

## **GWYNEDD COUNCIL**

COMMITTEE	<b>AUDIT COMMITTEE</b>
DATE	<b>29 JUNE 2009</b>
TITLE	<b>OUTPUT OF THE INTERNAL AUDIT SECTION – THE USE OF SUBCONTRACTORS, HIGHWAYS WORKS UNIT</b>
PURPOSE OF REPORT	<b>TO CONSIDER A PRÉCIS OF THE INTERNAL AUDIT REPORT, AT THE REQUEST OF THE CHAIR AND VICE-CHAIR</b>
AUTHOR	<b>DEWI MORGAN, SENIOR MANAGER AUDIT &amp; RISK</b>
ACTION	<b>TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION</b>

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### **1. INTRODUCTION**

- 1.1 Following consideration of the internal audit reports published during the period from 1<sup>st</sup> March 2009 and 31<sup>st</sup> May 2009, the Committee's Chair and Vice-Chair have requested that officers from the Highways and Municipal Department attend the meeting in order to respond to any questions that arise from the "The Use Of Subcontractors, Highways Works Unit" internal audit report.
- 1.2 A précis of the internal audit report is contained in the appendix.

### **2. RECOMMENDATION**

- 2.1 The Committee is requested to accept the précis of the internal audit report, comment on the contents in accordance with members' wishes, and support the recommendations that have already been presented to managers from the for implementation.

## **THE USE OF SUBCONTRACTORS, HIGHWAYS WORKS UNIT Highways and Municipal**

### Purpose of the Audit

The purpose of the audit was to ensure that the Highways Service Unit are appointing sub-contractors in accordance with Gwynedd Council's Procedures Rules and best practice.

### Scope of the Audit

The scope of the audit was to assess the procedure of using subcontractors by the Highways Service Unit by reviewing relevant files to ensure that evidence existed to show that work was let according to the Procedures.

### Main Findings

The main findings of the audit were that the Highways Service Unit does not have any procedures in place to appoint subcontractors in accordance with the construction industry best practice and Gwynedd Council's Contracts Rules of Procedures.

It was seen that the Highways Service Unit were tendering for work despite knowing that the internal workforce did not have the capacity to undertake the work, and then giving the work to subcontractors. This is not unusual in the industry as larger companies who win tenders regularly subcontract work to local companies. However, it was seen that there were significant weaknesses in the arrangements for awarding this work to private subcontractors.

### Audits Opinion

- (C) The audit is of the opinion that no partial propriety can be given in to the Highways Service Unit's arrangements for using subcontractors. The main recommendations in the executive summary are as follows:**
- **The Highways Service Unit should either establish an internal approved list of contractors or formally adopt Constructionline as an approved list.**
  - **The compliance with the Council's Contracts Rules of Procedures when letting work to subcontractors.**