

## **Item: 5**

**Monitoring and Audit Committee: 11 March 2021.**

**Internal Audit Report: Quarry Procurement Procedures.**

**Report by Chief Internal Auditor.**

### **1. Purpose of Report**

To present the internal audit report on the procurement and importation of stone to Cursiter Quarry.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That Internal Audit has undertaken an audit of the procurement and importation of stone to Cursiter Quarry.

#### **2.2.**

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to the procurement and importation of stone to Cursiter Quarry.

**It is recommended:**

#### **2.3.**

That the Committee review the audit findings to obtain assurance that action has been taken or agreed where necessary.

### **3. Background**

#### **3.1.**

On 1 February 2021, the Council's Interim Chief Executive informed the Chief Internal Auditor of an order raised for the importation of approximately 80,000 tonnes of stone and instructed Internal Audit to investigate compliance with formal procurement procedures.

#### **3.2.**

The objective of this audit was to ascertain whether the purchasing activity was carried out in compliance with Council policy and procedures.

## **4. Audit Findings**

### **4.1.**

The audit has been given an unsatisfactory assurance rating, indicating that there are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective.

### **4.2.**

The internal audit report, attached as Appendix 1 to this report, includes five high priority recommendations within the action plan.

### **4.3.**

Appendix 2 to this report provides more detail to assist with understanding the process followed and contains exempt information as detailed at section 7.2 below.

### **4.4.**

The Committee is invited to review the audit findings to obtain assurance that action has been taken or agreed where necessary.

## **5. Corporate Governance**

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **6. Financial Implications**

There may be financial implications associated with recommendation 1 of the internal audit report. The Senior Management Team has undertaken to assess the procurement team resources required to sustain the new processes.

## **7. Legal Aspects**

### **7.1**

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations.

### **7.2.**

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting in respect of any discussion relating to Appendix 2. Appendix 2 to the report contains exempt information as defined in paragraphs 1, 6 and 13 of Part 1 of Schedule 7A of the Act.

## **8. Contact Officers**

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## **9. Appendices**

Appendix 1: Internal Audit Report: Quarry Procurement Procedures.

Appendix 2: Internal Audit Report: Quarry Procurement Confidential Annex.