



Appendix A – Management Responses and Action Plan to Audit Recommendations

Internal Audit Review – Detailed Findings that led to Audit Recommendations

Ref:1 Policies and procedures – Contract Standing Orders
Risks Lack of clear and accessible policies and procedures may result in a lack of overall staff awareness of procurement requirements. This could lead to inconsistent decisions and practices that do not align with regulations or internal Council requirements.
Findings Procurement within SBC is controlled by the Council’s Contract Standing Orders (CSOs), which set out levels of approval for certain thresholds of spend and outlines clear rules for the procurement of goods, works and services. A recommendation was raised in the previous audit for the CSOs and operating procedures to be reviewed to ensure these were up to date. It was confirmed during this audit review that a full suite of documentation has now been developed since 2021, including a Procurement Strategy, updated Contract Standing Orders, a Procurement Policy and a number of supporting Procurement Procedures. It was confirmed that the revised Contract Standing Orders appropriately set out the key governance arrangements for decision making and oversight for different thresholds of expenditure. This includes Committee approval for the procurement processes for high value contracts. However, the following were noted from a review of the Contract Standing Orders: <ul style="list-style-type: none">• There is a requirement for Contract Management Audits to be undertaken on an annual basis by the central Procurement team. This does not happen in practice. (<i>further detailed in “Ref 4 – Compliance monitoring and reporting” section below</i>)• The details in the CSOs in relation to collating contracts data and populating the Contracts Register do not correlate with what is happening in practice (<i>further detailed in “Ref 6 - Contracts Register” section below</i>)• There is a general requirement that “<i>the Procuring Officer is responsible for ensuring and recording on the contract file that the relevant authority (Council, the relevant Service Committee delegated or other as appropriate for the type and / or level of spend) has been obtained and there is sufficient budgetary provision in place for the whole life of the procurement before any steps are undertaken</i>”. It was noted that there does not appear to be a consistent way of officers demonstrating this, however it was advised that a new form is being developed which should cover this. With respect to Framework Agreements, Procurement Managers may purchase works, goods or services from an appropriate external Framework Agreement “ <i>subject to (i) the agreement of the Chief Finance Officer that the call-off represents good value for money and (ii) the agreement of the Procurement Manager that the proposed Framework Agreement has been procured appropriately, and by following the procedure stated in the Procedural Rules</i> ”. It was noted that there is currently no method of capturing this approval.
Recommendation 1: Recording approvals
Standardised processes to be established to capture all relevant approvals in line with Contract Standing Order requirements.

Priority	Responsible Officer	Target Date	Management Response	Actions
Low 				
	Hilary Gillies	July 2023	A full range of standardised processes has been developed and is available on the Procurement Sharepoint page: https://spelthornegovuk.sharepoint.com/sites/CorporateProcurement/SitePages/Our-mission-goals.aspx See 'Useful Information'.	<ul style="list-style-type: none"> Maintain and update processes and procedures as necessary and introduce new procedures as required.
	Hilary Gillies	September 2023	In response to the finding that contract management audits are not taking place in accordance with Contract Standing Orders, the Procurement team (which now has an additional resource) has implemented a contract management schedule. Procurement will work with the responsible contract managers to focus on reviewing the performance of high value, complex, strategic contracts.	<ul style="list-style-type: none"> Develop proposed CM audit plan of the top 10 contracts by value and strategic importance. See attached Contract Management Schedule [Appendix B] Proposed first CM audit to take place in September. Plan to be refreshed every 6 months.
	Hilary Gillies		In response to the finding that contract data is not being collated in accordance with CSO's, and following the implementation in June 2023 of the new e-tendering and Contract Management System, there is now a system in place to record all contract information, and manage contract expiry alerts. This, in addition to a defined process for logging contracts developed jointly by Legal Services and Corporate Procurement, will enable improved contract tracking. However, a concern remains that contract information cannot be captured, where Legal Services and Corporate Procurement have not been involved in the tendering and contract development process. As such, both services will issue / have been issuing regular communications to advise of the need for contracts (above certain values). Corporate Procurement meet regularly with internal 'clients', as do Legal Services. The message for the need for contracts is reinforced at those meetings.	<ul style="list-style-type: none"> Finance notify Corporate Procurement daily of orders raised over £5k. Procurement follow up and request a contract where required. <p>COMPLETE & ONGOING</p>

