

Date	Finding	Risk Rating	Agreed Action	Progress RAG	Comments
BHCC Procurement Compliance Audit - Phase 1					
Oct-21	<p>Completeness of Contracts Register.</p> <p>We found 148 suppliers where expenditure exceeded £75k for the 12-month period tested but they were not captured on the contracts register. Contract Standing Order 17 requires contract officers to provide the information to the Head of Procurement for inclusion in the Contracts Register within 5 working days of the contract signature.</p> <p>The Contracts Register is also the basis for information published on the Council website. The Public Contracts Regulations 2015 transparency requirement also states that all contracts over £25,000 unless covered by Data Protection exemptions should be published on the Council website. There appears to be no mechanism to ensure that this information is accurate.</p>	High	<p>A periodic analysis exercise will be undertaken to monitor the Council's spend. Any major areas of uncontracted spend will be flagged to services for them to take the appropriate action.</p> <p>BHCC Procurement will work with Orbis Internal Audit to develop an appropriate monitoring mechanism to ensure waivers, framework agreements and DPS contracts are included in the contracts register.</p>	Progressing but note that some are longer term actions.	<ol style="list-style-type: none"> 1. The BHCC Data and Analytics Specialist will work with a nominated audit officer to ensure a reporting mechanism is put in place, with controls flagging uncontracted spend over £75,000. 2. The Forward Plan is continually being enhanced, maintained, and reported on monthly. It is also regularly shared with DMT's and ELT to increase awareness of scheduled contract renewals and procurements. 3. An annual review will be put in place to identify any gaps between activity on In-tend (the on-line tendering system) and the forward plan. However, the biggest barrier is the lack of integration between the financial system and the electronic procurement system (In-tend), including no unique reference numbers, in order to consistently match data. 4. Work continues on updating

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					<p>creditor reference numbers on the electronic procurement system (In-tend).</p> <p>5. Longer term, a Corporate Systems review has been completed which will be reported to 7 July Policy & Resources Committee and which, if approved, will enable the council to specify a systems solution to improve data capture and compliance.</p>
Oct-21	<p>Contract awards missing from the Register. For many of the transactions investigated as part of this review we found that a compliant procurement process had taken place and officers had used In-tend. However, no contract record had been set up and contracts finder was not updated. Many procurements are service led and will be run by them under advice from the procurement team. They may be unaware of the importance of the final step in the process.</p> <p>We found that purchase orders to the value of £1.045m had been raised</p>	High	<p>Existing procurement guidance and training will be reviewed and updated to reflect the importance of completing the final steps to ensure that the contract is published on the corporate register, in accordance with the CSO's. Legal Services will also be engaged to share the requirements of completing the Contracts Register with officers.</p> <p>All procurement officers will be reminded of the need to update the Contracts Register, through creating a contract record on the Council's E-Procurement system - In-tend, when waivers are authorised.</p> <p>Cliff Youngman and Edward Dunn will attend the Leadership Network to</p>	Significant progress made	<p>1. The BHCC Data and Analytics Specialist will review the In-tend system procedure for <i>Contract Recording, Notice and Publication</i>, to ensure the requirements are clearer to users and to improve data capture and compliance.</p> <p>2. Regarding raising awareness, the Head of Procurement has distributed this to the Strategic Procurement Team, to reiterate the requirements, alert officers across the council to the new procedure, and request compliance within the service and beyond.</p>

