



**Governance and Audit
Committee**

**Tuesday, 26 November
2024**

Subject: Procurement Update

Report by:

Director of Corporate Services

Contact Officer:

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Purpose / Summary:

To update the Governance and Audit Committee of progress made in implementing the internal audit recommendations from the 2023-24 audit and to set out the further actions to be delivered in 2024-25.

RECOMMENDATION(S):

1. Governance and Audit Committee note the update provided.

IMPLICATIONS

Legal:

The Council's constitution contains the Contract Procedure Rules which define the legislation which governs procurement and provides a framework to ensure Officers comply with this legislation when procuring goods and services.

Financial :

None directly arising from this report

Staffing :

The staffing resource delivering the procurement function is set out in the report.

Equality and Diversity including Human Rights :

None directly from this report

Data Protection Implications :

None directly from this report

Climate Related Risks and Opportunities:

None directly from this report

Section 17 Crime and Disorder Considerations:

None directly from this report

Health Implications:

None directly from this report

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

.N/A

Risk Assessment :

The procurement audit report from 2023-24 is documented within the Annual Governance Statement. The Council is in the process of implementing the recommendations arising from the audit.

Call in and Urgency:

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

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

x

1 Introduction

- 1.1 In November 2023, Lincolnshire Internal Audit carried out a review of procurement at West Lindsey District Council. The audit received a limited assurance opinion (our only limited assurance opinion in 2023-24).
- 1.2 The audit report provided two high level recommendations, three medium level recommendations and one low level recommendation. Progress against these recommendations is provided in Section Three of this report.
- 1.3 The purpose of this report is to provide a progress update against the recommendations provided in the report and to also provide a summary of the work being undertaken in procurement to ensure the organisation complies with the Procurement Act and obtains value for money for goods and services obtained.
- 1.4 The Council has an experienced Contract and Procurement Officer, the role previously reported into the Director of Commercial and Operational services and currently reports not the Director of Corporate Services. The Council has also contracted technical advice and support from Procurement Lincolnshire, this provides a technical CIPs qualified procurement officer two days per week to the organisation.
- 1.5 The purpose of the internal audit review was to provide independent assurance on the operational effectiveness of, and compliance with the Council's procurement processes and policies. The review covered the following areas, and focussed testing on a small number of contracts:
 - Compliance with Contract and Procurement Procedure Rules and internal processes
 - Staff Training
 - Exceptions and Aggregate Spend
 - Completeness and accuracy of the contract register
 - Governance arrangements for effective oversight
 - Counter Fraud arrangements

2.0 Progress made since the Internal Audit Review

- 2.1 In April 2024, Procurement Lincs appointed a new officer to provide the Council with dedicated support. This officer had previously worked at West Lindsey District Council and is experienced in our contract procedure rules and requirements. The officer works with West Lindsey District Council for two days per week, has worked with the Contract and Procurement Officer to update the Contract Procedure rules and has delivered training throughout the organisation. The officer has provided

essential additional resource to ensure that the Council is up to date with contract reviews and extensions. In due course the officer will also carry out periodic review of supplier spend reports to provide assurance to management that Contract Procedure rules and relevant legislation is being complied with and that value for money is being obtained.

- 2.2 The new Procurement Act is due to go live at the end of February 2025, new contract procedure rules have been drafted and reviewed by Management Team. This new policy will be approved by the Governance and Audit Committee in January 2025 and adopted by Council in February 2025. All previously raised internal audit recommendations have been incorporated in the new documents.
- 2.3 Further discussions have been had with Procurement Lincolnshire and the Council is in the process of renegotiation of the contract with them. A revised draft document was received on the 4th November 2024 and it is envisaged that this will be agreed by the end of December 2024.
- 2.4 A workshop was held with Management Team members to understand what would be helpful to Officers to understand and comply with procurement requirements. A detailed toolkit and set of videos and training documents is being developed to be implemented from the 1 April 2025. Training will also be offered to Members so that they can understand the context in which procurement decisions are made.
- 2.5 Procurement Exceptions are logged and recorded and then reported to Governance and Audit Committee twice per year. The first of these reports will be presented to the November Governance and Audit Committee.
- 2.6 Members of the Council's Change Team who provide change and project management support will be trained on the Council's rules and processes as procurement champions so that they can provide support to the whole organisation and support the procurement element of programmes and large projects.
- 2.7 The Council has implemented a no PO no Pay policy which requires officers to actively confirm that a contract is in place for all goods and services.
- 2.8 RSM UK will be carrying out a review of our progress against the previously raised recommendations to assist with the development of a further action plan for implementation to build controls. This will be tested in a full procurement internal audit in quarter two of 2025-26.