			With regards to procurement from an external framework agreement, and the auditor's comment that there is no means of capturing the approval to procure from the framework, the approval, this is incorrect, as any decisions to procure from such are recorded via the MAT approval and Committee approval processes. However, the procedure 05, regarding procurement from SBC and other frameworks has been amended to reinforce this.	COMPLETE
	Carrie Isaac	October 2023	Policies and procedures are updated annually in October, and this recommendation will be incorporated into to a new Contract Management procedure for capturing approvals for all procurement types in accordance with CSOs.	<ul style="list-style-type: none"> Procedure amended consistent with new process to ensure end to end procurements and contracts are recorded. COMPLETE

Ref:2 Policies and procedures - accessibility				
Risks				
Lack of clear and accessible policies and procedures may result in a lack of overall staff awareness of procurement requirements. This could lead to inconsistent decisions and practices that do not align with regulations or internal Council requirements.				
Findings				
It was confirmed that the Procurement policies and procedures are maintained on the Council's intranet pages (Spelnet). However, there is no separate Procurement page on the intranet, and therefore the procedures could only be located through a general search function and browsing through shared document folders. While the documentation is therefore available for officers to view, this is not a straightforward process and requires the user to know exactly what they are looking for. This may lead to a lack of awareness among Procuring Officers of all relevant policies/procedures, leading to non-compliance with Council policy.				
Recommendation 2: Access to policies and procedures				
A distinct Procurement landing page to be developed on Spelnet to ensure that all relevant procurement policies and guidance is easily accessible.				
Priority	Responsible Officer	Target Date	Management Response	Actions
Low 	Emma Browne	July 2023	A new procurement landing page has been developed by the Procurement Officer. https://spelthornegovuk.sharepoint.com/sites/CorporateProcurement/SitePages/Our-mission-goals.aspx	COMPLETE at end July 2023

			Th page provides access to all the Procurement [procedures, the Procurement Policy and the Procurements Strategy; the planned training dates and training materials from previous training sessions.	
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Ref:3 Compliance with Contract Standing Orders			
Risks			
Failure to adhere to procurement regulations and Contract Standing Orders may have a number of implications including poor value for money and external challenge with consequences for safeguarding/protection of the authority's assets.			
Findings			
Compliance was tested for a sample of procurement exercises across different spend thresholds.			
The testing incorporated a sample of 5 contracts selected from the Contracts Register, which were all entered into from April 2022 onwards and had a value in excess of £40,000 (i.e. the level at which a full tender process is required, with the central Procurement team providing support).			
In addition, the testing incorporated a sample of 10 Purchase Orders in excess of £20,000 (i.e. the level at which a formal contract via Legal Services is required), selected from a report of Purchase Orders raised between April 2022 and February 2023.			
The following items were noted:			
<u>Advertising requirements</u>			
<ul style="list-style-type: none"> For contracts valued between £40,000 and the PCR 2015 threshold, the Contract Standing Orders require the contract to be advertised on the e-sourcing portal and on Find a Tender Services (FTS). In two relevant cases, while it was advised that the procurement opportunity was advertised via the SE Shared Services e-Sourcing portal, there was no evidence that these had also been advertised on FTS. In a further two cases in this value range, the procurement exercises had been carried out by third party consultants. From the information provided, there was no evidence that the procurement opportunity had been advertised in accordance with the CSO requirements. (<i>also see below for further details in relation to third party consultants</i>). 			
(see Recommendation 3)			
<u>Contracts</u>			
<ul style="list-style-type: none"> In one case a contract had not yet been fully signed despite a start date of 01.04.22. It was advised that there were elements that the supplier had not yet agreed. In a further case a contract had been signed by the supplier but had not been signed by SBC at the time of the audit, despite a start date of 01.05.23. In a further case it was advised that a request was raised with Legal for the contract to be drafted, but this wasn't actioned and therefore the works were completed without a contract. In addition, it was noted that the relevant Purchase Order was raised after the invoice was received, therefore the works also would not have been subject to the Council's standard Purchase Order terms and conditions. 			
In all three cases, the Council has been exposed to the risk that there is not an enforceable contract in place, with potentially little or no recourse in the event of a contractual dispute. (see Recommendation 4)			

