

Internal Audit Report

Supplier and Contract Management

31 January 2023

CD2303

**Overall
Assessment**

Limited Assurance

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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2023/24 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2023. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall
Assessment

Limited
Assurance

Overall opinion and summary of findings

The controls established to provide assurance that there is effective handover from Commercial and Procurement Services (CPS) to contract managers to ensure effective performance management of Council contracts, resolution of issues, and provision of best value, require improvement.

The following significant gaps, issues, and areas of non-compliance have been identified, which if not addressed may expose the Council to risks and impact the achievement of its objectives:

- the Contract Handover report does not state the justification for the selection of contract managers by the directorates
- not all contract managers are aware of, or have completed, the Council's Contract Management training
- the Council's contract register does not capture all contracts in line with the Council's [Contract Standing Orders](#), nor is it updated by directorates promptly

- not all contracts have effective risk management arrangements, in line with Contract Standing Orders requirements
- not all contracts have effective directorate oversight arrangements to ensure contracts are being managed to an adequate standard.

Areas of good practice

Our review identified:

- the Contract Management guidance and templates available on the Orb are generally sound
- contract managers feel that the Council's Contracts and Grants Management team are easily contactable when contract managers require advice
- most contract managers meet with suppliers at least quarterly.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Contract Handover			Finding 1 – Contract Handover Process	Medium Priority
			Finding 2 – Learning and Training	Medium Priority
			Finding 3 – Completeness and Accuracy of the Contract Register	High Priority
Performance Management			Finding 4 – Performance Management	High Priority
			Finding 5 – Risk Management Arrangements	Medium Priority
			Finding 6 – Directorate Oversight	Medium Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Internal Audit Report: CD2303 Supplier and Contract Management

Background and scope

Contract management is a key component in ensuring that procured services provide best value for all stakeholders. Good contract management fosters productive relationships between all parties to a contract, embedding appropriate understanding of roles and responsibilities when delivering contractual outcomes successfully.

Demand on Council services is increasing, but due to the reduced budgets and objectives of the [Medium-Term Financial Plan \(MTFP\)](#), services must make significant savings whilst also improving the quality and sustainability of the services provided. It is recognised that effective procurement, and improved purchasing outcomes, are key in assisting the Council in delivering these objectives.

The Council's Commercial and Procurement Services (CPS) team support Directorates to procure goods, services and works, from the initial market engagement, tendering and award process through to handover of the contract to the individual contract manager.

The Contract and Grants Management (CAGM) Team within CPS have responsibilities which include developing and promoting consistent contract management processes within all service areas, technical support when contractual issues arise, and guidance on effective performance management. In April 2023, the CAGM Team refreshed the [contract management manual, toolkit and guidance](#) which is essential in ensuring a consistent approach is used by all Contract Managers for the circa 2,100 contracts and grants across all directorates within the Council.

The CAGM team also provides a Contract Management forum with regular training to Contract Managers and opportunities for contract managers to ask queries and gain support either within these forums or contacting the team directly via the CAGM email.

In addition to the suite of contract management documentation, guidance and templates available on the Orb, a Contract Management E-Learning module is available to all contract managers via the MyLearning Hub.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure effective handover from CPS to the contract manager to ensure effective performance management of Council contracts, resolution of issues and provision of best value.

Risks

- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Health and Safety
- Resilience
- Fraud and Serious Organised Crime.

Limitations of Scope

The scope of our review was limited to a sample of tier one and tier two contracts cross directorate and only covered the process from the point of handover from CPS to individual service contract managers. The procurement process prior to handover has been covered by a separate [audit](#) which was completed as part of the 2023/24 audit plan.

Reporting Date

Testing was undertaken between 14 November and 18 December 2023.

Our audit work concluded on 18 December 2023, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Contract Handover Process

Finding Rating	Medium Priority
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Following the tendering process, Commercial and Procurement Services (CPS) prepares a [Contract Handover Report](#) which contains contract details, including the name of the contract manager. The document is designed to provide the contract manager with a clear understanding of the key elements of the contract.

Although the name of the contract manager should be stated, the Contract Handover Report template does not require a justification for that person being selected as the contract manager; for example, that they have sufficient expertise in the area, have sufficient seniority to effectively manage the contract, or sufficient capacity to perform the duties. Of the sample of 14 contracts, 1 of the contract managers stated that they did not feel that they had sufficient seniority to effectively challenge the supplier.

A contract handover meeting is held immediately prior to the handover of contract management responsibilities to service areas from CPS. As part of this process, a contract handover document is completed by CPS which sets out key contract information

Audit testing of a sample of 14 contracts, identified that there was 1 instance where CPS did not create a contract handover document, and 2 instances where the current contract managers could not evidence the documents' existence due to inadequate handover from the previous contract manager.