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	<p>against 5 suppliers where a waiver had been approved but the details were not included on the Contracts Register. These all related to procurements within the Housing Directorate.</p> <p>Our review showed that some suppliers engaged via a framework agreement or DPS were not included in the Contracts Register. This type of procurement identifies a number of suppliers that can be used to deliver a service.</p> <p>We found that there were a few instances where a procurement process had been run with another public body, but the contract was not included in the Contracts Register</p>		<p>discuss the compliance with the CSO's, including the requirement for contracts to be included on the corporate Contracts Register and published in accordance with the Public Contracts Regulations requirements.</p>		<p>3. The Procedure guidance has been uploaded to the Procurement Wave pages to encourage best practice when closing a procurement project, ensuring importance is placed on the administration and aftercare of contract and procurement data.</p> <p>4. The procedure has been shared with Orbis Sourcing Solutions to ensure sovereign processes are being considered and followed to promote contract records management.</p>
Oct-21	<p>Emergency COVID 19 payments</p> <p>During the transactional period chosen there were 30 payments to suppliers, 22% of the value of the unmatched contracts, who were quickly engaged to provide new service requirements arising from the COVID-19 pandemic.</p> <p>These procurements are not recorded on the Contracts</p>	High	<p>The Head of Procurement will liaise with Heads of Service to populate a central register of Covid 19 emergency payments by contractor. This will include a reminder to Heads of Service of their procurement responsibilities under CSO's.</p>	Complete	<p>1. The <i>Covid Emergency Payments Register</i> has been created and saved on the council's network and is available for audit and other inspection and review and publication, for example, if requested under FOI.</p>

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	<p>Register. The decisions to procure these goods and services were taken under GOLD command and are in accordance with emergency powers.</p> <p>These procurements have not been followed up with a waiver record. Apart from Personal Protective equipment, there was no central record of these procurements by supplier. There is likely to be a high degree of public interest in these procurements, but the contract information is not being published.</p> <p>These procurements are not recorded on the Contracts Register</p>				
Oct-21	<p>Insufficient evidence of the tendering of supplies and services above £75k.</p> <p>Our review identified seventeen creditors where significant sums had been spent where there was no current contract in place or evidence of tenders being obtained in a CSO compliant procurement process.</p> <p>The value of purchase orders raised against these suppliers</p>	High	<p>A review of CSOs will include the potential for including additional financial controls that would provide more robust governance for officers undertaking procurement responsibilities.</p> <p>Orbis Sourcing Solutions Team will give services a dedicated support, for procurements up to a value of £187k. This team will provide an "end to end" tendering process for all under-threshold Procurements, ensuring they are CSO compliant</p>	Significant progress made. Some approvals required.	<ol style="list-style-type: none"> 1. Sourcing Solutions are now providing a service for all procurements under threshold in order to ensure consistency of controls and compliance with CSO's. 2. This is a robust solution where clients who have previously been self-serving might not be experts in public procurement governance. 3. Further self-serve guidance

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	<p>was £3.182m.</p> <p>Feedback from officers contacted during the audit demonstrated that they viewed these as spot purchases or rolling contracts via a purchase order. This meant that officers had only thought about a specific order for goods and services and had split the value of the contract.</p> <p>In these cases, there appeared to be no strategic procurement process in place or understanding of the total value of orders raised with that supplier.</p>				<p>has been provided on the Wave for Service Area leads to follow where appropriate.</p> <p>4. CSOs need updating as a joint Orbis Procurement project.</p> <p>5. A set of Social Care specific CSO's have been developed and are awaiting approval.</p>
Oct-21	<p>Monitoring of CSO Compliance</p> <p>There is currently no effective mechanism in place to effectively monitor compliance with CSOs for expenditure above £75k.</p> <p>The procurement team have provided guidance to officers but have been unable to monitor whether officers have followed the guidance.</p>	Medium	<p>Develop and use data analytics techniques within the procurement team, to review CSO compliance.</p> <p>Performance monitoring reports will flag non-compliance and be shared with ELT. Any serious non-compliance will be raised with Internal Audit.</p> <p>The Sourcing Solutions Team will also monitor spend and liaise with the BHCC Procurement Team to identify areas of concern for lower value contracts.</p>	Significant progress made. Learning from HNC piloting will inform final processes and monitoring approach.	<p>1. The BHCC Data and Analytics Specialist is reviewing sovereign spend and will be linking in with other data analysts to ensure best practice is in place.</p> <p>2. Further Dashboards (using the Tableau application) are in the pipeline to visually flag any risk areas, with further reporting and escalation mechanisms being developed. An HNC Dashboard prototype is being tested by the Directorate</p>