3.0 Progress – Implementation of Recommendations

#	Risk	Recommendation	Update at 05/11/2024
1	High	<p>1.1 The CPPRs to include specific requirements for procuring officers to promptly notify the CPO of all procurement activity over £5k, including exceptions, and to provide them with the supporting contractual documentation within a defined timeframe, for upload onto the contracts register.</p> <p>1.2 Supporting contractual documentation to be uploaded to the contracts register promptly.</p> <p>1.3 The CPO to be provided with the business plans as soon as they are approved, for review and identification of potential involvement in upcoming procurement activity.</p> <p>1.4 CPO to finish the exercise to confirm the completeness of the contracts register. Going forward, procuring officers confirm the completeness of the contracts register to the CPO on a minimum 6 monthly basis and the register is updated accordingly. The contracts register is then reported to the Management Team for oversight purposes.</p> <p>1.5 Establish a quality assurance process to monitor compliance with the CPPRs.</p> <p>1.6 Confirm resourcing arrangements to support the CPO in the event of their absence, including clarification of any support to be provided by Procurement Lincolnshire and consideration of knowledge sharing internally.</p> <p>1.7 Additional field to be added to the Finance system to enable officers to confirm that they have spoken to the CPO about procurement activity.</p>	<p>The CPPRs have been updated to incorporate these requirements and will be approved by Council in Feb 2025.</p> <p>This will be further tested by the 2024-25 audit with progress reported.</p> <p>Business plans will be shared with procurement in Q3 2024-25 in advance of the new financial year.</p> <p>To be completed by Procurement Lincs Q4 2024-25 after new procurement act training is complete.</p> <p>To be completed by Procurement Lincs Q4 2024-25 after new procurement act training is complete. Resourcing arrangements confirmed in revised contract to be signed December 2024.</p> <p>Implemented.</p>
2	High	<p>1.1 The CPPRs to include a specific requirement for the procuring officers to promptly notify the CPO of exceptions so that the exceptions reports are produced, approved, and recorded in the contracts register (See finding 1.1 above).</p> <p>1.2 Exceptions to be recorded in the contracts register promptly</p>	<p>Revised draft includes this recommendation.</p> <p>Completed and updated. Also reported to G&A from November 2024.</p>

		<p>1.3 Consider and confirm requirements for referral to Procurement Lincolnshire, ensuring that clarity around the services to be provided is included in the new contract under negotiation.</p> <p>1.4 CPPRs should be updated to reflect the requirements for referral to Procurement Lincolnshire, or alternative arrangements where Procurement Lincolnshire are not utilised.</p>	<p>Included in draft CPPRs for approved Feb 2025.</p> <p>Included in draft CPPRs for approved Feb 2025.</p>
3	Medium	<p>1.3 Produce a customised supplier spend report for review by the CPO.</p> <p>1.4 The CPO undertakes a periodic (minimum 6 monthly) review of the supplier spend reports to provide assurance to management that CPPRs and relevant legislation are being complied with and value for money is being obtained.</p>	<p>To be completed by Procurement Lincs Q4 2024-25 after new procurement act training is complete</p> <p>To be completed by Procurement Lincs Q4 2024-25 after new procurement act training is complete</p>
4	Medium	<p>1.1 Complete the planned update to the CPPRs, ensuring alignment to the requirement of the Procurement Act 2023 and clarity of terminology used.</p> <p>1.2 Review the procurement pages of the website to ensure that the references to the underpinning regulations and links to the CPPRs are up to date.</p> <p>1.3 Review procurement roles and responsibilities considering upcoming legislative requirements.</p>	<p>Included in draft CPPRs for approved Feb 2025.</p> <p>In process of being updated for new version of CPPRs.</p> <p>Included in draft CPPRs for approved Feb 2025.</p>
5	Medium	<p>5.1 Review roles and responsibilities as part of the update to the Council's CPPRs (see finding 4) and perform a skills gap assessment.</p> <p>5.2 Develop a training programme for new and existing procuring officers, including refresher training. As part of the training, evidence should be retained that procuring officers have read and understood the CPPRs.</p> <p>5.3 Confirm methods of training delivery e.g. e-learning, workshops, including confirming the extent of training provision by Procurement Lincolnshire.</p> <p>5.4 Record / monitor training attendance and capture feedback from attendees on the training provided to assess its impact and effectiveness.</p>	<p>Included in draft CPPRs for approved Feb 2025. See reference to Change Officers.</p> <p>In process of delivery for new procurement act. Delivered by Procurement Lincs.</p> <p>In process of delivery for new procurement act. Delivered by Procurement Lincs.</p> <p>In process of delivery for new procurement act. Delivered by Procurement Lincs.</p>
6	Low	<p>6.1 Declarations of interest are completed by those involved in significant procurement exercises, or as a minimum, for all those over a given monetary threshold e.g. £10K prior to their commencement. These should be completed to declare any interests or to positively confirm that there are none.</p>	<p>Declaration of Interest process to be revisited post implementation of new procurement act.</p>

