Children and Young People's Commissioner Scotland

Internal Audit
2024-25

Procurement
March 2025

Overall Conclusion

Substantial

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Children and Young People's Commissioner Scotland's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 Executive summary

Overview

Purpose of review

The purpose of this review was to conduct a review of the procurement process in place, from identifying procurement needs, through to appraising options and contracting with suppliers in relation to the procurement of legal services. We also looked to provide assurance that the organisation is complying with legislative requirements.

This review formed part of our 2024/25 Internal Audit Annual Plan.

Scope of review

Our objectives for this review were to assess whether:

- Appropriate policies and procedures are in place to guide staff on making purchasing decisions.
- Staff have been trained in procurement and receive appropriate procurement support.
- Agreed procurement procedures are being consistently followed, leading to value being achieved from purchases.
- Appropriate controls are in place surrounding the budgeting for the procurement of legal services.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

1 Executive summary

Background

Policies and Procedures

The Children and Young People's Commissioner Scotland (CYPCS) utilise the Scottish Parliament Finance Manual; this was most recently reviewed in November 2023 and is due to be reviewed every three years. This manual clearly outlines their relationship with the Scottish Parliament Corporate Body (SPCB).

The manual outlines the following regarding procurement of goods and services:

- Contracts for works, equipment, goods and services must be awarded through genuine and effective competition unless there are exceptional reasons for not doing so. The organisation must retain a clear record of all decisions made.
- All procurement activity should be focused on the delivery of value for money; conducted to high professional standards; and in accordance with relevant guidance and to the relevant legal requirements.

The organisation has a Procurement Policy in place. This policy was last reviewed in May 2024 and is next due to be reviewed in May 2029. The policy clearly outlines the thresholds utilised by the Organisation.

Finally, the Organisation has a Procurement Process Step by Step Guide in place, this guide is in place for standard procurement of goods and services clearly outlining the overview of procurement journeys depending upon the threshold.

Whilst we acknowledge that the organisation has a robust Finance Manual, Procurement Policy, and Procurement Process Step by Step Guide, the Organisation does not have any procedures in place surrounding the procurement of investigation and litigation legal services. We have therefore, raised a recommendation, please see **Section 3: Detailed Recommendations** for further information.

Procurement Thresholds

Requirements below £5,000 (excluding VAT)

- Requirements below £5,000 (excluding VAT) for the lifetime of the contract, do not require formal competition. However, the purchase is required to represent overall value for money and offer fair and equitable treatment to suppliers.

Requirements between £5,000 and £50,000 (excluding VAT)

- Requirements between £5,000 and £50,000 (excluding VAT) for the lifetime of the contract, require a minimum of three written quotations.

Requirements above £50,000

- Formal tendering procedures must be used for all procurements with a value of more than £50,000 (excluding VAT), and for any lower value requirements that are potentially complex/ high risk.

Legal Panel

From our discussions with the organisation's Head of Advice and Investigations we were made aware that they do not have any preferred legal service suppliers for the litigation and investigation functions.

At the time of our review, the organisation is considering the adoption of the Equality Human Rights Commissioner (EHRC) and UK Government's Attorney General model of a legal panel, pending the outcome of this specific audit and have sought more information from both of these organisations on their structure and set up. We have therefore, raised a recommendation, please see **Section 3: Detailed Recommendations** for further information.

Due to the uniqueness and size of the CYPCS, the EHRC approach would be utilised as a template (rather than full adoption) as the CYPCS does not have the same staffing resources as the EHRC.

Sample Testing

During our review, we completed sample testing of eight legal services invoices from the period June 2022 to January 2025 and we confirmed that each invoice was approved and paid in line with the Organisation's Finance Manual and Procurement Policy.

1 Executive summary

Budgeted Costs 2024/25 as at January 2025

	Final Budget 2024/25	Actual YTD	Variance
Legal Advisers	£5,000	£5,191	(£191)
Advice and Investigations	£59,625	£21,892	£37,733

Training

We can confirm that procurement training most recently took place in November 2024. This was an internal training session carried out as the internal procurement procedures were updated. We completed a review of the presentation slides and can confirm that this session covered key areas. However, this did not contain coverage of the procurement of investigation and litigation suppliers. We have therefore detailed this within our recommendation, please see **Section 3: Detailed Recommendations** for further information.