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			A Waiver report will be shared with Policy & Resources Committee annually.		Management Team. 3. Sourcing Solutions are monitoring spend and consulting with the BHCC Head of Procurement. 4. The Head of Procurement meets regularly with ELT where areas of non-compliance can be raised and issues resolved.
Oct-21	Contract Variations The current Contracts Register does not record any changes to the contract which might include additional purchases and increases in contract values. We understand that these are recorded on the Forward Plan, but the Contracts Register is not routinely updated.	Medium	All Procurement Officers will be reminded of the need to update the Contracts Register when variations are authorised. Communications will be shared with Legal Services to ensure they advise officers (who deal directly with them for variations) of the requirement to update the Contracts Register. Wider communications will be issued corporately highlighting the issue of "spend creep" in contracts.	Complete	1. All officers have been reminded and communications have been shared with Legal Services. 2. A training session with the Managers Network highlighting the risk of spend creep has occurred. 3. Contracts and Supply have provided further guidance on the Wave.

Internal Audit Report – BHCC - Procurement Compliance - Phase 2

Feb-22	1. Completion and Retention of Procurement Documents. We found that retention of some procurement documentation was poor and there was a lack of centralised information about some contracts. It was often not clear who the	High	Targeted Procurement training, relating to retention and completion of documents, will be developed and delivered to services. This will include increasing the visibility and publicising the Sourcing Solutions Service. Guidance will be updated on the intranet regarding retention of documentation.	Commenced and ongoing.	1. Procurement Training was previously delivered to Housing (Nov 2020) and City Clean (Oct 2020). Recently, Procurement training and advice was delivered to the Managers Network (Mar 2022), including information about
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	Contract Manager was. Officers struggled to find information on contracts, including the value of the contract and tender evaluation documents where a competitive tender had taken place.		Utilising the data in this audit report, the Contract and Supply Team will provide support to identified, individual Contract Managers. Where necessary contract management training will be provided.		<p>the Sourcing Solutions service. The Managers Network were all invited to the training and received a copy of the slides.</p> <ol style="list-style-type: none"> 2. On an on-going basis we will continue to train and mentor officers across the council, including new or promoted staff, targeting priority areas or areas of non-compliance in the first instance. 3. Guidance has now been updated on the procurement Wave pages. 4. Contract & Supply (C&S) have been mentoring officers through discussion as part of the audit review, including highlighting C&S Wave page and resources.
Feb-22	<p>2. Waiver Approval. Evidence was supplied of four waivers that had been completed in accordance with CSO 20. However, two of these were incomplete and not signed and all four had not been included in the corporate list of waivers. Waiver documents provide explanation and authorisation in circumstances where a contract is directly</p>	High	<p>Where the service has been identified within the Audit, the Head of that service shall be notified of the breach of the CSO's and asked to provide assurance to Orbis Procurement within 60 days of the notification that the breach has be remedied or appropriate action to has been taken to ensure any future breach's will be minimised. Procurement and Legal officers will be reminded of the importance of</p>	Completed and ongoing.	<ol style="list-style-type: none"> 1. Breach of the CSOs meetings with relevant heads of service have been held and issues resolved. 2. Procurement and Legal officers have been reminded of the waiver compliance processes. 3. Procurement Training and advice delivered the Managers Network (Mar

