

5 September 2002

Auditor General statement on flour city contract

The Auditor General for Scotland, Robert Black, has written to the Scottish Parliamentary Corporate Body (SPCB) about some aspects of the award and management of the Flour City Architectural Metals (FCAM) contract for work on the new Scottish parliament building at Holyrood.

As part of the ongoing audit of the SPCB, Mr Black has highlighted a number of issues connected with the contract. He has also written to Fergus Ewing MSP, who also raised the matter.

In his letter to the SPCB, Mr Black states that while the award of the contract was not improperly made and that only eligible claims for payment have been met, there were deficiencies in the selection, award and management procedures. He also raised some general concerns about the handling of contracts and the management of the project.

The 2001/2 audit of the SPCB will not be complete until later this year. The Auditor General will make any decision at that time whether to use his statutory powers to report formally on any matters that may arise from the audit. In the meantime, he is not in a position to say more about any issues that might emerge when the audit is completed.

FCAM was awarded a £7.1 million contract for windows and cladding for the Scottish parliament building at Holyrood. The company collapsed in October 2001.

NOTES

The Auditor General's principal concerns are:

Selection process

- There was insufficiently clear selection criteria
- Insufficient financial information was obtained from contractors
- There was no detailed pre-tender financial analysis
- There was a lack of clarity in company evaluation procedures

Contract award

- A proper trade contract was not secured until six months after the tender was approved
- Two letters of intent were issued instead: these do not provide the necessary formal regulation of expenditure and liabilities that a trade contract would
- The letters of intent did not require a performance bond to be submitted

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