- In a further case the contract was provided, which had been signed by a Principal Lawyer. As the contract value was above £100,000 the contract should have been executed under seal, which would give additional protection by extending the limitations period from 6 years to 12 years. The Council's Constitution refers to *"The affixing of the Common Seal will be attested by the Group Head of Corporate Governance, Chief Finance Officer or Chief Executive or some other person authorised by him/her or the Council."* There was no evidence of this contract being made under seal, or any seal reference number on the contract. It was also not clear whether a Principal Lawyer signing the contract would meet the requirements of the Constitution. It should be noted that these queries remained outstanding at the time of writing the audit report therefore a firm conclusion could not be drawn.

(see Recommendation 5)

Third party consultants

- In five cases the procurement exercises had been carried out by third party consultants. Under the terms of the agreements in place with the consultants, any procurement exercise undertaken by them should conform to the Council's Contract Standing Orders requirements.
- In all five cases it was advised that a minimum of three quotes had been obtained, in line with CSO requirements. However, of the five cases, two were above £40,000 and, as noted above, it was not evident from the information provided that the advertising requirements had been complied with. In one of the cases there was also no evidence of any requests for input from the central Procurement team until after the procurement exercise had been completed by the consultant.
- Overall, it was not clear whether consultants were following all of the Contract Standing Orders requirements, or how this would be demonstrated within individual contract files. A number of queries in this respect remained outstanding at the point of writing the audit report, therefore it was not possible to draw a firm conclusion.

(see Recommendation 6)

Audit trail – evaluation matrix

- In two cases where an evaluation matrix was provided, it was noted that there was no sign off on the evaluation document itself (the Price & Quality combined tab has this requirement) and no details of the Evaluation Panel were recorded on the document. In both cases such details were included in a subsequent Committee report, however for audit trail purposes it would be beneficial for this information to be included on the evaluation matrix. (See Recommendation 7)

Exemptions


- The sample testing included two contracts which had been progressed via a waiver. While appropriately signed waiver forms were provided, it was noted that neither of the waivers were logged on the Exemption Register. (See Recommendation 10 under *"Ref 5 – Exemptions/Waivers"* below)

Contracts Register

In six out of nine relevant cases, no contract information appeared on the Contracts Register. Of the three appearing on the Contracts Register, in one case the end date was incorrect, and the value listed was for one year only, which differed to the approach used for other contracts where the whole life value of the contract is used. (See Recommendation 12 under *"Ref 6 – Contracts Register"* below)


Recommendation 3: Advertising requirements

Advertising requirements to be re-enforced to all Procuring Officers to ensure that all procurement exercises are carried out in accordance with Contract Standing Orders.

Priority	Responsible Officer	Target Date	Management Response	Actions
Medium 	Hilary Gillies	Next update of the Constitution / CSOs / Financial regs.	<p>CSOs state that for contracts valued over £40k: <i>A minimum of three suppliers to be invited to tender, with full tender process.</i></p> <p>As such, we would generally <i>invite</i> a minimum of three tenderers to bid through the e-tendering portal, using a selected tender list. This is technically <i>advertising</i> this opportunity to those selected, although not to the wider market at large, which may invite a disproportionate response, placing a burden on officers to evaluate even inappropriate tenders.</p> <p>Procurement legislation does not require us to advertise on FTS <i>unless we advertise the opportunity</i>, and our CSOs do not require this to be advertised.</p>	<p>A change to the wording of Contract Standing Orders to be drafted for next change to Part 4e of the constitution.</p> <p>COMPLETE but note that an amendment will be made to CSOs to clarify this point.</p>

