



Cadent Cost Audits

Value: £11m

Location: London, North West and West Midlands



Cadent are the UK's largest gas distribution network, managing a network of more than 82,000 miles of pipes, most of them underground, which transport gas throughout the North West, West Midlands, East Midlands, South Yorkshire, East of England and North London.

Project Synopsis

We were engaged by Cadent to carry out an audit and assessment of the impact of the COVID-19 pandemic on the cost base across their mains replacement gas distribution network contracts.

The sample to audit was agreed at 50 schemes with a range of size, supplier and value to provide an accurate representation of the contract.

Subsequently, Cadent instructed us to carry out a further audit of 20 schemes in the North West and West Midlands. As well as 50 schemes in the London network area, giving a total of 120 schemes.

Each scheme was reviewed for compliance to contractual and administrative expectations and commercial governance. The findings were shared throughout and at conclusion of the audit process through weekly dashboard reports to all stakeholders, overall we managed 3,915 records securely and efficiently throughout the pandemic.

Key Facts

 **120 schemes worth £11m**



56 suppliers audited over the 120 schemes



3 contract areas



Assessed average cost/m pipe laid per scheme



Managed 3,915 records efficiently and securely

Scope of Works

Our audit includes:

- Assessment of works without impact of COVID-19.
- Review and assess works completed, sub-contract costs and payments made.
- Review and commentary of project / commercial governance.
- Comparison of assessments (without COVID vs Costs incurred with COVID).

Successes

Only a small number of mis-allocations and errors were found. The audits identified no material issues with the management of subcontract accounts.

This provided Cadent with continuing confidence in the contract management, compliance and reporting arrangements.

Overcoming Challenges

A considerable volume of documents required review. We took a collaborative approach to the audits, working closely with the Cadent commercial teams in each network area, alongside the Main Contract Partners, to ensure the audits were streamlined. External SharePoint sites were used to store and share documents which were fundamental to the audit, with automated updates when new documents were added by Cadent stakeholders.

Testimonial

Following the final review meeting, the client commented:

"Thanks go to all involved in concluding this exercise in a collaborative manner and providing the assurances required from the exercise."

Rob Johnson
Commercial Director
Cadent Gas