

<b>SUBJECT:</b>	<b>LIMITED ASSURANCE AUDIT OPINION - FOOD PROCUREMENT - AUDIT COMMITTEE CALL-IN</b>
<b>MEETING:</b>	<b>Audit Committee</b>
<b>DATE:</b>	<b>7<sup>th</sup> January 2021</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

## 1. PURPOSE

To inform the Members of the Council's Audit Committee of:

- i) The action taken by management in the Service Area to date and progress against the agreed action plan in respect of the 'Limited Assurance' audit opinion for Food Procurement –Audit Follow up report
- ii) Specifically, the risks described in the action plan provided in this report and the feedback from various managers in addressing the risks highlighted in the action plan.

**Opinion: Limited Assurance**

**Proposed Date of Next Follow Up: To be advised**

### **Service Management Comments:**

The original audit report presented to members on the 24/05/2018 described the basis of the unfavourable audit opinion. A subsequent follow up audit undertaken and reported to members of the committee on the 26/11/2020.

The provision of catering through various services within the authority has never benefited from any structured corporate oversight.

The main services of primary sector catering and social care catering (Monmouthshire meals and day centres) are managed by 2 full time professional managers who have offered advice and guidance to other providers on an ad hoc basis.

The audit report highlighted, in particular, the lack of corporate resource to provide support and monitoring. The report focused upon the procurement of food but also touched upon food safety (reference the Pennington report).

Some action has been taken, particularly in relation to raising awareness amongst all departments where food is provided, of the importance of structured procurement and food safety. This has been achieved by the establishment of the Food Procurement Group

which includes representatives from each department where food is provided. The first meeting took place in February 2018 with two further meetings in 2019 and the last in February 2020.

However the lack of a corporate resource that is available to support and monitor all food outlets of the authority was also acknowledged coupled with an acknowledgement that the management and supervision of primary sector catering was under resourced (comprehensive school catering being devolved to the individual schools).

The shortage was partially addressed in 2019 by the appointment of a school meals supervisor albeit on a fixed term contract.

In recent months a proposal to recruit a corporate catering manager and deputy manager along with creating a permanent post for the school meals supervisor has been agreed in principle by both the Enterprise DMT and Social Care DMT.

A budget pressure has also been lodged to fund the supervisor role on a permanent basis and any additional costs associated with the creation of a corporate catering management function.

A job description for the new post has been drafted and is subject to job evaluation assessment.

It is acknowledged that progress in addressing the concerns raised in the audit report has been slow during 2019 and the follow up report highlighted that although acknowledged a reduction in some departments of food procured 'off contract'.

The action plan below identifies that the need for a corporate resource was recognised at an early stage. However the pandemic disrupted progress being made with both the interim HoS (Head of Strategic Projects) and Catering manager being deployed to other duties along with catering services being radically changed as services were changed by the impact of the pandemic.

Subject to funding being secured in the 2021/22 budget the new structure can be implemented and corporate oversight be introduced. The food procurement group meeting will be reconvened to reinforce the correct procurement function and training of staff involved with food provision will be better structured (this will happen irrespective of the corporate role being established to ensure that food procurement (and safety) is reinforced.

The action plan below provides further information (current status column).

## **2. AUTHOR AND CONTACT DETAILS**

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Previously agreed Action Plan

No.	Audit Ref.	Issue & Risk	Audit Comment	Recommendation	Who is Responsible	When will the action be Implemented	Current Status
1	2.3b	<p>Products purchased by the Authority were not categorised by risk.</p> <p>Inconsistent views of food procurement risk amongst staff.</p> <p><b><i>Risk - inconsistency in actions taken by staff due to differing perceptions of risk associated with various types of food.</i></b></p>	<p>The minutes of the 1<sup>st</sup> July 2019 food procurement meeting concluded that there was still a need to understand more of the risks around food, as food commodities were not categorised by risks.</p> <p>The Group discussed food risk and raised the point that more understanding is needed on the risks around food.</p>	<p>Advice and guidance surrounding risk associated with all types of food stuffs should be set out in guidance documents and published on The Hub (food area).</p> <p><b><i>Management Response: Presently the Catering Manager and Principal Environmental Health Officer are preparing a range of training courses, including advice and guidance on risks associated with foods, allergen advice, and food hygiene practice.</i></b></p> <p><b><i>Additionally Catering Manager and Principal Environmental Health Officer are increasing visits to sites to offer advice and guidance.</i></b></p>	Catering Manager, with input from Environmental Health With support from Head of Service/Senior Leadership Team	30 <sup>th</sup> September 2020 but noted that dates could be subject to change.	<p>Food Procurement Group meetings to be reconvened to reinforce food procurement/safety issues and to provide a mechanism to distribute information to food providers.</p> <p>As the corporate management resource is established a schedule of site meetings to be introduced.</p>

