

PROCUREMENT ACTION REPORT – AUDIT COMMITTEE 3RD DECEMBER 2015

Further to my attendance at Audit Committee on 22nd October 2015 in response to an Internal Audit opinion of unsatisfactory for the devolved procurement function. Please find enclosed the salient points taken from the Internal Audit recommendations together with the Strategic Procurement manager’s response to mitigate the risks identified along with a timeline by which the actions will be implemented.

No	Internal Audit Recommendation	Strategic Procurement Management Response	Planned Implementation Date
1.	<p>There should be a periodic review (every 5 years maximum) of all key financial documentation.</p> <p>Key EU and Welsh legislative changes (Public Contract Regulations 2015 & Wales Procurement Policy Statement 2015) should be reflected in internal documentation and guidance such as Contract Procedure Rules & the Council’s Procurement Strategy.</p>	<p>Contract Procedure Rules to be re-written to include salient Procurement legislation & advice as documented in PCR2015.</p> <p>The Council’s Corporate Procurement Strategy to be redrafted (2016-20). The focus of this document will be the recommendations made within the Wales Procurement Policy Statement 2015 which also includes guidance on the achievement of the seven well being goals for Wales, as set out in the Well-being of Future Generations (Wales) Act (2015)</p> <p>Generic templates for all above OJEU procurement requirements are already in situ. The Strategic Procurement Team provide dedicated support and guidance to ensure that all tendering requirements are advertised in accordance with the PCR2015.</p>	<p>30th June 2016.</p> <p>31st March 2016</p>
2.	<p>The Council’s Procurement Strategy should be reviewed and updated and reflect the aims and objectives of the Authority. It should then</p>	<p>The Council’s Procurement Strategy 2016-20 will be re-written and will reflect the key messages outlined within the Council’s Single Integrated Plan along with the principles of the Wales Procurement Policy Statement.</p>	<p>31st March 2016</p>

	be scrutinised, approved by Cabinet and published on the hub.		
3.	Contract Procedure Rules and the operational Buyers Guides should be checked to ensure that the advice given is consistent.	The amended Buyers Guide is being redrafted and all documentation will be cross referenced to ensure consistency.	31 st March 2016
4.	The Strategic Procurement Unit should be assisted by dedicated devolved procurement officers to put in place and maintain a register of Corporate Contracts along with a process to ensure that all contracts that have been awarded (in excess of £25,000) is captured.	<p>The Council's existing Contract Procedure Rules (8.3.1) requires information on the tendering process to be captured via a tender record log, once the tender returns have been opened in the presence of an opening party. This document should then be forwarded to the Strategic Procurement Unit where it is analysed and details of the successful contractor published via the hub.</p> <p>Members of the Corporate Procurement Network have recently had this message reinforced and this will be highlighted again within the re-drafted Buyers Guides. The Strategic Procurement Unit have also clarified the importance of our procurement requirements capturing our Corporate needs and not just relating to a single section or department.</p> <p>Members of the Corporate Procurement Network have assisted the Strategic Procurement Team in putting together a Forward Contracts Programme that will eventually sit on the Council's website. The aim of the Forward Contract Register is to ensure that dedicated professional procurement resource can be more effectively positioned when it is required for the scoping and advertising of the Council's procurement needs. This process will also aid internal buy in as well as providing potential supply chains a chance to view our up and coming opportunities.</p>	<p>Message reinforced via existing CPR's</p> <p>31st March 2016</p>

5.	<p>Consideration should be given to each Directorate having a nominated key contact for the procurement function, who is responsible for the delivery of all contracts above £25,000</p> <p>These members of staff should meet regularly as part of the Corporate Procurement Network.</p>	<p>Devolved officers have been identified (after an analysis of the Council's third party expenditure) to sit on a Corporate Procurement Network that comprises 10 of the Council's highest spending areas. This group is then complimented by Internal Audit and a representative from Economic Development and our schools. After undertaking some core procurement training from November 2014 onwards, the CPN now meet on a bi monthly basis to discuss 1) EU Procurement Directives to ensure our tendering process is in compliance with PCR2015.</p> <p>2) Opportunities that the new PCR2015 presents 3) The development of procurement control systems e.g CPR's, Buyers Guides, standard templates 4) E procurement 5) WPPS 6) Contract Management 7) SME's and lotting strategies etc.</p> <p>If the devolved procurement operating model is to become successful it is critical that we maintain consistency in the personnel that attend and that attendance is seen as having strategic importance to the Council.</p>	
6.	<p>There should be a list available to all staff of current in house service providers that must be used.</p>	<p>An up to date list of all " in house" service providers has now been developed and has been communicated via the hub.</p>	<p>31st October 2015.</p>
7.	<p>Each Directorate should be required to provide a list of dedicated staff that would be involved in procuring contracts valued at or above the OJEU threshold. These staff should not be allowed to undertake such procurement activity in isolation until the Strategic</p>	<p>The Strategic Procurement Unit has gone some way to addressing the skill base that was evident within the devolved procurement function, with the introduction of a set of core procurement training competencies.</p> <p>The Strategic Procurement Unit now have regular planned dialogue with the devolved procurement leads to ensure that a</p>	

	Procurement Manager is confident that they are sufficiently skilled and trained.	dedicated resource is present to help plan all OJEU procurement opportunities. One member of the CPN is also undertaking his Professional Chartered Institute of Purchasing Qualifications.	
8.	The Strategic Procurement Unit should investigate the list of suppliers provided (where as part of the investigations, Internal Audit found that no single contract was in place) to determine if devolved units are acting in compliance with the procurement regulations.	The Strategic Procurement Unit will look to examine the information provided by Internal Audit to determine if the correct procedures are in place and will issue guidance dependent on the findings.	31 st March 2016
9.	To ensure compliance with procurement legislation and best practice, the Strategic Procurement Unit should, in partnership with CYP Finance Team, develop a bespoke set of Contract Procedure Rules for Schools.	The Strategic Procurement Manager is unable to locate any evidence of other Councils adopting a separate process for the control of schools third party expenditure. All schools are encouraged to familiarise themselves with the Council's Contract Procedure Rules and our requirements under the different purchasing thresholds. In addition, schools are already provided with a list of compliant framework arrangements that they are able to utilise. The Corporate Procurement Network also have a Schools representative in attendance. They have been tasked with making schools more aware of the requirements of our Internal controls.	
10.	Off Contract expenditure should be monitored on a periodic basis. Examples of " off contract expenditure" or inefficient use of resource should be identified and officers made aware of the correct process. Where repeated infringers are	Whilst the Corporate Procurement Unit would encourage a systematic review of " off contract expenditure", we need to ensure that our limited resource is focused on areas of more significant procurement risk to the Council.	

	made, then disciplinary action should be considered.	In the first instance our focus will be on ensuring robust guidance and control systems exist for undertaking our procurement requirements.	
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