

MEETING AC.03:0809
DATE 24.07.08

South Somerset District Council

Minutes of a meeting of the **Audit Committee** held in the Main Committee Room, Council Offices, Brympton Way, Yeovil on **Thursday, 24th July 2008**.

(10.00 a.m. – 11.15 a.m.)

Present:

Members: Derek Yeomans (in the Chair)

Mike Best	Peter Roake
Roy Mills	Alan Smith
Tom Parsley	Colin Winder

Also Present:

John Calvert

Officers:

Phil Dolan	Chief Executive
Gary Russ	Head of ICT and Procurement
Andrew Blackburn	Committee Administrator

19. Minutes (Agenda item 1)

The minutes of the meeting held on the 26th June 2008, copies of which had been circulated, were taken as read and, having been approved as a correct record, were signed by the Chairman.

20. Apologies for Absence (Agenda item 2)

Apologies for absence were received from Cllrs. Tim Inglefield, Ian Martin and John Richardson.

The Chairman welcomed Cllr John Calvert to the meeting who, as referred to at the last meeting, would be replacing Cllr. Tim Inglefield as a member of the Audit Committee subject to formal approval by full Council at its meeting later in the day.

21. Declarations of Interest (Agenda item 3)

There were no declarations of interest.

22. Public Question Time (Agenda item 4)

No questions or comments were raised by members of the public.

23. Procurement Procedure Rules (Agenda item 5)

The Head of ICT and Procurement summarised the agenda report, which asked members to recommend to Council that the new Procurement Procedure Rules as attached to pages 3-35 of the agenda be approved.

The Committee was informed that the Procurement Procedure Rules outlined the rules regarding all purchases of goods, services and works by this authority and the accountability of individuals that carried out this function. It was noted that they had been designed to show the clear rules attached to procurement and as a guide to assist officers and members with the procurement process. The rules would form part of the Council's Constitution and replace Contract Standing Orders.

The Head of ICT and Procurement further reported that the Head of Finance and the Legal Unit's Principal Contracts and Service Development Officer had both perused the document.

The Committee considered the Procurement Procedure Rules page by page, during which the officers responded to members' questions and comments including the following:-

- comment was expressed about paragraph 3.1(a)(iii), which referred to the rules not applying to, amongst other things, auctions. It was questioned under what circumstances an auction may be used and what was to stop purchases being made through, say, eBay. In response, the Head of ICT and Procurement gave an example of a specific piece of plant or machinery appearing at a local authority auction where it may be advantageous to procure it through that means. The comment about purchasing through eBay was noted although it had not been considered that the Council would purchase items by that means;
- the Head of ICT and Procurement explained that it was now considered to be poor contract procedure to include penalty clauses in a contract although a time period for its completion could be included. He referred to circumstances where, in supplies and construction contracts, a performance bond would be required so that should the appointed contractor default, another contractor could be employed to finish the job;
- it was confirmed that the Council had a procedure for checking that a contractor was sound financially, the details of which were explained to members;
- reference to the European Union/European Community were both considered correct terminology;
- in the case of a contractor being unsuccessful in winning a contract, they would be able to receive feedback on the reasons why;
- where clarification was sought by a contractor about a part of the contract documents, the Head of ICT and Procurement explained that the response to the question would be shared with all other contractors bidding for that contract. He also reported that it was made clear that the response to such questions would be shared with all bidders;
- reference was made to the preparation of contract documents and the Committee were informed that there was an understood course of process and guidelines for officers in drawing up contract documents;
- in referring to paragraph 8.1(a) (Transactions up to £5,000), the Committee suggested that the word "advisable" in the second sentence should be substituted with the words "preferred practice";

