental impacts of our procurement and actively seek to contribute to the social, economic and environmental well-being of our remote and fragile island communities. Where appropriate to the subject matter of the contract, this to be undertaken as part of pre-market engagement and consultation.
- 1.10.7. We will not knowingly procure goods, services and works that impact negatively on places, people and other species both locally and elsewhere.
- 1.10.8. We will procure goods, services and works that minimise carbon-based energy use and its associated emissions, use of non-renewable resources, waste creation and pollution to air, water and land.

## Key Findings and Recommendations

- 1.11. It is important to note that failure to comply with the preliminary key stages of the correct procurement process within the Infrastructure and Strategic Projects Service, negated the opportunity for the other necessary senior/chief officers to exercise their corporate responsibilities contained within the later stages of the Council's procurement policies including the Financial Regulations.
- 1.12. In the opinion of Internal Audit, the requirement for a Request for Non-Competitive Action to be performed and the process to be followed are clearly set out within the Contract Standing Orders. A Request for a Non-Competitive Action was not made for any of the orders associated with this purchase.
- 1.13. There has been considerable media interest and public concern expressed about this procurement exercise because it was not carried out in an open and transparent manner.
- 1.14. There was no reference to the Council's sustainable procurement policy or the social, economic and environmental impacts of the proposed contracts.
- 1.15. The Council **must** ensure that it has robust and effective monitoring of compliance with its Financial Regulations, Contract Standing Orders and Sustainable Procurement Policy in all procurement activities. To assist with this and to avoid the possibility of a re-occurrence of this incident, a procurement plan must be submitted to the Procurement Manager for all contracts over the value of £10,000.

### Recommendation 1

- 1.16. The Procurement Manager was not consulted or involved in this procurement process by the Service as required by the Council's Contract Standing Orders.
- 1.17. Although Internal Audit's view is that the Policy documents reviewed in this matter are generally comprehensive, it is recommended that procedural processes and arrangements for monitoring and governance over the use of lotting strategies is appropriate and would have the effect of ensuring that the contract opportunity is accessible to small and medium-sized enterprises.

### Recommendation 2

- 1.18. The Sustainable Procurement Policy requires that goods, services and works procured should minimise the use of carbon-based energy and its associated emissions. To achieve this a sustainability impact assessment should be carried out for contracts of this nature.

### Recommendation 3

## 2.0 Was the order carried out within delegated limits of Authority?

- 2.1 Our audit found that the Officer approving these orders has unlimited purchase order authority.
- 2.2 Purchase ordering for this activity is currently via the Service's own software system and outwith the Purchase to Pay system being implemented throughout the rest of the Council.
- 2.3 The Council should review the setting of unlimited amounts for purchase orders and set limits as a control over compliance with its Contract Standing Orders.



**3.0 Information provided to the Council's Senior Management Team and Members.**

- 3.1 On 6 October 2020 a report from the Development and Infrastructure Service, entitled, Business Plan Risk Review 2020 – 2025 Cursiter Quarry, was presented to a Senior Management Team (SMT) meeting of the Council. The report being marked, Commercially Sensitive. The Interim Chief Executive was not in attendance at this meeting due to other pressing matters.
- 3.2 The Purpose of the report was the *“Proposed next steps post planning application refusal and options for continued supply of aggregate and bituminous material in 2020/21 and 2021/22.”*
- 3.2.1 The report details that:
- i. “the current planning permission expires in 2030 and rock reserves are dwindling, hence the need for expansion.”*
  - ii. “current estimates of reserve supply have been eroding faster than envisaged given strong annual demand (circa 100-110k/tonnes vs 60-65k/tonnes of processed aggregate - 2014/15).*
  - iii. “The risk is not that there needs to be a cessation of supply, but until planning is determined for 2020/21 and 2021/22, it may well be at a greater cost to either extract (if within remaining red line boundary) or import given shipping and transport costs.”*
- 3.3. The report recommended that, *“now the planning application has been determined and rejected, to commence the appeal process”*.
- 3.4. The report noting, inter alia, expert advice that an appeal would have a strong chance of success.
- 3.5. The report also stated *“What is important to note is that the arguments presented for its refusal (in the first application) may well be repeated as a revised scheme would be essentially the same but perhaps different in scale”*.
- 3.6. The report detailed an estimated shortfall of 110,000 or with a circa 10% contingency 120,000 tonnes between remaining production at Cursiter Quarry and demand for 2020/21 and 2021/22.
- 3.7. After presenting options appraisal the report proposed, *“that a “blended option” (using both existing and imported stone) best suits the economy, service and directorate as this maintains supply, minimises additional cost and has the greatest opportunity to recover fixed and variable overheads, as well as the greatest chance of generating ongoing trading surpluses.”*
- 3.8. After consideration of the report, the Senior Management Team of the Council recommended, amongst other matters, to commence the appeal process, and to ensure continuation of supply a “blended” model is approved for 2020/21 and 2021/22 until the planning process is exhausted.
- 3.9. On 11 November 2020 a Briefing Note, entitled Cursiter Quarry Planning Appeal was sent to all elected Members and the Corporate Management Team.

