



GA.27 15/16

Governance and Audit Committee

17 September 2015

Subject: Contract Management Audit – Progress Report

Report by:

Chief Operating Officer

Contact Officer:

Anna Grieve - Contracts

Purpose / Summary:

To update the Committee on the progress with implementing the actions from the recent contract management audit to give assurance that the issues identified in the audit are being addressed.

RECOMMENDATION(S): That the members of the Committee assess the actions taken and seek assurance that they will address the issues identified by the audit

IMPLICATIONS

Legal:

None

Financial : FIN/61/16

None directly arising from the report. However poor contract management can lead to contracts costing more than they should do and lack of value for money.

Staffing :

None

Equality and Diversity including Human Rights :

None

Risk Assessment :

The risks identified in the audit are being addressed through the improvement plan.

Climate Related Risks and Opportunities :

None

Title and Location of any Background Papers used in the preparation of this report:

Contract Management Audit

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

Yes No

Key Decision:

Yes No

1.0 Background

- 1.1 An audit of the council's contract management procedures earlier this year identified a number of concerns which needed to be addressed.
- 1.2 In particular the audit found that the reliance could not be placed on the contract management arrangements of the council. This gave rise to a risk that contracts were not being adequately monitored potentially leading to contract conditions not being met, resulting in excessive expenditure, poor quality outcomes and a failure to deliver. This conclusion was reported to this Committee on 23rd June 2015.
- 1.3 At this meeting members requested that a further detailed report regarding contract management be submitted to the Committee at its September meeting.
- 1.4 Since the audit a detailed improvement plan has been developed. This is attached as appendix 1. Appendix 2 details the progress which has been made with implementing the improvement plan since the audit took place.

2.0 High Level Actions

- 2.1 The contracts which the council has entered into are monitored through the service teams and the team manager is responsible for them. This includes drafting the contract documentation, setting and monitoring performance measures, ensuring that the procuring of a contract complies with any relevant rules or legislation, issuing purchase orders, reviewing the documentation regularly (at least annually), monitoring the cost of the contract and ensuring that the contracts are renewed or retendered as necessary. This in the recent past has been done without a central register of all contracts.
- 2.3 As part of the implementation of the recommendations from the audit contract management and the monitoring of contracts has become an item on the Senior Leadership Team's (SLT) agenda and the actions from the audit are reviewed. This gives visibility of the audit to the managers responsible for contracts.
- 2.4 Additionally team managers' job descriptions are being reviewed to ensure that they contain reference to the responsibility for contract management.
- 2.2 The council has in the last 18 months introduced an electronic contract management system known as "Firefly" this will carry details of all the council's contracts and will be monitored and updated by the team managers.

3.0 Detailed Actions

- 3.1 In order to ensure that there is a complete record of all the contracts the council has the team managers are in the process of comprehensively updating the “Firefly” records with the assistance of the contracts officer.
- 3.2 Up to the end of August 2015 129 contracts are now recorded on “Firefly”. Of these there are 77 live contracts and 52 closed contracts.
- 3.3 The contracts officer has worked with 14 team managers so far and ensured that the documentation with regard to the contracts they are responsible for are up to date. There is a target date for the middle of September for all team managers to work with the contracts officer to ensure that all records are entered consistently on the “Firefly” system.
- 3.4 It is anticipated that all records on this system will be up to date by the beginning of November 2015.
- 3.5 The system will then be checked by the contracts officer through December to ensure that all contracts are on the system and that they are being actively management by the team manager responsible for them.

4.0 Conclusion

- 4.1 In order to address the issues set out in the audit it has been necessary to reinforce with those who manage contracts what their responsibilities are. This has started with the Senior Leadership Team and has moved on to reflecting this responsibility in job descriptions.
- 4.2 Alongside this it has been necessary to introduce a system which gives visibility to all contracts which is also able to carry other information needed to effectively manage contracts. This work is still under way and will be completed in time for a further audit in February 2016.

