

## Contract audit of temporary labour for Glasgow Subway

---

**Date of meeting** 5 September 2025

**Date of report** 11 August 2025

**Report by Chief Executive**

### 1. Object of report

To advise the committee on the findings of a contract audit of temporary labour supply for Glasgow Subway. This engagement was included in the annual Internal Audit plan 2025/2026.

### 2. Background to report

Subway management requires access to temporary resource support for Safety Critical, Engineering and Track based roles. This arrangement has proven to be successful in recent years and attractive from the perspective of having this support as and when required, negotiated, and planned around the peaks and troughs within various workload schedules.

At its meeting of 8 November 2024, the Operations Committee approved the award of the temporary labour supply contract to Venesky Brown Ltd on a four-year term. This contract is based on a call-off basis.

All call-offs from the contract will be time-reimbursable, i.e. SPT will only pay for the work done, which will allow SPT to call off at the level of support required and react to the varying needs of the maintenance, modernisation and improvement works programme.

The objective of this engagement was to review and evaluate the procedures and monitoring arrangements in place for the provision of this contract.

This engagement tested elements of the internal controls and mitigation against SPT19: Unplanned disruption of Subway as identified in the Corporate Risk register.

### 3. Outline of proposals

Procurement Regulations require authorities to publish a Contract Award Notice on the Public Contracts Scotland (PCS) portal. This notice should include details such as the name of the successful bidder, the contract value, and the criteria used for the award. Engagement testing found that an award notice for this contract was not published, due to a known legislative inconsistency between the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland Act) 2014.

Subway Engineering requires out-of-hours work which attracts enhanced pay rates as per the contract terms and conditions.

Engagement testing found that contract monitoring arrangements are in place. The contract administrator matches invoices to supporting timesheets. A comprehensive schedule for labour

rates applicable to the contract was not available, for easy reference for matching data. The auditor placed reliance upon the Contract administrator/budget holder's records to validate the correct recharge rates were applied for invoice processing. To enhance accuracy, currency and transparency, a comprehensive schedule of rates (enhanced pay rates) should be formally agreed and communicated to the contractor.

There are areas for improvement which are addressed by recommendations which can be found at Appendix 1. Contract management have agreed to implement the recommendations, which are currently being actioned.

Key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement. Reasonable assurance can be taken from the internal controls in place for the management of the temporary labour supply for Glasgow Subway contract.

**4. Committee action**

The Committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

**5. Consequences**

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

<b>Name</b>	Lesley Aird	<b>Name</b>	Valerie Davidson
<b>Title</b>	<b>Director of Finance &amp; Corporate Support</b>	<b>Title</b>	<b>Chief Executive</b>

For further information, please contact *Iain McNicol, Audit and Assurance manager* on 0141 333 3195.

## APPENDIX 1

### Audit & Standards committee – 5 September 2025

#### Contract audit of temporary labour for Glasgow Subway

The recommendation from this engagement is listed in the following table. The priorities are defined as follows:

<b>High:</b>	A fundamental control that should be addressed as soon as possible;
<b>Medium:</b>	An important control that should be addressed within three months;
<b>Low:</b>	An issue which is not fundamental but should be addressed within six months to improve the overall control environment.

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<u>Award Notice</u>  Consideration should be given to publishing award notices for Higher Value framework call-off contracts (internal procurement processes should incorporate all reporting requirements of the Public Contracts (Scotland) Regulations 2015 and Procurement Reform (Scotland) Act 2014).	Low	Consideration will be given to publishing award notices for Higher Value framework call-off contracts.	Senior Procurement Officer	October 2025
2	<u>Labour rates</u>  The contract administrator should prepare a ready reckoner of agreed labour rates for all roles defined under the contract. This document should be communicated and used for contract monitoring arrangements.	Medium	A ready reckoner of agreed labour rates for all roles defined under the contract will be maintained and used for contract monitoring arrangements.	Programme Reporting Officer (Subway Modernisation)	Implemented