- in response to a question, the Head of ICT and Procurement commented that should, say, one of three written quotations, that should be obtained whenever practical, for transactions between £5,001 and £25,000, not be received the procedure would not be invalidated but a record of the circumstances would be kept. He also commented that it would not necessarily be value for money to bring the third bid forward;
- in referring to paragraph 9.3(c) (Specifying the Contract), a member expressed concern about situations that could arise where a particular product was specified for use as part of the works to be carried out, which could sometimes cause conflict between a main contractor and a sub-contractor. It was commented that the Head of ICT and Procurement was aware of such situations and it was not felt that the wording of that paragraph needed to be amended;
- the Committee was informed of the European Union rules relating to the supply of products, which had to comply with European standards;
- in response to a question, the Head of ICT and Procurement confirmed that both the successful and unsuccessful contractors were informed of the outcome of the bidding process. He also indicated that there was a prescriptive process laid down in European Union rules;
- in referring to paragraph 9.8(b) (Errors and Qualified Tenders), the Committee suggested that the wording “If the tenderer withdraws, ...” at the beginning of that paragraph be amended to read “If the accepted tenderer withdraws, ...”;
- it was noted that where a tenderer had submitted a tender that was arithmetically incorrect, they would be given an opportunity to correct the error;
- the Chairman queried by how much expenditure reduced by having an efficient procurement process. The Chief Executive indicated that work was ongoing with regard to how much procurement cost previously and he felt that a reasonable comparison would be able to be made. He further commented that procurement was about requiring officers to use a clear process that should be followed, which could affect the work of many officers on a daily basis;
- the Head of ICT and Procurement noted several minor spelling/typographical errors that had been highlighted by members in going through the document, which he agreed to correct before it was submitted to full Council for approval.

The Chairman thanked the officers for their work in producing the new Procurement Procedure Rules, which were generally well received by the Committee. The Head of ICT and Procurement thanked the Committee for taking an active role in the preparation of the new rules.

RESOLVED: that Council be recommended to approve the new Procurement Procedure Rules subject to the correction of minor spelling/typographical errors and to the following amendments:-

- paragraph 8.1(a) (Transactions up to £5,000) - the word “advisable” in the second sentence be substituted with the words “preferred practice”;
- paragraph 9.8(b) (Errors and Qualified Tenders) - the wording “If the tenderer withdraws, ...” at the beginning of that paragraph be amended to read “If the accepted tenderer withdraws, ...”.

*(Gary Russ, Head of ICT and Procurement – (01935) 462076)
(gary.russ@southsomerset.gov.uk)*

24. Waiving of Standing Orders (Agenda Item 6)

The Head of ICT and Procurement referred to his report on the agenda, which gave a summary of exemptions that had been made to Financial Procedure Rules and Standing Orders for Contracts.

The Committee indicated that they were content with the report.

RESOLVED: that the report of the Head of ICT and Procurement giving a summary of exemptions made from Financial Procedure Rules and Standing Orders for Contracts be noted and accepted.

(Gary Russ, Head of ICT and Procurement – (01935) 462076)
(gary.russ@southsomerset.gov.uk)

25. Scoping of Section 106 and Commuted Sums Audit (Agenda Item 7)

The Chief Executive summarised the agenda report, which, as requested by the Audit Committee, set out the scoping of the operational audit review of Section 106 planning obligations and commuted sums.

Arising from discussion of this item, a member commented that it would be useful if a simple form could be developed to enable ward members to be informed of any Section 106 planning obligations that related to their ward.

The Chief Executive reported that work was ongoing, separate from the work relating to scoping the audit review, on looking at the best method of presenting information on current Section 106 planning obligations to ward members. He indicated that he would ask the Corporate Director – Economic Vitality to report back to the Committee on that matter and to inform the Chairman when he would be able to submit the report.

The Committee indicated that they were content with the scope of the audit review.

RESOLVED: that the report be noted and accepted.

(Donna Parham, Head of Finance – (01935) 462225)
(donna.parham@southsomerset.gov.uk)

26. Date of Next Meeting (Agenda item 8)

Members noted that the next meeting would be held on Thursday, 28th August 2008 at 10.00 a.m. in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

NOTED.

(Andrew Blackburn, Committee Administrator – (01460) 260441)
(andrew.blackburn@southsomerset.gov.uk)

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 Chairman