Recommendation 4: Contracts


Action to be taken to ensure that contracts are signed prior to the start date of the contract. Processes should also be reviewed to establish appropriate mitigating measures to ensure that the Council's interests are adequately protected in the event that it is not possible for the contract to be signed prior to the start date (for example ensuring that suppliers are operating subject to standard or enhanced Purchase Order terms, depending on the nature of the contract).

Priority	Responsible Officer	Target Date	Management Response	Actions
Medium 	Legal Services / Group Heads / Corporate Procurement	October 2023	<p>The Group Head of Corporate Governance has raised this at the Staff Briefing.</p> <p>Corporate Procurement has raised this at Staff Briefing and Managers' Briefing.</p> <p>The message has been included on Spelnet on a regular basis, and is planned again for the first week of January.</p> <p>The message is reinforced in the procurement training run by Corporate Procurement.</p>	<p>Corporate Procurement has carried out a lot of communication on this matter – Staff briefings; Managers Briefings; communications on the intranet.</p> <p>Regularly (quarterly) reminders to go on to intranet as a reminder to officers that work must not start without the signed contract. The first message was submitted on 22/09/2023, and a further message posted on 2/01/2024.</p>

			This has been difficult to reinforce given some resource issues in Legal Services, which would have otherwise delayed operational start dates and impeded performance.	<p>The message has been reiterated in Procurement briefings, training sessions and the Procurement Project Board.</p> <p>Corporate Procurement and Legal Services – the custodian of the Authority’s contracts – regularly consider and discuss to ensure that this is as effective as possible.</p> <p>COMPLETE AND ONGOING MONITORING AND MESSAGING</p>
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Recommendation 5: Contract signing requirements



Contract signing requirements to be re-enforced to all relevant officers to ensure that enhanced limitation period protection is put in place for contracts above £100,000 in line with Contract Standing Orders and Constitution requirements.

Priority	Responsible Officer	Target Date	Management Response	Actions
<p>Medium</p> 	Legal Services	6 October 2023	Legal Services review this requirement and monitor.	<ul style="list-style-type: none"> Discussed with Legal Services (responsible department) in September 2023. Corporate Procurement put reminder on Spelnet to this effect. Legal Services to regularly review. <p>COMPLETE</p>

Recommendation 6: Third party consultants

Contract Standing Order requirements to be re-enforced to Procuring Officers to ensure that all requirements are adhered to by third party consultants, with appropriate supporting evidence to be provided by the consultant and retained on the contract file.

Priority	Responsible Officer	Target Date	Management Response	Actions
<p>Medium</p> 	Hilary Gillies [and Legal Services]	Immediately and ongoing	The majority of procurements undertaken by agents on our behalf are through the property management consultants (JLL and Cushman and Wakefield). However, both parties have a number of representatives working in support of the management of the contract.	<p>Assets Property Team issued with notification to send to CW and JLL reinforcing the message on CSO instructions.</p> <p>COMPLETE</p>

			<p>Corporate Procurement have advised the Property Management Team to convey this requirement to their agents.</p> <p>This message is also included in the training materials on 'Planning a Procurement' (three sessions now delivered) and the Contract Management training (one session delivered).</p>	COMPLETE AND ONGOING
Recommendation 7: Evaluation Matrix				
The Evaluation Matrix document to be signed off in all cases, with details of the Evaluation Panel recorded on the document.				
Priority	Responsible Officer	Target Date	Management Response	Actions
<p>Low</p> 	Hilary Gillies	End August	The Evaluation Matrix has been amended. Where physical signoff is not possible, an email confirmation is attached.	<p>COMPLETE See attached.</p>  <p>Business support Eval matrix SBC.xlsm</p>