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	awarded to a supplier.		ensuring all waivers are completed compliantly prior to award or extension of contracts. Targeted procurement training should include guidance on the use of Waivers.		2022), which included training on Waivers. 4. On an on-going basis we will continue to train, mentor and give guidance to officers on the use of waivers.
Feb-22	<p>3. Competitive Procurement. We were only able to identify evidence for competitive procurements for 13 examples in our sample, and another two were supported by a signed waiver document. In ten cases the contract had been directly awarded without a signed waiver, seven of these were in EEC Directorate and the other three were in HNC. In a further six cases we were not able to obtain a response (or sufficiently detailed response) from the responsible officer. We found that in some cases, where contracts had expired officers had continued to raise purchase orders and directly award contracts to the previous supplier without a competitive tender or waiver approved.</p>	High	<p>Utilising the data in this audit report, the Contract & Supply Team will provide support to identified, individual Contract Managers. The C&S Team will identify and implement necessary interventions, to ensure highlighted non-compliant procurements are brought into a compliant basis. The C&S Team will provide the Head of Procurement with an Issues Log. Where necessary the HoP will escalate to service heads.</p>	In progress	<p>1. C&S are engaging with officers as part of the review of the 30 sampled supplier spend examples, where review, advice and support is provided to improve knowledge and awareness of procedures. 2. Non-compliant procurement activities will be remedied where feasible and feature in each supplier report. 3. C&S will provide a log to the BHCC Head of Procurement once all the individual reports are completed.</p>
Feb-22	<p>4. Authority to Spend. We found that, for 11 of the procurements reviewed, we did</p>	High	Where the service has been identified within the Audit, the head of that service shall be notified of the breach	Completed	1. Breach of the CSOs meetings with relevant heads of service have

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	<p>not receive sufficient evidence of appropriate approval by officers in accordance with the Scheme of Delegation and Contract Standing Orders.</p>		<p>of the CSO's and asked to provide assurance to Orbis Procurement within 60 days of the notification that the breach has been remedied or appropriate action has been taken to ensure any future breach's will be minimised.</p> <p>If the breach of actions leading to a breach persists, then the supplier that the breach relates to may be suspended from the finance system to mitigate any potential risks to the council.</p> <p>Procurement training will cover assessing the value of a contract and retaining evidence of authority to spend in accordance with Contract Standing Orders and the Scheme of Delegation.</p>		<p>been held.</p> <p>2. Procurement Training delivered to the Managers Network (Mar 2022), including Sourcing Solutions Services. The Managers Network were all invited to the training and received a copy of the training slides.</p>
<p>Feb-22</p>	<p>5. Disaggregating the Contract Value.</p> <p>We found that there were 5 procurements where it appears as though the contract may have been disaggregated.</p> <p>We found that officers are often procuring for individual projects or purchase orders and may not consider the potential total value of the contract. This means that in some cases officers understood the contract value to be less than £75,000 and subject to CSO10 or CSO11, rather than CSO12.</p>	<p>High</p>	<p>Utilising the data in this audit report, the Contract and Supply Team will provide support to identified, individual Contract Managers.</p> <p>The C&S Team will identify and implement necessary interventions, to ensure non-compliant procurements are brought into a compliant state.</p> <p>The C&S Team will provide the Head of Procurement with an Issues Log.</p> <p>Where necessary the HoP will escalate to service heads / Executive Directors.</p> <p>Further training and support will be provided to develop officer skills so that they consider the whole value of a</p>	<p>Significant progress made and nearing completion.</p>	<p>1. C&S are engaging with officers as part of the review of the 30 sampled supplier spend examples, discussion, advice and support is provided.</p> <p>2. Non-compliant procurement activities will be remedied where feasible and feature in each supplier report.</p> <p>3. C&S will provide a log to the BHCC Head of Procurement once all the individual reports are</p>