3.10. The Briefing Note detailed, amongst other points:

*It is very important to recognise the distinct and separate roles that the Council has in this process as follows:*

*Planning Authority*

*Quarry Service Operator/Developer*

*The decision of the Council as Planning Authority to refuse planning permission for the expansion of the quarry stands and is a clear position from the Planning Authority on this development. The entitlement of the Planning Authority to reach the decision that it did is in no way being challenged or disregarded by the Service as the final position of the Planning Authority.*

*However, the position of the Council as Quarry Service Operator/Developer also stands as an extant position. As does the policy decisions outlined above arising from the Development and Infrastructure Committee, the Asset Sub Committee and the Policy and Resources Committee which establish the mandate for officers to secure the land for expansion of the quarry. It is important to note that Officers of the Council do not have the authority to go against any previous policy decisions of the Council and in this case, in its capacity as Developer. Therefore, the Service is required to secure planning permission in order to conclude the land acquisition. If successful, the CPA stage 1 and 2 level processes follow to establish a project on the capital programme.*

*These matters were reported to the Council Senior Management Team on 6 October 2020 and discussed again on 5 November 2020. The SMT agreed in the context of established policy and in cognisance of the planning decision, that the dual approach of submitting a planning appeal and progressing a revised planning application should be pursued. Steps were also agreed by SMT to secure extended supply from the existing quarry resources based on a blend of imported material and reprofiling of some of the existing quarry faces with resultant additional cost implications arising for the Council and local contractors until such time as the expansion of the quarry can be secured.*

3.11. Neither the aforementioned report or Briefing Note made any reference that the intended method of purchase would be outwith Council Policies of Contract Standing Orders, Financial Regulations or the Sustainable Procurement Policy.

3.12. Neither document referred to any environmental implication of the stone purchase.

3.13. The Briefing note to Members and the report to SMT did not state the volume of stone to be imported, source of supply or timescale. The use of the word "importation" in this briefing note could imply either importation into Orkney or importation from one quarry to another within Orkney.

3.14. Members must be briefed in sufficient detail to be able to scrutinise proposed activity effectively.

## **Recommendation 5**

3.15. Members of the Council's Planning Committee, in its role as planning authority, were presented with the Environmental Impact Assessment (EIA) report that details "as part of the EIA process, an applicant must demonstrate what alternatives have been considered with respect to a proposed development."

3.16. The alternatives to the expansion of Cursiter Quarry are outlined below.

3.17. The EIA report stated *“One of the primary alternatives to continuing extraction operations at Cursiter quarry would be to import material from mainland Scotland. While no formal environmental assessment of this alternative has been carried out, it is expected that as a minimum, heavy vehicle movement, would have to increase significantly to facilitate such a process, as would traffic at ports and harbours. In addition, it is likely that the asphalt plant, screening equipment and crusher at Cursiter quarry would still have to remain operational to process raw material before it entered the market. There would therefore be cost to purchase in the extracted rock from external sources, and to transporting via ferry. Importing processed material would have even higher costs associated on risks, including coordinating the delivery precisely with construction need. These alternatives are therefore unlikely to be viable”.*

#### **4.0 Governance arrangements for other high cost procurements carried out at the Quarry.**

4.1 Prior to this stone purchase activity, the primary purchase of materials at the quarry has been bitumen. We have confirmed that this ordering has been carried out under a framework agreement in accordance with Council Policy.