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2	1.2a	<p>There was no overall responsible officer for food procurement, across the organization as a whole.</p> <p>Therefore, there was no officer responsible for the oversight and monitoring of food procurement.</p> <p><b>Risk – Lack of consistency and co-ordination across the Authority. Without a corporate lead, potentially difficult to impose controls and monitor the safety of food procurement.</b></p> <p><b>Non-compliance not monitored and therefore lack of positive action, lack of understanding of the risks the Authority may be facing.</b></p>	<p>The Head of Business Transformation confirmed that a recommendation was made to SLT in August 2019, for the establishment of a centralised supervisory role for the Authority's strategic food strategy.</p> <p>In addition an assessment of resource implications was currently being drafted for consideration by the Chief Officer for Enterprise and SLT.</p>	<p>The Authority should ensure the roles and responsibilities of all staff involved in food procurement are clearly identified along with lines of accountability.</p> <p>Consideration should be given to appointing a lead officer for food procurement. This should include oversight and regular monitoring of all food spend across all departments to highlight any instances of non-compliance with appointed frameworks.</p> <p><b>Management Response:</b> <b>A Catering Supervisor will be in post, starting April 2020. This should release the Catering Manager from some of the operational side of work, allowing more focus on oversight</b></p>	Head of Service/Senior Leadership Team/All Members of the Food Procurement Group	30 <sup>th</sup> September 2020 but noted that dates could be subject to change.	<p>A corporate catering manager structure has been approved by DMT's and will be filled subject to funding.</p> <p>This includes creating a school meals supervisor.</p> <p>The dietician and allergen role continues to be provided by MCC staff with ABHB support but no direct employment has been secured as yet (cost being prohibitive).</p>

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		<i>Potential of food safety standards being breached.</i>		<p><i>both of procurement and food safety. This should extend to allowing the Catering Manager to have the right to visit any kitchens in MCC.</i></p> <p><i>Additionally, the Authority will contract the services of a shared part-time Dietician/Allergen specialist, the service will be hosted by Blaenau Gwent, to further help with promoting a consistent message across the Authority.</i></p> <p><i>We also aim to introduce a review of food spend actuals as a standing item on the agenda of the Food Procurement Group. It is a manager's responsibility to use recommended contracts but reviewing this data as</i></p>			

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				<p><i>a group will allow for opportunity for discussion and challenge, if required.</i></p> <p><i>Head of Service (Strategic Projects) will be requesting SLT send out a message to managers about their need to adhere to both food procurement rules and to follow best practice for food safety.</i></p>			

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3.	2.1b	<p>Off framework spend was noted in some cases, including the continued use of imprest accounts for food purchases.</p> <p><b>Risk - Routine non-compliance with CPRs, potential food safety risk, no pre-checks of providers, potentially no on-going contract management during the life of the contract.</b></p>	<p>Non-compliant suppliers used at the time of the last audit were compared to creditor payments for the period 1<sup>st</sup> April 2018 to 5<sup>th</sup> July 2019.</p> <p>Nine "off contract" suppliers including local butchers, milk and egg suppliers, who were identified at the time of the previous audit review, were no longer invoicing the Authority.</p> <p>Milk continued to be purchased from off framework providers. Lloyd's dairy (now known as Sugarloaf) was paid and continue to be used by one department. Merchant Farms had been used in the period reviewed (although last paid on 3/8/18).</p> <p>Sugarloaf was also used for fruit and vegetable purchases by one MCC establishment, as the framework provider (Total Produce) could not deliver to the location. Staff were working with the Catering Manager to resolve</p>	<p>Food should not be purchased from "off framework" providers.</p> <p>Reminders should be sent to all users of the imprest guidelines. In particular, to raise awareness that purchases in excess of £60 should be paid by raising a purchase order.</p> <p>Consideration should be made to defining types of food that cannot be purchased by petty cash. This information can be passed to Internal Audit in order to update and circulate new guidance.</p> <p><b>Management Response: Further work is needed to define the risks associated with foodstuffs, as this will allow us to define what an acceptable</b></p>	<p>Head of Service/Senior Leadership Team/All Members of the Food Procurement Group</p>	<p>30<sup>th</sup> September 2020 but noted that dates could be subject to change.</p>	<p>A Corporate Food Procurement Network was created in 2016 to help better coordinate the actions of those officers who had responsibility for the ordering and preparation of food. A definitive list of all compliant food frameworks that the Council could call off has been drawn up and communicated since 2017. We have also developed a dedicated Food page within the Council's procurement SharePoint area.</p> <p>The food procurement group and training will</p>