Ref:4 Compliance monitoring and reporting
Risks
If appropriate oversight, compliance monitoring and reporting is not in place, this may lead to a lack of scrutiny over procurement exercises and the actions being taken, leading to poor value for money and external challenge with consequences for safeguarding/protection of the authority's assets.
Findings
<p>Recommendations were raised in the previous audit review as there was:</p> <p>(i) No central oversight in place to monitor whether the various departments complied with Contract Standing Orders and the defined procurement process.</p> <p>(ii) No central oversight or outline in terms of how contract managers should monitor contracts.</p> <p>(iii) No central monitoring of contract expiry dates and no contract review alerts set.</p> <p>It was evident that steps had been taken to improve the overall central monitoring framework, including:</p> <ul style="list-style-type: none"> -The introduction of a Procurement Plan, flowing from the Service Planning process. -The development of a Procurement Action Plan, with regular update reports to the Audit Committee and the Corporate Policy and Resources Committee.

However, in relation to compliance monitoring, a number of items remained outstanding. As part of the previous management comments the following actions were identified:

- *Implement 6 monthly compliance reviews of spend against the new Contract Standing Orders.*

During the current audit it was advised by the Interim Head of Procurement that the 6 monthly reviews of compliance have not been implemented to date. Some work is needed to be able to code finance data in the manner that will enable the team to analyse and draw meaningful conclusions. Going forward, quarterly reviews have been set up. These could reduce to every six months once the process is in full operation. There has not been sufficient resource in the Procurement team to enable full spend analysis, however it is anticipated that an additional resource will be in place in the Procurement team in July 2023 to enable greater focus on monitoring.

- *Once the contract management system is in place, it will be possible to review the spend data and contract data together to identify the gap, which will, for larger procurements, be a marker of compliance.*

It was confirmed that a new contract management system has been recently implemented, with a target timeframe of 30 September 2023 to implement such reviews.

- *It was proposed that the Procurement Team review any POs over £20,000 (the level which requires Legal to draft a contract) to manage non-compliant spend.*

It was advised by the Interim Head of Procurement that this has not been implemented and now needs further consideration. Procurement will need to liaise with Finance and agree how this can be done in the finance system, however it was suggested that sample testing POs between £20k and £40k may be the most practical way forward.

It was also noted that the Contract Standing Orders include the following monitoring requirements:

“The Procurement Manager shall propose an annual planned schedule of contract management audits (Contract Audit Schedule), to be agreed by the Chief Financial Officer and Group Head of Corporate Governance prior to implementation. The Procurement Team shall undertake such Contract Audits.

“The Contract Audit Schedule shall include a minimum of ten high value, high complexity, and high-risk projects to be audited, as well as auditing a sample of lower value spends for compliance with these Contract Standing Orders (CSOs).”

It was advised by the Interim Head of Procurement that such audits are not currently carried out, however having the additional resource within the team will enable this monitoring aspect to be carried out.

In relation to oversight or outline in terms of how contract managers should monitor contracts, it was previously recommended that:

1.A contract management framework should be developed and documented to set out how contract managers should monitor contracts; what information should be reported, and how the outcome of the monitoring should be recorded.

2. There should be a process to facilitate central oversight of key contracts. Summary of monitoring outcome should be recorded centrally in accordance with the contract monitoring framework mentioned above.

It was confirmed that a Managing Contracts procedure has been developed which refers to specific requirements such as minimum agenda items for contract review meetings (including performance measures).

However, this procedure does not address how the outcome of the monitoring should be recorded, and there is currently no central oversight of this process. Through discussions with the Interim Head of Procurement, the previous recommendation was still considered to be valid and having greater central oversight of this process was considered beneficial in relation to the highest value / risk / strategic contracts. The recommendation has therefore been re-iterated here. (See Recommendation 8)

In relation to central monitoring of contract expiry dates it was previously recommended that:

“An individual or groups should be allocated responsibility for overseeing contract forward planning. Contract review alerts should be set and all contracts that are due to expire should be subject to review. The commissioning cycle should be triggered to determine the best course of action and make a decision as to how best to meet service requirements.”