## Action Plan

Recommendation	Priority	Management Comments	Responsible Officer	Agreed Completion Date
1. The Council must ensure it has robust and effective monitoring of compliance with its Financial Regulations, Contract Standing Orders and Sustainable Procurement Policy in all procurement activities. To assist with this and to avoid the possibility of a re-occurrence of this incident, a procurement plan should be submitted to the Procurement Team for all contracts over the value of £10,000.	High	Procurement Plans, using a corporate template, to be completed for all contracts over the value of £10,000 with increased scrutiny and sign-off at Executive Director level.	Executive Directors	Full implementation across all potential purchases over £10,000 by 31 March 2021.
		In addition, the D&I Senior Management team will establish a monthly meeting with the Procurement manager to collectively review all live and pending procurement requirements.	Executive Director of Development and Infrastructure	D&I Senior Management Teams monthly meeting to be scheduled before 31 March 2021
		A management review will be undertaken to assess the procurement team resources required to sustain the new processes.	Senior Management Team	31 May 2021
		An investigation into the conduct and actions of staff members associated with this case will be progressed in accordance with relevant policies.	Interim Chief Executive	Process commenced and will be completed as soon as practicable.
2. The Council should have procedural processes and arrangements for monitoring and governance over the use of lotting strategies.	High	All contracts above £10,000 will be developed in direct consultation with the Procurement Manager and ensure appropriate consideration of lotting Strategies to optimise the contribution to a circular economy in Orkney.	Executive Directors	Immediate for all future contracts above £10,000,
3. The Sustainable Procurement Policy requires that goods services and works procured should	High	The Sustainable Procurement Policy will be reviewed to include the use of a Sustainability Impact	Executive Directors	July 2021

<p>minimise the use of carbon-based energy and its associated emissions. To achieve this a sustainability impact assessment should be carried out for contracts of this nature.</p>		<p>Assessment, as well as a general update.</p> <p>Existing paperwork such as the procurement/commodity strategy (procurement plan proforma) and contract award recommendation report will be modified to give greater emphasis to environmental aspects as well as a sustainable Impact Assessment.</p>	<p>Senior Management Team</p>	<p>July 2021</p>
<p>4. The Council should review the setting of unlimited amounts for purchase orders and set limits as a control over compliance with its Contract Standing Orders.</p>	<p>High</p>	<p>There is already an annual review of payment thresholds, however this process will be reviewed immediately and further refined. In addition, it will include consideration of lower thresholds.</p>	<p>Executive Directors and Head of Finance</p>	<p>Immediate – direction issued on 4 March 2021.</p>
<p>5. Members must be briefed in sufficient detail to be able to scrutinise proposed activity effectively.</p>	<p>High</p>	<p>Future Member Briefing notes associated with substantial spend on purchasing of materials or supplies and services will include specific reference to procurement and sustainability considerations. There will however be certain exemptions to this such as high value care packages.</p>	<p>Executive Directors</p>	<p>Immediate and ongoing</p>

## Key to Opinion and Priorities

### Audit Opinion

Opinion	Definition
<b>Substantial</b>	The framework of governance, risk management and control were found to be comprehensive and effective.
<b>Adequate</b>	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
<b>Unsatisfactory</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

### Recommendations

Priority	Definition	Action Required
<b>High</b>	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
<b>Medium</b>	Weakness in governance, risk management and control that if unresolved exposes the organisation to a high level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
<b>Low</b>	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.

## Contract Standing Orders – Subsequent Stages

### 1.1. Publicity of Contract Opportunities

1.1.1. The Council is under a duty to ensure that for each contract that it intends to award the contract is given a degree of advertising which is sufficient to ensure open competition and to meet the requirements of the principles of equal treatment, non-discrimination and transparency. Contracts that are Regulated Procurements and those that exceed the EU Threshold must comply with the advertising requirements set out in the Regulations.

1.1.2. The following minimum advertising procedures will apply:

- Contract notice for supplies and services where the contract exceeds £50,000 will be uploaded on the Public Contracts Scotland (PCS) portal;
- Contracts for Works where the Contract exceeds £50,000 will be advertised in the local newspaper for a minimum duration of one week;
- In addition to the advertising requirements at CSO 20.2, where the value of a contract for Works exceeds £2,000,000 the contract notice will be uploaded on the PCS portal;
- Contract notice for supplies and services and works where the contract exceeds EU Thresholds will be uploaded in the Official Journal of the European Union (OJEU) via the PCS portal.

1.1.3. In exceptional circumstances, for example where using market knowledge it is known that there is no capacity locally to meet the requirements of a contract, the Chief Executive, Executive Director or Chief Officer may dispense with the requirement to advertise in the local paper.

1.1.4. All contract notices published on the PCS portal will be subject to the prior approval of the Procurement Manager for EU Regulated Procurements.

1.1.5. Contract notices advertising contracts will include the selection and award criteria to be used to evaluate submissions for both the ESPD selection stage and the award criteria stage of both Open and Restricted Procedure procurements.

1.1.6. Where a contract is to be awarded following a restricted procedure or competitive procedure with negotiation, a call for competition may be made by means of a prior information notice, published in accordance with the Regulations.