IMPROVEMENT PLAN FOR CONTRACTS - PROCUREMENT & MANAGEMENT

Objectives						
- Procurement to be conducted within internal financial and contract procedure rules and external Public Contract Regulations 2015.						
- Effective contract management to ensure that contracted services provided to the Council are operated in accordance with policy and regulations and deliver the required outcomes.						
RECOMMENDATIONS	CURRENT POSITION	TARGET	ACTIONS	REPORT TO BOARD / COMMITTEE	TIMESCALE TO COMPLETION	LEAD OFFICERS
Clearly define and communicate the roles and responsibilities of the decision making bodies and individuals within WLDC, and the Partnership, that should be engaged with when undertaking a key commercial decision.	Procurement Lincs have attended WLDC WMT in October 2014 and delivered a presentation on roles and responsibilities – this needs to be reviewed and re-presented in line with changes to the senior management responsibility and board changes and a report taken to CLT for approval	All officers will have written guidance available on the undertaking of any future procurement activity and management of all contracts thus ensuring there is a robust and clearly understood decision making process from start to finish in each procurement.	1. AH and AG to develop workshops to ensure all relevant staff are familiar with the new ACoP and Guidance - end Sept 15 2. AH and AG to develop procedure for pre-procurement authorisation - end Sept 15 3. Report presented to CLT - 09/10/15 4. Workshops to be rolled out and completed by Dec 15.	CLT - 09/10/15	Dec-15	Anna Grieve / Andrew Househam
Ensure all contracts are tendered and awarded in accordance with internal Contract Procedure Rules and Public Contract Regulations 2015.	Guidance on Procurement, Management & Monitoring of Contracts and ACoP was produced and added to Minerva – these have been withdrawn and WL is currently awaiting detailed report (due Sept 2015) from Procurement Lincs regarding interpretation of the new Public Contract Regulations 2015 and potential changes to internal financial thresholds, FPR's and CPR's	The Constitution to be amended in line with recommendations from PL report. All officers to be advised of future procurement practice through team meetings and/or workshops run by PL and BI Contracts Officer	1.PL to complete report on material changes to the Public Contract Regulations - due Sept 15. 2. PL to complete amendments to the FPR's and CPR's within constitution - due Sept 15. 3. Report on changes and amendments to CLT 11/09/15 for approval. 4. Report on changes and amendments to G & A - 17/09/15 for approval. 5. AG to update ACoP and guidance - end Sept 15	Report to CLT 11/09/15 Report to G & A - 17/09/15		Anna Grieve / Andrew Househam / Tracey Bircumshaw
Ensure that Firefly is fully populated and all documentation from procurement process to end of term is uploaded onto the system	Many contracts have no written documentation in place or information held is out of date - officers have been asked on several occasions to populate Firefly but to date there are several contracts showing on Firefly as out of term when they are still in operation - Firefly can only be populated with what is known. The major concern is more the unknowns. This falls into ownership and responsibility. Any improvements will be to a particular point in time but then you are reliant on staff to populate/update directly into Firefly.	Every contract/agreement on Firefly to be populated with current documentation relating to procurement, contract administration, finance and contract closedown.	1. AG to complete report on contractual completeness within Firefly by officer - complete by 07/08/15 2. AG to meet with each Contract Owner to detail missing documents that require uploading to Firefly - complete 17/08/15 - 18/09/15. 3. After meetings with contract owners, AG to complete report on Firefly position as of 01/10/15 and identify any still outstanding gaps for CLT 09/10/15. 4. AG to complete monthly report on Firefly position and report to CLT on 1/4ly basis	CLT - 09/10/15 CLT 12/01/16	Oct-15	Anna Grieve / Contract owners
Contracts to have a clearly defined management and/or performance plan as necessary	Tenders written by the service do not currently have management or performance plan where pertinent to the contract outcome – not all contracts will require inclusion of a plan and alteration to tender documentation may need to be approved by legal	B I Contracts Officer to work with services to produce plans for inclusion in tender documentation dependent on requirement	AG working with Services since 01/06/15 to define contract management and performance requirements and evidentiary reporting on success / failure of contracts - on-going.		Immediate	Anna Grieve / Contract owners
Produce a rolling plan which oversees all forthcoming re-procurement activities of all values which also takes into account any activities to be newly commissioned.	Procurement Lincs currently working on rolling plan in order to update CLT on quarterly basis – need to develop method of live updating and mechanism for inputting potential future commissioning requirements identified through Service Business Plans to populate the PL & BI Work Plan	Rolling plan update to be presented to CLT on quarterly basis. Procurement identified in Future Service Business Plans to be integrated into Rolling Plan	1. AG and AH to work on rolling plan format. 2. Report to CLT on future procurement identified and possible resource requirements.	CLT - 09/10/15??	Oct-15	Anna Grieve / Andrew Househam