Risks

- **Supplier, Contractor, and Partnership Management** – contract managers do not have the required skills, experience, seniority, and capacity to ensure that services provided meet requirements and that the Council achieves best value.

Recommendations and Management Action Plan: Contract Handover Process

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	The Contract Handover Report template should be updated to require a justification to be documented for appointing the contract manager. This justification should demonstrate that the person has sufficient expertise, experience, seniority, and capacity to effectively manage the contract and hold the supplier to account.	CPS will amend the procurement strategy document to allow completeness of this action, providing access to the competency framework for new contract managers and sign off by relevant service manager.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/08/2024

1.2	The Contract Handover Document Template should be updated to incorporate a section for service areas to update when there is a change of contract manager.	Contract Handover Document updated to incorporate a section for service areas to update when there is a change of contract manager, and for the Directorate to include suitable justification accordingly as to the experience and expertise of the contract manager.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/08/2024
1.3	Following implementation of recommendation 1.2 by CPS, directorates should ensure that each contract handover document going forward contains a confirmation that the contract manager has sufficient expertise, seniority, and capacity to effectively manage the contract and hold the supplier to account.	<p>Corporate Services: The Directorate will ensure the contract handover document includes the necessary skills and seniority required by the contract manager to manage the contract.</p> <p>Place: Following receipt of the updated Contract Handover document, confirmation will be provided that the contract manager has the necessary seniority.</p> <p>CEJS: To ensure we have capacity to scrutinise and manage contracts and suppliers we have identified 3 additional roles into the Commissioning Team to support this.</p> <p>HSCP: The Partnership will ensure that as part of contract handover</p>	<p>Executive Director - Corporate Services</p> <p>Executive Director – Place</p> <p>Executive Director – CEJS</p> <p>Executive Director - HSCP</p>	<p>Operations Manager, Corporate Services</p> <p>Operations Manager, Place</p> <p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	<p>31/03/2025 (Corporate Services)</p> <p>31/03/2025 (Place)</p> <p>31/03/2025 (CEJS)</p> <p>31/03/2025 (HSCP)</p>

		documentation, there is a confirmation included that ensures the contract manager has sufficient expertise and seniority & capacity to manage contracts.			
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Finding 2 – Learning and Training

Finding
Rating

Medium
Priority

The [Contract Management Guidance](#) on the Orb (the Council’s intranet) and e-learning module on MyLearningHub is generally fit for purpose, and audit fieldwork discussions with contract managers confirmed that it has been well received. The Contract and Grants Management team (CAGM) sends out a 6-monthly email reminding all contract managers to complete the e-learning.

However, a sample of 14 contracts evidenced that 6 of those contracts had contract managers who had not completed the e-learning, with 5 of those 6 advising they were unaware that the e-learning existed.

In addition, the e-learning was last updated 3 years ago.

Also, our sample testing found that there was inadequate risk management understanding, or processes in place to manage contract risks (see [Finding 5](#)). This is an area that a recent CPS compliance review identified to be weak and where contract managers required further guidance or training.

Risks

- **Supplier, Contractor and Partnerships Management** - contract managers do not have the required knowledge and skills to effectively manage their contracts to ensure that services provided meet requirements and that the Council achieves best value.

Recommendations and Management Action Plan: Learning and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	The Contract and Grants Management e-learning module should be periodically refreshed to ensure that it remains fit for purpose. In particular, additional material should be incorporated in areas where contract management has been identified as being weaker in the annual compliance review, i.e. risk management.	Refresh to the Contract Management E-Learning Module to reinforce areas of known weakness by Contract Managers.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	31/12/2024
2.2	Contract manager completion of the e-learning module should be reviewed to ensure that the full population of managers on the contract register have completed the training as required. A list of contract managers who should have completed the training can be obtained from the Council’s Learning and Development team.	CPS to conduct 6 monthly review of e-learning completion and should issue statistics to directorates to ensure contract managers have completed training. CPS will work with HR to establish what is possible regarding automatic			31/12/2024

	Ongoing completion of the contract management e-learning should be monitored by directorates and appropriate action taken where it has not been completed by a contract manager.	prompts being issued to contract managers.			
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Finding 3 – Completeness and Accuracy of the Contract Register

Finding Rating	High Priority
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The contract register is maintained by CPS and should contain details of all Council contractual arrangements over £5000 in value, including the contract financial values, and the names of the contract managers within the relevant service areas.

