Background

- Internal Audit Report competed as part of 2017-18 internal audit plan
- Final report in September 2017
- Considered by the Corporate Governance panel
- Reported to the Audit Governance and Standards committee
- Highlights cross cutting issues
- Requires action by officers across the council
- Good governance is not just the Procurement Advice Team (PAT)

Key message

The audit found that the design of our controls was good.
But we didn't always follow them. So if we actually did what our constitution, procedures, and guidance covers then we would be fine:

Design	Operational effectiveness
Substantial	Limited
Appropriate procedures and controls in place to mitigate the key risks.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.
There is a sound system of internal control designed to achieve system objectives.	Non-compliance with key procedures and controls places the system objectives at risk.

Approved Suppliers list

1) **The approved supplier list is not being used by managers where required to do so**

Please ensure you are familiar with the use of the approved suppliers list (available via Exor) for works or works related services

2) **Approved Suppliers list records should be updated**

When you use the approved list you must update the Exor record with:
- what was procured
- who was invited to tender or provide a quote
- Tender prices received
- Final pricing details
- Who was awarded the contract
- The contract value

3) **If using the Approved suppliers list you still need to update the council's contract register**

When you use the approved list you MUST ALSO upload details and documentation onto the council's e-procurement system
- this must include gateway reports
- This is a lead contract officer responsibility

Using single suppliers

1) **There is a lack of transparency when single suppliers (not competitive quotes/tenders) are used.**

Any single supplier negotiations must be undertaken in line with the council's contract standing orders and recorded on the council's contract register, e-procurement system and approved list as required.

2) **At below £25k there is a requirement to ensure value for money and best value and to keep a record of what action has been taken and when.**

The best way of ensuring value for money is to obtain competitive quotes and, if this is not done, you should record the reason for not seeking quotes (e.g. in a gateway report or e-mail exchange or on the project file)

Training requirements

1) **Not all lead contract officers have had training on the use of the e-procurement system.**

2) **The use of e-procurement will become mandatory in 2018 and the council should make full use of the functionality for storage of procurement and tender document**

E-procurement training is Training is provided and available to book through MyLearningSource. It can also be organised for particular teams as well if needed.

Please contact Tom Smith or Michael Mansa-Ray (procurement support officers) with the names of all key staff involved in procurement, including those named on the contract register, so we can ensure those staff have received training on the e-procurement system.

If you would like training on this please contact Emma Whitehead, interim Head of Procurement, or any other member of the Procurement Advice Team

Record keeping

1) **All contracts over £25,000 MUST be recorded on the council's contract register, and on the government's Contracts Finder database.**

All chief officers, directors and relevant staff responsible for contracts are reminded that you must ensure all contracts above the £25,000 threshold are recorded on both the contract register and contract finder, as per contract standing orders. If you do not know how to add contracts to both Contracts Finder and the council's Contract Register please contact a member of the Procurement Advice Team

2) **There have been some difficulties when staff responsible for contracts have left the council without an adequate handover**

Please make sure that responsibility for contracts is passed to a new responsible officer, with appropriate handover, when the original lead contract officer is leaving the council, or moving to take on other functions.

3) **There are some examples where not acting on a forthcoming contract expiry date to ensure there is a new tender or extension, has raised the risk that the council fails to continue a required service and faces reputational risk or potential financial penalties**

DCRB / management team forward plans should include a contract end date, to challenge the lead contract officer on new arrangements or extensions.

All contracts should be reviewed around 12-18 months ahead of the end date, to allow time for action by the service area responsible.

SAP spend

1) **There have been issues where spend with a supplier on SAP has exceeded that anticipated by the contract**

All lead contract officers need to comply with the CSOs in regards to variations to contracts.

When entering a procurement, you should check if their requirements may be covered by an existing contract, and if so, the contract lead should be contacted.

Follow up actions

- **Please note**

  - **Intermittent spot checks will be undertaken to confirm that relevant documentation has been uploaded to the Approved List System. Any instances of non-compliance will be reported to relevant chief officers and directors.**

  - **The procurement advice team will be undertaking regular checks to ensure all contracts are recorded on the contracts register and contracts finder.**

  - **The procurement advice team will do an annual check on the quality of the contract register**

  - **Every quarter, the procurement advice team will review the contract register to ensure staff listed as the lead contract officer are still current employees.**

  - **We will be seeking to use SAP as a control measure to include the contract register reference number as a mandatory field within a purchase order, and will give more information on this as our plan develop**