



AUDIT COMMITTEE

Date Written	23 rd January 2020
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Exempt/Non Exempt	Non Exempt
Committee Date	09 th March 2020

To: Chair, Ladies and Gentlemen

Strategic Procurement Audit progress report

1.0 SUMMARY OF THE REPORT

1.1 This report highlights progress on the recommendations related to the 18/19 Strategic Procurement audit.

2.0 RECOMMENDATIONS that

2.1 The progress to date be noted.

3.0 INTRODUCTION AND BACKGROUND

3.1 As part of the audit plan for 2018/19 a review was undertaken of the strategic procurement systems and procedures.

3.2 Sample testing was conducted for the 2018/19 financial year.

3.3 The scope of the audit was in relation to:

- Procurement levels have been defined and approved by Council.
- Appropriate staff are aware of the Procurement and Contracting Rules.
- The Procurement and Contracting Rules are being complied with.

3.4 The final report was issued on the 20th September 2019.

3.5 The system of internal contract was graded as 'C' – satisfactory.

- 3.6 The testing opinion was graded as 'C' – satisfactory.
- 3.7 The overall opinion on internal control environment was graded as 'C' – satisfactory.
- 3.8 The following 9 summary recommendations were made:

Priority	Category	Definition	No. of Recs
1	Mandatory – Urgent	Action is imperative to ensure that the objectives for the area under review are met	2
2	Mandatory – Less Urgent	Requires action to avoid exposure to significant risks in achieving the objectives for the area under review	4
3	Best Practice / Other Recommendations	Action is advised to enhance control or improve operational efficiency	3

4.0 PROGRESS ON RECOMMENDATIONS

- 4.1 Overall progress on recommendations is currently at 68.75% on the AAP system.
- 4.2 Details of each recommendation is as follows:

Rec	Recommendation	Current Progress	% completed
1	Priority 2 Training on Contract Procedure Rules should be provided on a more regular basis to ensure that staff involved in the Procurement process are aware of them and are in compliance	<p>The existing procurement rules were due to be updated, but this was set back due to unknowns around Brexit. The procurement rules are intertwined with EU regulations and a clear view on how to disentangle the rules is required. At this stage all reference to EU has been removed and replaced where appropriate with PCR (Public Contracts Regulations) 2015 – these regulations are the UK Laws incorporating EU Regs.</p> <p>Procurement are also in the process of developing a 'procurement triage tool' with ICT colleagues. The tool will allow staff across the authority to 'self service' before approaching procurement to gain an understanding of the procurement route that will be required, this will form part of the new training programme once it is clear that the amended rules can be published.</p>	50%

2	<p>Priority 3 Consideration should be given to Management raising awareness of the Authority's policies including the Financial Procedure Rules e.g. during staff induction process, via the staff handbook, annual emails to staff involved in the Procurement process.</p>	<p>There is an established procurement page in the staff handbook which highlights some important information. Emails are sent to staff reminding them of obligations at periodic intervals. Procurement staff are not responsible for the Financial Regulations but follow them as all other staff.</p>	50%
3	<p>Priority 2 Consideration should be given to Procurement Services assessing the feasibility of maintaining a definitive list of all contracts including those under £5,000.00. Further to this, all officers involved in the Procurement process should be requested to provide details of all contracts awarded to Procurement Services, in order for them to maintain a definitive list and to ensure best value has been demonstrated on all occasions.</p>	<p>A significant piece of work has been done since the audit to bring the contract register up to a comprehensive level. The register now contains links to departments and also includes notifications of awards for contracts awarded at level A - which Procurement do not always have sight of. This is reliant upon officers providing short reports back to procurement, which at the moment is not mandatory.</p> <p>The recommendation was agreed in principle but is not possible to action due to the volume of low level low value activity across the Council. The work conducted to date is as far as it can possibly be taken with the resources and systems currently in place.</p>	75%
4	<p>Priority 2 Consideration should be given to Procurement Services maintaining a central record of all contracts awarded along with the subsequent documentation/evidence to support the contract i.e. the initial invitation to tender right through to the report to cabinet.</p>	<p>All Contracts that are stored on eTenderWales have links back to the originating ITT (where the tender process was conducted through eTenderWales). Other contracts created may be from call offs from national frameworks or from lower level RFQ's that are not required to be run through eTenderWales. Originating ITT's will include all documentation submitted by tenderers and subsequent successful contractor. Additional work has been carried out to link each contract with the service department so that accessing a specific departments contracts is easier. Procurement</p>	75%

		<p>have to rely on departments feeding information to us to ensure that lower level contracts are included, to compliment this a low level award report was developed which has been drafted into revised procurement rules (not yet published). Some departments have started to provide information back to the procurement manager on low level awards. It is also worth pointing out that this level of work should not be conducted by the Procurement Manager as this transactional work minimising the manager's scope to provide more strategic procurement direction within the organisation.</p> <p>In addition to the above, the eTenderWales contract list is mirrored on Atamis (spend management) which also provides links to our suppliers and tracks contract spend.</p> <p>Our visibility of our contractual position is better now than it ever has been, as we currently stand at around 58% of spend that is actioned by central payments being under contract. This figure will never be 100% when you consider that grants, foster care payments and other school spend as example, is all going through a gresso.</p>	
5	<p>Priority 2 Consideration should be given to Procurement Services communicating to all staff involved in the Procurement process the importance of adhering to the Contract Procedure Rules at all times.</p>	<p>As stated in other areas, the Procurement Rules cannot be updated until the exit from the EU is completed and a clear picture of the public contracts regulations is understood. The rules have been in draft form for some time until such time as they can be presented to Council. 25% stated completed due to the revisions to the rules having been drafted.</p>	25%

6	<p>Priority 2 The Insurance Manager should be provided with the contractors certificate of insurance for all services and works prior to the awarding of the contract.</p>	<p>Whilst we ensure that insurances are collected at time of tender, it is not established who is responsible for liaising with Insurance. Generally the department tendering should be the responsible department for checking insurances as they have knowledge of the works or service being undertaken.</p>	75%
8	<p>Priority 1 As a matter of priority, all missing documentation i.e. insurance certificate, should be obtained and copies should be retained on file. In the event a contract signed by both parties is outstanding, consideration should be given to putting a hold on payments until the contract has been received.</p>	<p>Missing documentation was sourced some time ago by the Procurement Officer responsible for these documents (this person has now left the authority). This information is stored in a folder on our shared drive.</p>	100%
9	<p>Priority 1 In order to comply with the Welsh Procurement Policy, Management need to devise and implement a suitable Risk Assessment document that will ensure the social, economic and environmental factors of all contracts over the value of £25,000 are considered, The risk assessment should be derived from the template risk assessment provided by the Welsh Assembly Government. The document should be communicated to all staff throughout Authority involved within the procurement process and reminded of the importance of completing for each contract over £25,000. All future contracts should be subject to this process.</p>	<p>Our gateway processes which are constantly being revised include our consideration of five ways of working and links to our 'focus on the future' plan. The sustainable development requirements of the WFGA require departments to consider sustainability in their tender requirements. No further work will commence on this unless national or local (WG) legislation provides for it. This requirement has been written out of the pending revised rules</p>	100%

5.0 FINANCIAL IMPLICATION(S)

5.1 There are no financial implications associated with this report.

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Does the report contain any issue that may impact the Council's Constitution?		No