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			<p>delivery issues in order to move to the framework provider.</p> <p>Six locations (5 of which were schools) used either P I Jones or Peter Broughton for fresh fruit and vegetables instead of the approved provider.</p> <p>From a high level check of all MCC imprest accounts i.e. all petty cash transactions coded to D016 (provisions), B086 (Catering) and D020 (Café) for 1<sup>st</sup> April 2018 to 2<sup>nd</sup> July 2019, £18,357 was spent in the period.</p> <p>15 locations used petty cash imprests for the purchase of provisions. The highest expenditure (in order) was by Severn View Residential Home (£6.7k), Budden Crescent (£4.6k), Mardy Park (£1.7k), Shire Hall (£1k), with remaining 20 locations each spending less than £1k. Nine further locations had used their imprest accounts for food purchases in 2018/19 for the first time, indicating a possible growth in this area, although it</p>	<p><b><i>purchase from petty cash is.</i></b></p> <p><b><i>The message to use central contracts where they are available will be strongly promoted by SLT, and message reinforced at Food Procurement Group meetings.</i></b></p>			reinforce the food safety risks and safe working practices.

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			should be noted that all nine were relatively low spenders on food.				
4.	2.5a	<p>No evidence that contracts were in place between the Authority and some of its food providers.</p> <p><b>Risk - Authority at risk if there is a dispute between parties. Authority expectations on food safety, quality management not agreed.</b></p>	<p>Of the continuing off framework arrangements in place, one location confirmed that there was no formal arrangement with their supplier (fruit and vegetables) but the intention was to move to framework provider as soon as possible.</p> <p>Internal Audit reports on My Day My Life and various schools have identified the use of off framework providers for milk, fruit and vegetables.</p> <p>It is recognised that food should not be purchased from "off framework" providers but when exceptions are noted, a contract should be set up and monitored.</p>	<p>All arrangements for the supply of food should be supported by an appropriate and relevant contract.</p> <p><b>Management Response:</b> <b>As previously stated, there is a need to understand the risks for any foods stuffs that are not purchased via main contracts and the nature of what contracts would need to be put in place. It is understood that food should only be purchased from recommended suppliers, and otherwise only for low risk food products.</b></p>	Head of Service/Senior Leadership Team/All Members of the Food Procurement Group	30 <sup>th</sup> September 2020 but noted that dates could be subject to change.	Corporate catering manager and Food procurement group will be used to reinforce the need for better organised food purchasing.

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5.	2.5b	<p>There was a lack of evidence, in the case of “off framework” providers, to show that the Authority has complied with a key Pennington report recommendation.</p> <p><b>Risk – that the Authority is purchasing high risk food from providers not subject to independent food hygiene checks.</b></p>	<p>As noted, milk was still purchased from off framework suppliers by one location. Although there is no formal contract in place it was confirmed by Environmental Health that the dairy has a 5 rating on the food hygiene rating scheme (Sugarloaf Dairies)</p> <p>Merchant Farms had been used in the period reviewed (last paid 3<sup>rd</sup> August 2018). It is worth noting that this business was not known to Environmental Health at time of use and did not have a food hygiene rating. The milk round has since been sold to Raglan Dairy.</p>	<p>Where high risk foods are purchased, contracts should include a requirement that providers undergo independent third party food hygiene audits for high risk foods and meet the standards expected.</p> <p><b>Management Response:</b> <b><i>There has been much improvement in making sure that locations that were previously using their own suppliers for products such as meat, dairy are no longer using them, and have switched to approved suppliers. However the message will be further promoted via the Food Procurement Group.</i></b></p>	Head of Service/Senior Leadership Team	30 <sup>th</sup> September 2020 but noted that dates could be subject to change.	<p>The recommendations of the Pennington Report relates to the outbreak of E.coli and the subsequent review of food hygiene enforcement measures across Wales.</p> <p>The stance of the Strategic Procurement Manager has been that no food types that carry the risk of E.coli transmission should be procured off contract.</p> <p>All food types procured via the existing NPS frameworks have undertaken all the appropriate due diligence checks, including regular independent third</p>

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							party food hygiene audits as part of the supplier's ongoing contract management. This message has been communicated and reinforced through the Corporate Food Procurement Network.