



# Contract Management

## Peak District National Park Authority

### Internal Audit Report

Business Unit: Cross Cutting  
Responsible Officer: Chief Finance Officer  
Date Issued: 17 April 2023  
Status: Final  
Reference: P3070/001

	P1	P2	P3
Actions	0	0	0
Overall Audit Opinion	Substantial Assurance		

# Summary and Overall Conclusions

## Introduction

The Peak District National Park Authority (PDNPA) carries out procurement and contract management activities over a wide range of goods and services, including IT, conservation and restoration projects and the maintenance of assets and land. Good contract management is important to ensure that contracts continue to provide value for money, that the authority and its contractors meet their obligations, and that risks are effectively managed.

Contract Procedure Rules (CPRs) are in place to govern procurement and contract management activities at the authority. Quarterly data on awarded contracts and invitations to quote or tender above £5,000 is published to the website. It is also required that contracts over £25,000 in value are published to the Contracts Finder website.

It is important to maintain robust and accurate records of contracts held by the authority. Each contract has a designated Contract Manager from initial procurement to completion. They are responsible for ensuring compliance with the contract terms and any agreed performance measures.

## Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:

- Suitable contract management arrangements were in place, including the maintenance of a register and publishing of contract data as required.
- Individual contracts were managed effectively and delivered in line with expectations.

## Key Findings

Generally, the arrangements for managing contracts at the authority appear robust. There is no central contract management function due to the size of the organisation, and so each contract is managed by officers within the various Directorates. A contract register is maintained and uploaded to the website on a quarterly basis with details of contracts over £5,000 in value. This process is managed by the Legal and IT Teams. The Finance Team also uploads monthly expenditure data for spend of £250 or greater. Part 2 (CPRs) of the Standing Orders states that contract information must be published to the website on the day of award of contract. It was confirmed by the Senior Legal Officer (Projects) that this is published quarterly and that the CPRs will be updated to reflect this.

The CPRs further state that contracts exceeding £150,000 must be authorised by the relevant Committee. The Chief Finance Officer confirmed this is the Programmes and Resources Committee. The three meetings which took place during 2022 were reviewed and discussions took place around upcoming large projects/areas of spend, with authorisation provided by the Committee for these projects.

As referenced above, publishing requirements are in place at the authority. Contracts over £5,000 in value must be published to the website and those over £25,000 must be published to the Contracts Finder website. Both requirements are documented in the CPRs. The rules state that contract data should be published to the Contracts Finder website 'within a reasonable time.' The Public Contract Regulations 2015 give a timescale of 90 calendar days for publishing this information<sup>1</sup>. The CPRs could be updated to give a more concrete timescale.

Other than the CPRs, no guidance is in place for officers responsible for managing contracts. The CPRs do contain a section entitled 'Post Award of Contract,' however this only contains instructions for publishing to the website and to the Contracts Finder website post-contract award. Some training has taken place for managers of more complex contracts, such as in the Asset Management and Moors for the Future teams. However, this has largely focussed on the procurement stage. It was explained that in these teams, contract management is a large part of the role and is considered during recruitment and for ongoing performance management.

A sample of five contracts, all with a value of £10,000 or more, was reviewed during the audit. All contracts in the sample appeared to be managed appropriately and evidence to demonstrate this was provided in all cases. Key Performance Indicators (KPIs) were included to some extent for each contract and evidence showed these were being monitored. The payroll contract did not contain specific KPIs as such, or any monitoring requirements, however performance is largely based on ensuring staff members are paid on time and correctly. It was explained close performance monitoring or meetings with the supplier to discuss the contract do not take place, but as no issues have arisen, it is not felt performance meetings are needed. Some formal meetings or reviews with the supplier may be beneficial to ensure there is opportunity to discuss the contract. As the contract has been in place for around 15 years, it may also be useful to review whether it still achieves value for money in comparison to the wider market. Verbal assurance was received that the previous Director felt the contract was comparable to the market, however it was not clear whether a formal review has been undertaken and documented.

All contracts in the sample had been published to the website. Of the five contracts in total, three did not need to be published to the Contracts Finder website. Two of these were under £25,000 in value and the other is the long-standing contract mentioned above. The two remaining contracts had been published to the Contracts Finder website 3 and 46 calendar days post-award.

## **Overall Conclusions**

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

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<sup>1</sup> Cabinet Office, 2015 ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1042490/transparency-requirements-publishing-on-contracts-finder-v0.1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1042490/transparency-requirements-publishing-on-contracts-finder-v0.1.pdf))

## Audit Opinions and Priorities for Actions

### Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

### Opinion

### Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	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.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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