Stating the name of the manager on the contract register allows for the contract manager to be easily contactable to answer queries, identify those who require contract management training, and those who should be invited to the regular drop-in sessions. Every year, CPS sends the directorates a list of their contracts and the associated contract managers and ask the directorates to confirm the details are correct.

For 3 of the 14 contracts sampled, we noted that the name of the contract manager listed in the register did not match the actual contract manager. In addition, CPS advised that the directorates do not always respond to the annual email containing the list of their contracts.

Sample testing identified that 1 of the contracts reviewed (with an annual spend of £3.5m) was not listed on the contract register. Management has advised that some contracts are classified as “non-contracted spend”, which means that they were not contracted through the standard CPS process and therefore, are not included on the contract register. The reasons for non-inclusion are either that they are national contracts or were purchased through feeder systems (such as Swift or SEEMiS). The total spend on the top 100 “non-contracted spend” contracts during 2022-23 was £91m.

The non-inclusion of these contracts in the contract register breaches the requirements of both the Councils Standing Orders (CSOs) and the [Procurement Reform \(Scotland\) Act 2014](#)

A separate audit of non-contracted spend is proposed for the 2024/25 Internal Audit Plan.

Risks

- **Supplier, Contractor, and Partnership Management** – contract managers may not complete necessary training, cannot liaise with other contract managers, and are not easily contactable to answer queries.

Recommendations and Management Action Plan: Completeness and Accuracy of the Contract Register

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	CPS should remind all directorates that all Council contracts above £5,000 for goods/services, and £10,000 for works should be listed on the contract register, regardless of whether they were contracted through the standard CSOs procedures.	CPS will include reminder action in Quarterly Dashboards to Executive Directors. CPS should remind directorates to add new or amend existing contract register entries within 5 days of contract award or contract change.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/05/2024

3.2	Directorates should periodically review their spend to confirm that there is compliance with the Council Standing Orders (see Finding 6).	<p>Corporate Services: The contract expenditure samples will be reviewed in CSMT meetings on a six-monthly basis to ensure compliance with the Council standing orders.</p> <p>Place: A sample of expenditure will be reviewed on a six monthly basis to ensure compliance with the Council Standing Orders.</p> <p>CEJS: Our compliance is reviewed at monthly SMT Performance Meetings and this action will continue to be a standing item at these meetings.</p> <p>HSCP: The Procurement Board will sample expenditure will be reviewed on a six-monthly basis to ensure compliance with Council standing orders.</p>	<p>Executive Director - Corporate Services</p> <p>Executive Director – Place</p> <p>Executive Director – CEJS</p> <p>Executive Director - HSCP</p>	<p>Operations Manager, Corporate Services</p> <p>Operations Manager, Place</p> <p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	<p>31/12/2024 (Corporate Services)</p> <p>31/12/2024 (Place)</p> <p>31/12/2024 (CEJS)</p> <p>31/12/2024 (HSCP)</p>
3.3	Following the contract register being fully updated, there should be regular ongoing liaison between CPS and the directorates to establish non-contracted spend. Where non-contracted spend is identified consideration should be given to formally procure the services as per procurement regulation.	CPS will continue to provide non-compliant spend information to Executive Directorates, working with service area nominated stakeholders to identify the cause and agree alternatives where appropriate.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/12/2024
3.4	Directorates should respond in a timely manner to the annual email sent to them by CPS, which contains the list of their contracts. The response should clearly	Corporate Services: Under the Governance Compliance and assurance framework, the Contract Register is being reviewed annually and being	Executive Director - Corporate Services	Operations Manager, Corporate Services	<p>31/12/2024 (Corporate Services)</p> <p>31/12/2024 (Place)</p> <p>31/12/2024 (CEJS)</p> <p>31/12/2024 (HSCP)</p>

	<p>state if the correct contract managers have been listed for each of the contracts. In addition, directorates should perform a regular review exercise to confirm that the correct managers are listed for their contracts.</p>	<p>updated for maintaining the accurate contract information.</p> <p>Place: Engage with CPS to put in place appropriate arrangements to review and update the Contract Register to ensure that it is accurate and up to date.</p> <p>CEJS: Having worked on this process vigorously and receiving monthly reports from CPS we now have accurate contract registers in place that are reviewed at our monthly SMT Performance meetings, also ensuring we have the right links to the contracts.</p> <p>HSCP: The Partnership Procurement Board will review the Contract register on an annual basis to ensure accuracy and it is up to date.</p>	<p>Executive Director – Place</p> <p>Executive Director – CEJS</p> <p>Executive Director - HSCP</p>	<p>Operations Manager, Place</p> <p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	
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Finding 4 – Performance Management

Finding Rating	High Priority
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The Contract and Grants Management team (CAGM) provide a [Contract Review Meeting Guidance document](#) on the Orb, which includes a template to help ensure contract managers know the areas to discuss with suppliers and the key information to record.