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			potential contract and strategically procure services to encourage competitive tendering and, potentially, achieve better value for money.		<p>completed.</p> <p>4. On an on-going basis we will continue to train and mentor officers across the council as part of a continuous improvement and awareness programme.</p>
Feb-22	<p>6. Overspending against the contract value. There were 8 examples of where contract spend to date had exceeded the contract value. We could only find evidence of an appropriate contract variation for 3 of these. There were a further 9 procurements where the contract value is not known. In many cases officers appeared to be unaware that a contract was overspent. Most officers were managing contracts through the TBM process. Whilst this does provide some control, for example, at a service or directorate level, it is less effective than reviewing expenditure against each specific contract.</p>	Medium	<p>Utilising the data in this audit report, The Contract and Supply Team will provide support to identified, individual Contract Managers. The C&S Team will identify and implement necessary interventions, to ensure non-compliant procurements are brought into a compliant state. The C&S Team will provide the Head of Procurement with an Issues Log. Where necessary, the HoP will escalate to service heads / Executive Directors. Contract Management training will be developed to ensure that Contract Managers access the information they need to effectively manage a contract, including the value of the contract, the contract variation process and reviewing expenditure in Civica.</p>	Significant progress made and nearing completion.	<p>1. C&S are engaging with officers as part of the review of the 30 sampled supplier spend examples, discussion, advice and support is provided.</p> <p>2. Non-compliant procurement activities will be remedied where feasible and feature in each supplier report.</p> <p>3. C&S provide a log to Head of Procurement once all the individual reports are completed.</p>
Feb-22	<p>7. Paying Subcontractors Directly. We found evidence that one of the suppliers was a</p>	Medium	Targeted Procurement training, relating to paying contractors directly will be delivered to services.	Completed	<p>1. Issues in the identified service have been addressed.</p> <p>2. On an on-going basis we</p>

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	<p>subcontractor to another supplier who had been awarded a contract. In this case the subcontractor was being paid directly but it was unclear if there was provision in the contract with the main supplier to make payments in this way. This finding is similar to audit findings during certification of EU grants where we also found that subcontractors had been paid directly and the Council was unable to evidence a compliant procurement process.</p>				<p>will continue to train and mentor procurement processes with officers in the council.</p>
Feb-22	<p>8. Contractor Checks- Financial, Insurance and Health & safety. There were nine procurements where the contractor was on a framework or DPS, so officers believe these contractors had all checks completed as part of being accepted onto the framework or DPS but were not always able to provide any evidence of this. There were five procurements where we might have expected relevant financial, insurance and health and safety checks to have been completed on the supplier where insufficient information was provided.</p>	Medium	<p>Targeted Procurement training, relating to contractor checks, will be delivered to services. Increase visibility and publicise the Sourcing Solutions service across directorates. Utilising the data in this audit report, The Contract and Supply Team will provide support to identified, individual Contract Managers. The C&S Team will identify and implement necessary interventions, to ensure non-compliant procurements are brought into a compliant state. The C&S Team will provide the Head of Procurement an Issues Log. Where necessary the HoP will escalate to service heads / Executive Directors</p>	Significant progress made, nearing completion.	<ol style="list-style-type: none"> 1. Procurement Training delivered to the Managers Network (Mar 2022), including Sourcing Solutions Services. The Managers Network were all invited to the training and received a copy of the training slides. 2. On an on-going basis we will continue to train and mentor procurement processes with officers in the council. 3. Non-compliant procurement activities will be remedied where feasible and feature in each supplier report.

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					4. C&S will provide a log to Head of Procurement once all the individual reports are completed.
Feb-22	<p>9. Declaration of Interests. For 16 of the sample reviewed, officers were unable to provide confirmation of whether declarations of interest had been declared prior to the procurement process taking place. Staff are encouraged to update positive declarations held on PIER, but they also need to consider any specific conflicts that may arise through the procurement process.</p>	Medium	<p>Where the Strategic Procurement Team are involved in the tender, all officers writing a specification and/or forming part of the evaluation team are required to complete a TDOI (tender declaration of interest form). Where any officer is involved in a Procurement it should be mandatory for a TDOI to be completed.</p>	Completed.	1. Declaration of Interests featured in the Procurement Training delivered to the Managers Network (Mar 2022). The Managers Network were all invited to the training and received a copy of the training slides.