

Report for: Corporate Committee – 28th March 2023

Item number: 7

Title: 2020/21 Procurement Internal Audit Update

Report authorised by: Jon Warlow, Director of Finance

Lead Officer: Barry Phelps, Head of Strategic Procurement

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non-Key Decision

1. Describe the issue under consideration

1.1. In September 2022 the Head of Procurement presented an update to Corporate Committee in relation to three audit reports undertaken on 2020/21 which had limited assurance. The three audit reports were:

- Arrangements for Letting Contracts.
- Contract Management; and
- Management and Use of Waivers.

1.2. This briefing note provides a further update in relation to the actions arising from the Corporate Committee meeting.

2. Cabinet Member Introduction

N/A.

3. Recommendations

3.1. The Committee is requested to note the updates contained in this report and the production of a consolidated contracts register.

4. Reasons for decision

4.1. At Corporate Committee meeting held on the 15 September 2022, the Head of Procurement provided an update on the Audit reports stated in 1.1 above. The Committee requested the following actions be undertaken:

4.1.1. To send the chair information regarding the number of contracts that had three quotations and the amount of contracts that had more than a single bidder.

4.1.2. At appendix 1 in the table titled 'Arrangements for letting contracts', a committee member noted that the wording should be affirmative not passive. For example, to use 'ensure' rather than 'consider'.

4.1.3. Assess the feasibility of setting up internal contracts register by the end of 2022. Additionally, to look into bringing any other actions forward, where possible, before the planned implementation date of the procurement software at the end of 2023.

5. **Alternative options considered** N/A

6. **Background information**

Corporate Committee is invited to note the updates of the previous actions below:

6.1. **Action** - To send the chair information regarding the number of contracts that had three quotations and the amount of contracts that had more than a single bidder.

Update – Strategic Procurement has explored with the procurement technology provider whether it is possible to report on the number of responses arising from a request for quote procedure (RFQ). No standard report exists for this. Strategic Procurement then explored if a special report could be written. The systems provider confirmed this was not possible due to the limitations of the system.

The only other option would be to manually check each RFQ manually, of which there are thousands, to establish the quantum of responses and single bids received. Due to capacity constraints this would not currently be possible.

The Council is in the process of procuring a new e-procurement system with enhanced functionality and reporting capability, it is anticipated the Council will be able to analyse the number of bids received for procurements in the new solution.

6.2. **Action** – At appendix 1 in the table titled 'Arrangements for letting contracts', a committee member noted that the wording should be affirmative not passive. For example, to use 'ensure' rather than 'consider'.

Update – The report has been amended to be more affirmative reflecting the Committee members comments.

6.3. **Action** - Assess the feasibility of setting up internal contracts register by the end of 2022. Additionally, to look into bringing any other actions forward, where possible, before the planned implementation date of the procurement software at the end of 2023.

Update – The Head of Procurement has compiled a simplified consolidated contracts register of all known contracts procured through the various corporate systems. This has not been appended due to the file size; however if need be the Head of Procurement will demonstrate at the Committee meeting.

The intention is to undertake this activity at the end of each quarter and publish the contract register internally and externally.

Audit colleagues are in the process of undertaking an audit of the consolidated contracts register and will report their findings shortly.

7. Contribution to strategic outcomes

N/A

8. Statutory Officer Comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

8.1 Finance

There are no direct financial implications arising from the contents of this update report.

8.2 Strategic Procurement

The Head of Procurement recognises the limited functionality within the current procurement and contract related systems including those concerns raised in the various Audit reports. The Council is in the final stages of procuring a new e-procurement solution, which covers the entire procurement and contract management lifecycle, and is integrated into the invoicing function.

The specification for the new e-procurement solution includes all of the Audit recommendations. Therefore, when the new solution is implemented over the next 12 months, it is anticipated this will provide enhanced efficiencies, controls and reporting capability.

8.3 Legal

The Head of Legal Services has been consulted and confirms that there are no direct legal implications arising from this report. The terms of reference for Corporate Committee provide that its audit functions include “providing assurance about the adequacy of the Council’s Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them”. Accordingly, consideration of this report falls within the remit of Corporate Committee.

8.4 Equality

N/A

9 Use of Appendices

N/A

10. Local Government (Access to Information) Act 1985

N/A