

Internal audit

Management Actions – Procurement & Contract Management

Quarter 3 2023/24 - Update

Internal Audit Reviews

1. Procurement

An internal audit review of the Procurement service took place during 2020/21.

It concluded with Limited assurance.

Audit observations identified the requirement to make improvements to the framework of governance, risk management and control, including development of an updated procurement strategy, compliance sampling and contract reporting and recording.

A number of management actions were agreed with medium priority.

2. Contract Management

A subsequent audit of the Council's Contract Management arrangements took place during 2021/22.

It also concluded with Limited assurance.

Audit observations focussed on shortcomings in central and service record keeping and lack of clarity of responsibilities in some areas for managing key contracts.

Progress at March 2024

Capacity constraints within the Procurement service along with competing demands of the Council's response to the pandemic meant that the agreed management actions following these audits were not progressed as originally planned.

In the meantime, operational procurement activity continued but has lacked strategic oversight and direction to ensure that full benefit is derived.

A Procurement Transformation Programme was initiated in July 2023 and the service subsequently transferred to oversight by the Chief Finance Officer.

Work is now underway to fundamentally review the Procurement service and ensure it is fit for purpose.

The key areas of focus for the Transformation Programme include:

Area of Focus		Planned Activity
1.	Procurement Strategy	<ul style="list-style-type: none"> Confirm Strategy for procurement and contract management activity – September 2024
2.	Procurement & Contract Management KPIs	<ul style="list-style-type: none"> Publish Procurement & Contract Management KPIs and start to report performance against them to the Corporate Governance Group – April 2024 Present an annual update to Audit Committee on Procurement activity and performance – December 2024 onwards.
3.	Procurement & Contract Procedure Rules (PCPRs)	<ul style="list-style-type: none"> Adopt updated Procurement & Contract Procedure Rules in the Constitution – operational by May 2024
4.	Procurement & Contract Management Board	<ul style="list-style-type: none"> Establish Procurement & Contract Management (officer) Board – December 2023 - COMPLETE
5.	Contract Management & Contract Register	<ul style="list-style-type: none"> Ensure that the Contract Register complies with Transparency Code requirements and report compliance performance to the Corporate Governance Group – April 2024
6.	Forward Plan (Pipeline)	<ul style="list-style-type: none"> Establish a forward plan for planned procurements – April 2024
7.	Category Management	<ul style="list-style-type: none"> Identify lead officers with responsibility for specific categories of expenditure – December 2023 – COMPLETE Review category expenditure analyses to identify opportunities to realise savings and improve value of money – September 2024
8.	Guidance for Procuring Officers	<ul style="list-style-type: none"> Publish updated training materials and guidance for procuring officers – April 2024
9.	Procurement Team Capacity	<ul style="list-style-type: none"> Recruit to vacant roles – April 2024
10.	Procurement Act 2023	<ul style="list-style-type: none"> Prepare for implementation of procedural changes as a consequence of the Act – October 2024
11.	Internal Audit Reviews	<ul style="list-style-type: none"> Ensure that outstanding management actions from the Procurement and Contract Management audit reviews are concluded – September 2024
12.	Ethical Procurement	<ul style="list-style-type: none"> Develop the authority's approach and supporting policies and procedures to ensure that ethical procurement factors are taken into account when procuring works, goods and services – September 2024,
13.	Sustainable Procurement	<ul style="list-style-type: none"> Develop the authority's approach and supporting policies and procedures to ensure that sustainability factors are taken into account when procuring works, goods and services – September 2024,

Outstanding Audit Management Actions

A summary of the audit management actions, how they now align with the Transformation Programme and progress to date is set out below.

Procurement and Contract Management Audit Reviews - Observations	Management Action in Response to the Audit Observations	Procurement Transformation Programme – Area of Focus	Progress at March 2024
Procurement Strategy & Board	<ul style="list-style-type: none"> To review, update and further embed the Council's procurement strategy. A new procurement strategy and procurement governance board to be put in place. This will provide strategic oversight and opportunities to challenge contract managers. [And] provide a framework within which there will be periodic reviews and reports regarding performance of contracts. 	1. Procurement Strategy	Confirm Strategy for procurement and contract management activity – September 2024
		4. Procurement & Contract Management Board	Establish Procurement & Contract Management (officer) Board – December 2023 - COMPLETE
Scrutiny and Governance	<ul style="list-style-type: none"> To report to Corporate Governance Group. 	2. Procurement & Contract Management KPIs	Publish Procurement & Contract Management KPIs and start to report performance against them to the Corporate Governance Group – April 2024 Annual report to Audit Committee – December 2024 onwards
Key Performance Indicators	<ul style="list-style-type: none"> To develop performance indicators, monitor and report. 		
Compliance with Contract Procedure Rules	<ul style="list-style-type: none"> To implement a mechanism to monitor, report and sample CPR compliance. A closer alignment between procurement and finance officers for spend analysis and regular challenge on spend and CPRs. To develop a register of timebound waivers. 	3. Procurement & Contract Procedure Rules (PCPRs)	Adopt updated Procurement & Contract Procedure Rules in the Constitution – operational by May 2024
Contract Register – Forward Planning	<ul style="list-style-type: none"> To develop a mechanism to proactively review contracts register. The contract register will be reviewed and improved to ensure accuracy. 	5. Contract Management & Contract Register	Ensure that the Contract Register complies with Transparency Code requirements and report compliance performance to the Corporate Governance Group – April 2024
Contract Documentation	<ul style="list-style-type: none"> To develop a mechanism to dip sample contract documentation within the InTend system. 		