Audit testing of a sample of 14 contracts identified that, although supplier meetings generally occur at the required frequency, minutes or action notes are often of low quality and there were 4 instances of meeting minutes not being taken at all or handwritten in a personal notepad.

Contract management arrangements for a large healthcare provider were reviewed as part of the audit sample. It was concluded that supplier contract management arrangements were weak as there were no 1-1 supplier contract meetings due to the large number of suppliers, no KPI performance reporting, and no meeting minutes for supplier meetings. In addition, compliance activities such as PVG or insurance checks were stopped during the recent pandemic and, as at December 2023, have yet to resume.

CPS management has advised that this specific contract was a “non-contracted spend” contract, and that there is limited confidence such contracts are being managed in line with Contract Standing Orders requirements.

As stated at [Finding 3](#), the total spend on the top 100 “non-contracted spend” contracts during 2022-23 was £91m.

Risks

- **Supplier, Contractor and Partnerships Management** – ineffective performance management, where issues cannot be identified, managed, and resolved
- **Governance and Decision Making** – reduced oversight from senior managers if there are contract performance issues.

Recommendations and Management Action Plan: Performance Management

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	<p>Contract Review meetings should be documented using the Contract Supplier Meeting Template.</p> <p>Service areas should define the minimum standing agenda items stated within the template that are relevant for the specific contracts.</p> <p>In addition, all supplier meetings should be fully minuted as per the template agreed.</p>	<p>Corporate Services: The Contract Supplier Meeting Template will be reviewed, and the relevant standing agenda items will be defined following all suppliers’ meetings will be minuted across the Directorate relevant to specific contracts.</p> <p>Place: The Contract Supplier Meeting Template will be reviewed, and appropriate arrangements put in place across the Directorate.</p> <p>CEJS: The Contract Supplier Meeting Template will be reviewed, and appropriate</p>	<p>Executive Director - Corporate Services</p> <p>Executive Director – Place</p> <p>Executive Director – CEJS</p>	<p>Operations Manager, Corporate Services</p> <p>Operations Manager, Place</p> <p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	<p>31/12/2024 (Corporate Services)</p> <p>31/12/2024 (Place)</p> <p>31/12/2024 (CEJS)</p> <p>31/12/2024 (HSCP)</p>

		<p>arrangements put in place across the Directorate.</p> <p>HSCP: The Contract Supplier Meeting Template used by the Partnership will be reviewed, and appropriate arrangements put in place across the Directorate. HSCP.</p>	Executive Director - HSCP		
4.2	<p>All Council contracts should be managed in line with the Contract Standing Orders requirements, including ensuring that required PVG, insurance and compliance checks are completed.</p> <p>Specifically, this should also include a review of those contracts currently defined as “non-contracted” spend.</p>	<p>Corporate Services: The samples of Contracts across services will be reviewed in CSMT meetings on a six-monthly basis to ensure compliance with Contract standing orders.</p> <p>Place: Quarterly sample of contracts across Service Areas to ensure compliance with Contract Standing Orders.</p> <p>CEJS: Regular review of samples of contracts across Service Areas to ensure compliance with Contract Standing Orders. We have 96% of our spend on contract and we consider noncontract spend at our performance meetings.</p> <p>HSCP: The Procurement Board will undertake annual sampling across service areas to ensure compliance with Contract Standing Orders.</p>	<p>Executive Director - Corporate Services</p> <p>Executive Director – Place</p> <p>Executive Director – CEJS</p> <p>Executive Director - HSCP</p>	<p>Operations Manager, Corporate Services</p> <p>Operations Manager, Place</p> <p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	<p>31/03/2025 (Corporate Services)</p> <p>31/03/2025 (Place)</p> <p>31/12/2024 (CEJS)</p> <p>31/12/2024 (HSCP)</p>

Finding 5 – Risk Management Arrangements

Finding Rating	Medium Priority
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Effective risk management of contracts is essential to ensure that risks associated with contracts are actively monitored, managed, reviewed, and escalated to the appropriate directorate level.

However, our review noted that, of a sample of 14 contracts, 5 contracts did not have formal risk management arrangements in place such as recording, monitoring, and escalation of risks and thus are not compliant with Contract Standing Orders. In particular, during our discussions with the sampled contract managers, it was noted that at least 2 were not able to clearly articulate the key risks affecting their contracts or demonstrate an understanding of risk management principles in general.