It was advised by the Interim Head of Procurement that the new contract and e-tendering system will manage this. It was in the process of being implemented at the time of the audit review. The functionality is in place within the system, with the timeframe dependent on completing a full upload of the relevant data. A target timeframe of 31 August 2023 was suggested. (see Recommendation 9)

Recommendation 8: Compliance monitoring (Prior Recommendation)

Compliance monitoring processes to be developed and embedded, including:

- a) 6 monthly analysis of spend and compliance reviews against the Contract Standing Orders.
- b) Review of Purchase Orders over £20,000 to manage non-compliant spend.


Implement an annual planned schedule of contract management audits, in line with the Contract Standing Orders requirements.

Priority	Responsible Officer	Target Date	Management Response	Actions
<p>Medium</p> 	<p>Hilary Gillies (Carrie Isaac / Emma Browne)</p>	<p>December 2023</p>	<p>There is a need to improve categorisation of spend data. To date, Corporate Procurement has been undertaking manual categorisation of spend data at 6 monthly intervals, but a more robust method of categorising spend needs to be adopted by Finance and Procurement.</p> <p>To this end, a Spend Data initiative has been launched and the first meeting of the Spend Data working group (Finance, Procurement and Projects teams) will take place on 12 January.</p> <p>In the meantime, the following actions take place:</p> <ul style="list-style-type: none"> • Manual review of spend data; • Review of spend over £5k to ensure that this is local spend; • Review of all spend over £20,000. ‘PO raised’ alerts are sent by Finance to Procurement and Procurement 	<p>Project kick off (to enable more accurate spend analysis) on 12 January.</p> <p>Other actions have been implemented (see second paragraph).</p> <p>UNDERWAY</p> <p>COMPLETE</p>


			follow up to ensure that the correct process has been followed and that a contract is in place.	
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Recommendation 9: Contract Monitoring

- a) The Managing Contracts procedure to be reviewed to incorporate how monitoring outcomes should be recorded.
- b) A process to be put in place to facilitate central oversight of key contracts, with monitoring outcomes recorded centrally.
- c) Implement contract review alerts on the new contract management system for all contracts that are due to expire, with responsibilities clearly outlined for overseeing contract forward planning.

Priority	Responsible Officer	Target Date	Management Response	Actions
Medium 	Hilary Gillies	<ul style="list-style-type: none"> a) Complete b) End November 2023 c) By end 2023 	<p>The Managing Contracts procedure has been amended to reflect how performance will be reported.</p> <p>Central oversight of key contracts requires a central sharepoint function to store all contract monitoring information.</p> <p>Whilst there have been some initial issues with the new contract management system in this regard, this has now been rectified and contract alerts are now set up to prompt within the new system.</p>	<p>a) COMPLETE</p> <p>See Appendix C Managing Contracts procedure.</p> <p>b) COMPLETE</p> <p>Contract Management actions will be recorded on the Contracts Management Schedule.</p> <p>c) COMPLETE</p>