1 Executive summary

Work Undertaken

In line with each objective, we completed the following work:

Objective 1: Appropriate policies and procedures are in place to guide staff on making purchasing decisions.

- We reviewed the Organisation's Finance Manual, Procurement Policy, and the Step-by-Step Guide to ensure these documents were robust and up to date.
- We held discussions with key contacts to assess whether the Organisation has procurement procedures in place surrounding the specific procurement of legal services.

Objective 2: Staff have been trained in procurement and receive appropriate procurement support.

- We reviewed the procurement training materials provided to the relevant staff in June 2023 and November 2024 to ensure these were appropriate.

Objective 3: Agreed procurement procedures are being consistently followed, leading to value being achieved from purchases.

- We completed sample testing of 8 legal services invoices from the period June 2022 to January 2025 to assess whether procedures are being consistently followed.

Objective 4: Appropriate controls are in place surrounding the budgeting for the procurement of legal services.

- We held discussions with key contacts to gain an understanding of the controls in place surrounding the budgeting for procurement of legal services.

1 Executive summary

Conclusion

Overall conclusion

Overall Conclusion: Substantial
Following our review and testing, we can provide a substantial level of assurance surrounding the procurement processes in place at the Organisation in relation to the procurement of legal services. We have raised one medium grade recommendation and one low grade recommendation for improvement, please see **Section 3: Detailed Recommendations** for further information.

Summary of recommendations

Grading of recommendations

	High	Medium	Low	Total
Procurement	0	1	1	2

As can be seen from the above table there were no recommendations made which we have given a grading of high.

1 Executive summary

Areas of good practice

The following is a list of areas where the Organisation is operating effectively and following good practice.	
1.	During our review, we completed sample testing of eight legal services invoices from the period June 2022 to January 2025 and we can confirm that each invoice was approved and paid in line with the Organisation's Finance Manual and Procurement Policy.
2.	We can confirm that the Organisation's staff most recently completed Procurement Training in November 2024. This was an internal session carried out due to internal procedure changes.

2 Benchmarking

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Procurement

Benchmarking				
	High	**Medium**	**Low**	**Total**
Average number of recommendations in similar audits	0	2	2	4
Number of recommendations at Children and Young People's Commissioner Scotland	0	1	1	2

From the table above it can be seen that the Organisation has a lower number of recommendations compared to those organisations it has been benchmarked against.

3 Detailed recommendations

Legal Panel			
Ref.	Finding and Risk	Grade	Recommendation
1.	The organisation should have a legal panel of preferred suppliers for litigation and investigation functions to help ensure consistent quality, cost efficiency, regulatory compliance, and streamlined procurement of legal services. A structured panel provides pre-approved legal providers with established terms, reducing procurement delays and ensuring legal matters are handled by appropriately qualified individuals. During our review, we held discussions with key contacts who informed us that this is not in place at the organisation. Instead, legal service providers are engaged on an ad hoc basis, without a standardised selection process. However, the organisation is considering the adoption of a legal panel, while acknowledging that CYPCS are smaller than other similar organisations' with a legal panel. Following our root cause analysis, we note that this is not in place due to an overreliance on	**Medium**	We recommend that CYPCS consider the adoption of a legal panel which is proportionate to the size of the organisation. This should include the development of a legal panel framework to ensure that the eligibility criteria is defined, implementing a transparent selection process, and establishing a pre-negotiated fee arrangements to prevent overcharging of public finances.

	the processes and procedures already in place at the organisation and due to limited information surrounding good practice in the sector in this area. The absence of a pre-vetted legal panel increases the likelihood of engaging unsuitable legal providers, potentially leading to poor legal advice. There is also a risk that engaging legal services on an ad hoc basis may lead to inconsistent and inflated costs.		
Management response			Responsibility and implementation date
Accepted.			*Responsible Officer: Nick Hobbs* *Implementation Date: March 2026*