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Objectives

- Procurement to be conducted within internal financial and contract procedure rules and external Public Contract Regulations 2015.
- Effective contract management to ensure that contracted services provided to the Council are operated in accordance with policy and regulations and deliver the required outcomes.

RECOMMENDATIONS	ACTIONS	PROGRESS
Clearly define and communicate the roles and responsibilities of the decision making bodies and individuals within WLDC, and the Partnership, that should be engaged with when undertaking a key commercial decision.	<ol style="list-style-type: none"> 1. AH and AG to develop workshops to ensure all relevant staff are familiar with the new ACoP and Guidance - end Sept 15 2. AH and AG to develop procedure for pre-procurement authorisation - end Sept 15 3. Report presented to CLT - 09/10/15 4. Workshops to be rolled out and completed by Dec 15. 	<ol style="list-style-type: none"> 1. Yet to be completed 2. Pre Procurement form developed - awaits approval from CLT on 09/10/15 3. Awaits 4. Dates and times yet to be agreed
Ensure all contracts are tendered and awarded in accordance with internal Contract Procedure Rules and Public Contract Regulations 2015.	<ol style="list-style-type: none"> 1. PL to complete report on material changes to the Public Contract Regulations - due Sept 15. 2. PL to complete amendments to the FPR's and CPR's within constitution - due Sept 15. 3. Report on changes and amendments to CLT 11/09/15 for approval. 4. Report on changes and amendments to G & A - 17/09/15 for approval. 5. AG to update ACoP and guidance - end Sept 15 	Reports to be completed once PL report to LCC Full Council agreed
Ensure that Firefly is fully populated and all documentation from procurement process to end of term is uploaded onto the system	<ol style="list-style-type: none"> 1. AG to complete report on contractual completeness within Firefly by officer - complete by 07/08/15 2. AG to meet with each Contract Owner to detail missing documents that require uploading to Firefly - complete 17/08/15 - 18/09/15. 3. After meetings with contract owners, AG to complete report on Firefly position as of 01/10/15 and identify any still outstanding gaps for CLT 09/10/15. 4. AG to complete monthly report on Firefly position and report to CLT on 1/4ly basis 	<ol style="list-style-type: none"> 1. Report on state of firefly given at last SLT. 2. 15 officers seen by 20th Aug, further 13 to be seen in Sept. 3. Report to be completed. 4. In progress, next report 09/10/15.
Contracts to have a clearly defined management and/or performance plan as necessary	AG working with Services since 01/06/15 to define contract management and performance requirements and evidentiary reporting on success / failure of contracts - on-going.	on going
Produce a rolling plan which oversees all forthcoming re-procurement activities of all values which also takes into account any activities to be newly commissioned.	<ol style="list-style-type: none"> 1. AG and AH to work on rolling plan format. 2. Report to CLT on future procurement identified and possible resource requirements. 	In progress