1.1.7. The Chief Executive, Executive Directors and Chief Officer will determine in consultation with the Procurement Manager where the use of lotting strategies is appropriate and would have the effect of ensuring that the contract opportunity is accessible to small and medium-sized enterprises.

### 1.2. Contract Award Criteria

- 1.2.1. For Regulated Procurements and EU Regulated Procurements award criteria must in all cases be advertised and awarded on the basis of the Most Economically Advantageous Tender (MEAT), it is not permissible to award on the basis of cost only.
- 1.2.2. For Procurements over the value of £10,000 for supplies and services, and for works over the value of £50,000, contracts shall be awarded on the basis of the tender which is the MEAT using both quality and cost award criteria unless there are exceptional reasons that are proportionate and related to the subject matter of the contract and always in the context overall of best value.
- 1.2.3. The award criteria will be clearly defined in the contract documents and in the contract notice so that contractors have a common understanding and will, depending on the subject matter of the contract, include.
- 1.2.4. Sustainability and community benefit / social issues where appropriate.
- 1.3. Electronic Tendering
  - 1.3.1. Unless the Chief Executive, Executive Directors or Chief Officer have agreed otherwise, tendering exercises shall be conducted by electronic means.
- 1.4. Technical and Financial Checks
  - 1.4.1. No contractor may be awarded a contract unless, following a review of the proposed contractor, the Chief Executive, Executive Directors or Chief Officer are satisfied as to the technical capability of the proposed contractor, and the financial standing of the proposed contractor.
  - 1.4.2. The assessment of the financial standing of proposed contractors will be undertaken by the Head of Finance.
  - 1.4.3. It shall not be necessary to review the financial standing of a contractor where the estimated value of the contract is £50,000 or below.
- 1.5. Tender Evaluation
  - 1.5.1. All contracts will be awarded in accordance with the published award criteria and no others.
  - 1.5.2. Tenders will be evaluated by a Tender Evaluation Panel which consists of at least two officers with demonstrable technical ability to evaluate tenders.
- 1.6. Content of Award Recommendation Reports
  - 1.6.1. For all contracts established through a competitive procedure, a contract award recommendation report will be prepared for consideration and approval by the Chief Executive, Executive Director of Corporate Services, the Executive Director or Chief Officer of the relevant service area detailing the following information:
    - i. The nature of the requirements of the contract;
    - ii. The tendering procedures adopted;
    - iii. A comparative digest of offers received;



- iv. For unregulated procurements for supplies and services and works, the reason, where applicable, for receiving less than three quotations;
- v. For procurement of works with a value of under £50,000, where the award criteria is based solely on cost/price, a summary of the risk assessment undertaken and the outcome of this;
- vi. Identification of Abnormally Low Tenders where applicable and actions taken;
- vii. A statement to confirm that CSOs have been complied with;
- viii. Confirmation that the contract is within budget and details of budget ledger code and where applicable, capital approval;
- ix. Confirmation that the contract is within budget and details of budget ledger code and where applicable, capital approval;
- x. Details of any clarifications carried out and where post tender negotiation has been used a written record of the justification for its use, and the nature and outcome of the negotiations;
- xi. Benefits and savings available; and
- xii. A recommendation on the award of the contract or contracts.

#### 1.7. Acceptance

- 1.7.1. Contracts will be signed by the Chief Executive, the Executive Director of Corporate Services, the Head of Finance or the Head of Legal Services or other officer with delegated authority to sign contracts on behalf of the Council in accordance with CSO.
- 1.7.2. In relation to all contracts, the Chief Executive and Executive Directors will keep a written record showing the assessment of each tender against the published award criteria. The written record will demonstrate why the successful tender was chosen and a statement to confirm that the Council's CSOs have been complied with.

#### 1.8. Contracts Register

- 1.8.1. The Procurement Manager will maintain a central register of all contracts and ensure that an up to date web-based contracts register for contracts with value of £50,000 or more are available via the <https://www.publiccontractsscotland.gov.uk> portal. To meet the Council's statutory requirements of transparency the live Contracts Register is publicly available via the PCS Portal.

#### 1.9. Contract Award Notice

- 1.9.1. For the purpose of transparency, where the contract has been advertised in accordance with CSO, the Chief Executive, Executive Directors or Chief Officer will publish a contract award notice on the PCS portal.

#### 1.10. Sustainable Procurement

- 1.10.1. Before undertaking a regulated procurement exercise the Chief Executive, Executive Directors or Chief Officer shall take into account the social, economic and environmental impacts of the proposed contract and whether the contract will contribute to the achievement of sustainable development in accordance with the Sustainable Procurement Duty and the Council's Sustainable Procurement Policy.