Risks

- **Financial and Budget Management** – increased costs to the Council if contract risks are not effectively managed and failure to demonstrate best value
- **Supplier, Contractor, and Partnership Management** – contract risks are not being effectively managed, monitored, or reviewed, and are not being escalated to the appropriate directorate level.

Recommendations and Management Action Plan: Risk Management Arrangements

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
5.1	CPS should remind all contract managers that risk management arrangements for their contracts is a requirement of the Contract Standing Orders. Consideration should also be given to development of specific risk management training for contract managers, with support from the Corporate Risk Team.	CPS will provide a reminder of the risk management duties required to all contract managers. CPS to engage Corporate Risk Team to produce a training pack which can be presented at the CAGM Contract Managers regular Forum.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	31/12/2024
5.2	Directorates should effectively oversee their contracts to ensure that risk management arrangements are in place (see Finding 6).	Corporate Services: Once the Contract Management Manual is revised, the Corporate Services will ensure and review appropriate risk management	Executive Director - Corporate Services Executive Director – Place	Operations Manager, Corporate Services Operations Manager, Place	31/03/2025 (Corporate Services) 31/03/2025 (Place) 31/03/2025 (CEJS) 31/03/2025 (HSCP)

		<p>arrangements are being followed regularly.</p> <p>Place: Once the Contract Management Manual is updated, the Directorate will ensure appropriate risk management arrangements are in place.</p> <p>CEJS: Directorate will ensure appropriate risk management arrangements are in place and reviewed.</p> <p>HSCP: The Partnership will develop a protocol to ensure that risk management arrangements are in place across all contracts.</p>	<p>Executive Director – CEJS</p> <p>Executive Director - HSCP</p>	<p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	
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Finding 6 – Directorate Oversight

Finding Rating	Medium Priority
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Contracts managed by the Council vary in value, with one exceeding £100,000,000 in annual spend.

However, it was identified in our sample of 14 contracts that there were 5 contracts with no formal oversight arrangements in place within the relevant directorates to confirm that contracts were being effectively managed. The annual value of these contracts ranges between £210,000 to over £100,000,000.

Directorate oversight arrangements could include requirement for the contract manager to confirm that regular meetings with suppliers are taking place, that detailed and accurate minutes are being taken, that there are regular KPI reports being received from suppliers, action is being taken to address any underperformance issued, and that contract managers' e-learning is up to date.

In addition, it is noted that the Contract Management Manual does not state a requirement for directorates to have oversight arrangements for their contracts.

Risks

- **Supplier, Contractor, and Partnership Management** – without effective directorate oversight arrangements, there is an increased risk that contracts are not being managed effectively and suppliers are not being held to account.

Recommendations and Management Action Plan: Directorate Oversight

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
6.1	<p>The Contract Management Manual should include the requirement for directorates to effectively oversee their contracts. This should include the requirement to confirm that regular meetings with suppliers are taking place, with detailed and comprehensive minutes being taken, that regular KPIs reports are being received from suppliers, and that contract managers' training is up to date.</p> <p>In addition, the manual should include the requirement for directorates to periodically</p>	CPS to update Contract Management Manual (or CSOs) to include contract management oversight by Directorates.	Executive Director - Corporate Services	Head of Commercial and Procurement Services Commercial Partner	30/09/2024

	review their spend to ensure that all contracts have been included on the contract register.				
6.2	Directorates should introduce regular oversight arrangements for their contracts, which is aligned to the requirements stated in the revised Contract Management Manual (as per recommendation 6.1)	<p>Corporate Services: Corporate Services will put in place proper oversight arrangements aligned with the revised Contract Management Manual.</p> <p>Place: Once the Contract Management Manual is updated, the Directorate will put in place appropriate oversight arrangements.</p> <p>CEJS: Directorate will put in place appropriate oversight arrangements aligned with revised Contract Management Manual.</p> <p>HSCP: The Partnership through the Procurement Board will ensure that there is regular oversight arrangement in place as per the Contract Management Manual.</p>	<p>Executive Director - Corporate Services</p> <p>Executive Director – Place</p> <p>Executive Director – CEJS</p> <p>Executive Director - HSCP</p>	<p>Operations Manager, Corporate Services</p> <p>Operations Manager, Place</p> <p>Operations Manager, CEJS</p> <p>Operations Manager, HSCP</p>	<p>31/03/2025 (Corporate Services)</p> <p>31/03/2025 (Place)</p> <p>31/03/2025 (CEJS)</p> <p>31/03/2025 (HSCP)</p>

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.