Ref:5 Exemptions / Waivers				
Risks				
Failure to adhere to procurement regulations and Contract Standing Orders may have a number of implications including poor value for money and external challenge with consequences for safeguarding/protection of the authority's assets.				
Findings				
Since the previous audit review was carried out, a new operating procedure has been put in place in relation to exemptions (<i>Operating Procedure 11 - Exemption Request and Reporting, latest version November 2022</i>) and it was confirmed that an Exemption Register is also in place.				
In accordance with the documented procedure, if for a valid reason the Contract Standing Order procedures cannot be followed, an Exemption Request must be completed, with approval and sign off gained, in line with the Contract Standing Orders Approval to Award Contract thresholds as follows:				
<ul style="list-style-type: none"> • Up to £5k - No further approval required • £5k - £40k - Group Head • Above £40k and up to threshold at which the PCR 2015 applies - Deputy Chief Executive or Service Committee (where the requirement is strategic / critical) 				
There are also two template forms available for the Exemption Request, one for spend between £5,000 and £40,000 and one for spend between £40,000 and the PCR 2015 threshold. The completed form should be sent to Corporate Procurement for comment before it is sent for appropriate approval. When the form is signed by all relevant parties, the final signed version needs to be sent to Procurement for their records.				
The procedure states that, with effect from January 2023, Corporate Procurement will report all Exemptions as part of the Procurement Action update reporting. It was advised by the Interim Head of Procurement that such reporting had recently begun. This is reported at the Procurement Board, and the first report to the CFO and Chief Accountant was issued in May 2023.				
The procedure also states that the Exemption Register will be reviewed on a quarterly basis by the Chief Accountant. Again, it was advised that this had recently begun at the time of the audit review.				
The sample testing carried out included two contracts which had been progressed via a waiver. While appropriately signed waiver forms were provided, it was noted that neither of the waivers were logged on the Exemption Register.				
Overall, there has been a significant improvement since the previous review in relation to the control framework for exemptions, however the sample testing demonstrated a weakness in the application of those controls in terms of collating the exemptions data. Logging and reporting of all waivers provides greater transparency and allows for appropriate scrutiny of the decision making process, as well as the ability to identify trends which may require further action being taken.				
Recommendation 10: Exemptions Register				
Exemptions procedure to be re-enforced to all relevant officers to ensure that all waivers are appropriately logged and reported, to enable greater transparency and allow for appropriate scrutiny of the decision-making process.				
Priority	Responsible Officer	Target Date	Management Response	Actions

<p>Medium</p> 	<p>Carrie Isaac / Hilary Gillies</p>	<p>Next update of CSOs</p>	<p>Contract standing orders stipulate the requirement, but there is no mention in CSOs of the <i>process</i> for exemption, as this sets out the option to avoid following due process.</p> <p>However, in the next change to CSOs, it is proposed that the Exemption Procedure be expressly referred to.</p>	<p>Update CSOs to reflect the procedure, and develop exemptions register, with MAT oversight.</p> <p>Corporate Procurement to add to Procurement Dashboard and report quarterly</p>
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<p>Ref:6 Contracts Register</p>
<p>Risks</p>
<p>A lack of transparency on spend incurred can result in a lack of public trust or confidence around the use of taxpayer money.</p>
<p>Findings</p>
<p>With respect to procurement and contract information, the Local Government Transparency Code requires that Councils provide details of:</p> <ul style="list-style-type: none"> • invitations to tender to provide goods and/or services with a value exceeding £5000. • contracts, commissioned activity, purchase orders, framework agreements and any other legally enforceable agreement with a value that exceeds £5,000. <p>Tender and contract information should be published at least on a quarterly basis. The data should be published not later than one month after the quarter to which the data and information is applicable.</p> <p>Relevant tender information is published/advertised via the e-tendering portal on the South East Shared Services portal, with a link via the Council's website. With respect to contract information, a recommendation was included in the previous audit review due to the fact that a Contracts Register was not in place at the time. It was advised that work was undertaken in summer 2022 to review the contracts data available and, since then, contract information has been published on a monthly basis. It was confirmed that a Contracts Register is now in place and published on the Council's website, with the latest version dated June 2023.</p> <p>It was noted that the Contracts Register is likely to only capture agreements where there has been a formal contract prepared by the Legal team, for which the internal threshold is £20k. Where agreements above £5k are put in place by other methods (either by Purchase Order or by way of contract without the involvement of the Legal team), there is no clear way for this data to be captured for the purposes of publishing on the Contracts Register.</p> <p>Regarding the process of populating the Contract Register, the Contract Standing Orders state that: <i>The Chief Finance Officer will ensure that a register of all contracts of £5,000 and over, placed by the Council is kept. The register must state the name of the contractor, the name of the Council's Contract Manager, the scope of the work to be done or goods to be supplied, the duration and value of the contract. Any Procuring Officer letting a contract must ensure details are supplied to the Chief Finance Officer for entry in the register.</i></p> <p>In practice the responsibility at the time of the audit review sat with the Procurement team, with input from Legal where necessary. The roles and responsibilities therefore need to be more clearly defined within the policies and procedures to ensure that all relevant officers are aware of the requirements and to ensure that all contract details are provided by Procuring Officers for inclusion on the register. (See Recommendation 11)</p>