3 Detailed recommendations

Procurement of Legal Services Procedure			
Ref.	Finding and Risk	Grade	Recommendation
2.	The organisation should have a formal investigation and litigation procurement procedure for legal services to help ensure transparency, compliance with procurement regulations, cost-effectiveness, and the selection of appropriately qualified legal providers. Whilst we acknowledge that the organisation has a robust Finance Manual, Procurement Policy, and Procurement Process Step by Step Guide, the organisation does not have any procedures in place surrounding the investigation and litigation procurement of legal services. Following our root cause analysis, we note that this is not in place due to an overreliance on informal knowledge where it was deemed not critical to have such a procedure in place. There is a risk that inconsistent procurement may lead to the appointment of unsuitable	**Low**	We recommend that the organisation create a formalised investigation and litigation procurement procedure or detail this procedure within the established Procurement Policy. This should clearly outline the roles and responsibilities of those involved in the process. We then recommend that the relevant individuals are trained on the new procedure to help ensure compliance. Finally, we recommend that this procedure clearly outlines the processes and controls in place surrounding the budgeting of procurement of legal services.

	individuals, resulting in poor services gained and poor value for money.		

Management response	Responsibility and implementation date
The organisation would like to introduce a process consistent with its current procurement policy and procedures for advice and investigations. We understand the risks associated with not having such a procedure in place.	*Responsible Officer: Nick Hobbs* *Implementation Date: March 2026*

4 Audit arrangements

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Advisory Board meeting.

Audit stage	Date
Fieldwork start	29 January 2025
Closing meeting	26 February 2025
Draft report issued	7 March 2025
Receipt of management responses	22 April 2025
Final report issued	23 April 2025
Audit Advisory Board	15 May 2025
Number of audit days	3

5 Key personnel

We detail below our staff who undertook the review together with the Organisation staff we spoke to during our review.

Wbg			
Partner	Graham Gillespie	Partner	gg@wbg.co.uk
Director	Stephen Pringle	Director of Internal Audit	sp@wbg.co.uk
Auditor	Carla Tamagnini	Internal Auditor	ct@wbg.co.uk

Children and Young People's Commissioner Scotland			
Key Contacts:	Nicola Vallance-Ross	Head of Corporate Services	Nicola.Vallance-Ross@cypcs.org.uk
	Nick Hobbs	Head of Advice and Investigations	Nick.Hobbs@cypcs.org.uk
	Jane Thornton-Smith	Finance Officer	Jane.Thornton-Smith@cypcs.org.uk
Wbg appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

Appendices

A Grading structure

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A Grading structure

For each recommendation, we assign a grading either as High, Medium, or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Advisory Board and addressed by Senior Management of the Organisation as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the Organisation as soon as possible.
Low	Minor issue or weakness reported where Management may wish to consider our recommendation.

B Assignment plan

Purpose of review

The purpose of this review is to conduct a review of the procurement process in place, from identifying procurement needs, through to appraising options and contracting with suppliers. We will also look to provide assurance that the Organisation is complying with legislative requirements.

This review forms part of our 2024/25 Internal Audit Annual Plan.

Scope of review

Our objectives for this review are to assess whether:

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- Staff have been trained in procurement and receive appropriate procurement support.
- Agreed procurement procedures are being consistently followed, leading to value being achieved from purchases.
- Appropriate controls are in place surrounding the budgeting for the procurement of legal services.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussion with relevant personnel to establish the current procurement arrangements in place in the Organisation in relation to legal services.
- Obtain, review, and assess any documented procurement policy and procedures. We shall confirm what procurement policies and procedures are in place and review these for completeness, clarity, and adequacy. We shall ensure these align with recognised good practice and provide clear guidance on how to make a purchasing decision and enter into contracts with suppliers as well as ensuring staff are aware of the existence of these documents.
- Ascertaining the process for identifying the procurement needs of the Organisation for legal services and assessing this to confirm whether this is fit for purpose and based on sound rationale and will provide the Organisation with value for money in its procurement.
  Establishing the appraisal process for procurement to ensure that this is adequate and is being followed by all staff.
- Establishing if contracts are in place for all relevant procurement. We shall test a sample of spend with legal services suppliers to ensure the purchase was of a nature covered by the contract. We will use data analytics to cross check this with the spend profile to assess if those suppliers with high value spend are included on the contracts register.
- Review of staff training arrangements in relation to procurement.

Potential key risks

The potential key risks associated with the area under review are:

- An agreed procurement strategy and appropriate policies and procedures may not be in place to guide staff on making purchasing decisions.

- Staff may not have been trained in procurement or may not receive appropriate procurement support.

B Assignment plan

- Agreed procurement procedures may not be consistently followed, leading to poor value being achieved from purchases.
- There are no appropriate controls in place surrounding the budgeting for procurement of services.