In accordance with the Transparency Code, certain mandatory information is to be included in the Contracts Register:

- reference number
- title of agreement
- local authority department responsible
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract
- VAT that cannot be recovered
- start, end and review dates
- the tender process used, i.e. whether or not the contract was the result of an invitation to quote or a published invitation to tender
- the company designation, i.e. whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

The following items were noted from a general review of the June 2023 Contracts Register, which had 240 contracts listed in total:


- There is a column for irrecoverable VAT but there are no entries.
- There were a number of gaps in the data where no information had been completed, including for the following fields:
 - A small number of gaps for reference number, department responsible, net value, and start date.
 - 99 contracts without a review date listed.
 - 38 contracts without an end date listed.
 - 194 contracts without a tender process type listed.
- There is a column for charity number but not for company number.
- There were 110 contracts which had passed their listed end date, meaning that they were either no longer 'live' contracts or they require updating if contracts had been extended.

In addition, as part of the sample testing carried out, a specific review was carried out to verify the accuracy and completeness of the information included in the Contracts Register. In six out of nine relevant cases, no contract information appeared on the Contracts Register. Of the three appearing on the Contracts Register, in one case the end date was incorrect, and the value listed was for one year only, which differed to the approach used for other contracts where the whole life value of the contract is used. (See Recommendation 12)

Overall, while it was evident that progress had been made in this area since the last review was carried out, further work is necessary to ensure that satisfactory processes for obtaining and publishing contracts data are embedded in the organisation.

Recommendation 11: Contracts Register process


Roles and responsibilities and associated processes for populating the Contracts Register to be reviewed/updated and re-iterated to Procuring Officers to ensure that all relevant contractual agreements are captured in line with Transparency Code requirements.

Priority	Responsible Officer	Target Date	Management Response	Actions
Medium 	CI (HG)	End 2023	A clear process for tracking the life cycle of a procurement and contract has been jointly developed by Corporate Procurement and Legal Services, to capture all contracts	1. New procurement and contract lifecycle to be launched mid-November, with message at staff briefing. COMPLETE

			<p>not just those over £40k which require procurement oversight. Legal and CP roles and responsibilities are clearly captured.</p> <p>This needs MAT endorsement. A brief will be provided for MAT for end October / early November.</p> <p>A significant amount of work has been undertaken with the provider of the new system to enable automatic download of data in a Transparency data format.</p>	<p>2. Message about needing contract to go on intranet – mid November, and monthly thereafter. COMPLETE</p> <p>3. Message at Managers' Briefing (Dec 2023). COMPLETE</p> <p>4. Record of spend against contracted spend to become a dashboard measure. Jan 2024</p>
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Recommendation 12: Contracts Register data

Current Contracts Register data to be reviewed to ensure that all relevant information is captured in accordance with the Transparency Code, and to ensure that the Contracts Register contains up to date information. Furthermore, robust mechanisms should continue to be developed to ensure that the Contracts Register remains fit for purpose.

Priority	Responsible Officer	Target Date	Management Response	Actions
<p>Medium</p> 	CI (HG)	<ol style="list-style-type: none"> Starting November 2023 November 2023 Quarterly from Jan 2024 	<p>A significant amount of work has been undertaken with the provider of the new system to enable automatic download of data in a Transparency Data format.</p> <p>A monthly review of the Contracts Register has been implemented.</p> <p>Transparency Data is published quarterly.</p>	<ol style="list-style-type: none"> Monthly review of Contracts Register Data; COMPLETE AND ONGOING Dashboard of performance to be set up – Jan 2024 Transparency Data to be published quarterly starting Jan 2024