

APPENDIX A
PROCUREMENT IMPROVEMENT PLAN

(Updated to take into account Internal Audit work as at 22nd September, 2009)

This Improvement Plan is designed to address strategic recommendations included in the District Auditor’s Public Interest Report, December, 2007.

The Plan has been implemented on target to date and the DA’s strategic recommendations are being addressed by actions as shown below:

STRATEGIC RECOMMENDATIONS	IMPROVEMENT PLAN ACTION
<p>Members should have a more active oversight of the procurement process to ensure officers are held to account. They should:</p> <ul style="list-style-type: none"> * approve annual procurement plans for services; * give final approval to entering into major contracts; * be involved in decisions about the procurement policy and the developing framework of procurement methodologies; and * receive reports on: value achieved; compliance with contract procedures/statutory requirements and the effectiveness of internal control. * holding officers to account. 	<p>17</p> <p>16, 17</p> <p>12, 16, 17</p> <p>16, 21, 22, 23, 24, 25</p> <p>1,2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 18</p>

The Improvement Plan has the following main themes:

- * Tightening control. (actions 1-6)
- * Training and accreditation. (actions 7-12)
- * Improving guidance and rules. (actions 13-18)
- * Improving management systems and monitoring. (action 19)
- * Improving the contracts register system. (action 20)
- * Audit (action 21-25)

Appendix 1

PROCUREMENT IMPROVEMENT PLAN

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
TIGHTENING CONTROL				
1	Review the number of officers who are authorised to purchase on behalf of the Authority, to reduce this to a manageable number which can be easily audited. Authorised officers are to be limited to those people who must purchase to enable them to perform their job. They must be adequately trained and the scope of their authorisation needs to be clear.	Divisional Directors Co-ordinated by Service Director – Legal Services	1 June, 2007	<p>All Departments have created an authorised Procuring Officer List.</p> <p>The completed lists have been loaded onto Insite to enable Corporate-wide access and monitoring.</p> <p>Complete. Corporate Directors’ Board/ Audit Committee have expressed concern that there are too many authorised officers. Departments have been instructed to reduce the list to what is essential. The Board will be informed of the latest position.</p>

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION																																						
				<p>The most recent listings contain:</p> <p><u>Approved Officers – CEO</u></p> <table> <tr><td>Minor</td><td>0</td></tr> <tr><td>Small</td><td>0</td></tr> <tr><td>Large</td><td>0</td></tr> <tr><td>Over EU</td><td>6</td></tr> <tr><td><u>TOTAL</u></td><td><u>6</u></td></tr> </table> <p><u>Approved Officers – Resources</u></p> <table> <tr><td>Minor</td><td>20</td></tr> <tr><td>Small</td><td>20</td></tr> <tr><td>Large</td><td>10</td></tr> <tr><td>Over EU</td><td>39</td></tr> <tr><td><u>TOTAL</u></td><td><u>89</u></td></tr> </table> <p><u>Approved Officers – CYPS</u></p> <table> <tr><td>Minor</td><td>0</td></tr> <tr><td>Small</td><td>2</td></tr> <tr><td>Large</td><td>4</td></tr> <tr><td>Over EU</td><td>15</td></tr> <tr><td><u>TOTAL</u></td><td><u>21</u></td></tr> </table> <p><u>Approved Officers – R & C</u></p> <table> <tr><td>Minor</td><td>9</td></tr> <tr><td>Small</td><td>48</td></tr> <tr><td>Large</td><td>63</td></tr> <tr><td>Over EU</td><td>12</td></tr> </table>	Minor	0	Small	0	Large	0	Over EU	6	<u>TOTAL</u>	<u>6</u>	Minor	20	Small	20	Large	10	Over EU	39	<u>TOTAL</u>	<u>89</u>	Minor	0	Small	2	Large	4	Over EU	15	<u>TOTAL</u>	<u>21</u>	Minor	9	Small	48	Large	63	Over EU	12
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	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT PROJECTION	POSITION	AND
				<u>TOTAL</u>	132	
				<u>Approved Officers – A & H</u>		
				Minor	13	
				Small	55	
				Large	31	
				Over EU	18	
				<u>TOTAL</u>	117	
				GRAND TOTAL	365	
2	Assurance must be given that the current list of authorised officers is complete and up to date.	Divisional Directors. Co-ordinated by Service Director – Legal Services	1 August, 2007	Complete. (Divisional Directors will be requested to reconfirm the assurances in December).		

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
3	The list of authorized officers must be kept up to date and monitored annually.	Chief Operating Officer and Divisional Directors, Co-ordinated by Geoff Organ	Ongoing	<p>Complete. Nominated Officers in each Department will ensure that the information is kept up to date.</p> <p>The term “Procuring Officers” is to be used instead of “Authorised Officer” to avoid confusion.</p> <p>There are capacity issues within Corporate Support, Procurement & Income Services and within service departments. Some departments such as Adults and Housing have a dedicated procurement team whereas R&C, to date has decided not to create one. CDB has agreed, as part of the current procurement strategy, to introduce category management of procurement, to be implemented as part of phase 2 of the Corporate Review, and has also agreed to create two more posts within the Corporate Procurement Team. The project to deliver this initiative commenced at the beginning of October.</p>

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
4	Ensure compliance with Contract Procedure Rules in respect of notification and safekeeping of contracts handled within departments (i.e. contracts in a standard form approved by Legal Services, up to the upper threshold value for a small contract (currently £35,000).	Divisional Directors. Co-ordinated by Geoff Organ	1 June, 2007	Complete. To be repeated in December.
5	An annual assurance to be given that Procuring Officer lists are up to date and that adequate systems are in place to ensure Service Directors are complying with procedures for entering into contracts.	Chief Operating Officer and Divisional Directors, co-ordinated by Geoff Organ.	Annually,	Complete. (to be repeated in December)
6	This assurance must also confirm that adequate insurance arrangements are in place throughout contract terms	Chief Operating Officer and Divisional Directors.	December	Complete. (to be repeated in December)
TRAINING AND ACCREDITATION				
7	Ensure that an appropriate corporate training programme for Procuring Officers is available.	Head of Corporate Procurement Support and Income Services	30 June, 2007	The programme is written, is available and is now being delivered. Training continues to be delivered.
8	Make available a corporate training programme leading to accreditation that Procuring Officers authorised to procure have been trained to sufficient standards.	Chief Finance Officer	September, 2007	Training is being provided.

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
9	Make available an on-line corporate training programme.	Head of Corporate Procurement, Support and Income Services	December, 2007	Now that the new Toolkit is finalised, on-line training will be introduced by December, 2008. The Toolkit will require updating again following the introduction of new CPRs.
10	Comply with the requirement that all new Procuring Officers must be accredited.	Divisional Directors.	March 2008	This will require a new training contract which has now been awarded to a training company called Cordie.
11	Ensure that all Procuring Officers are accredited (accredited training or equivalent)	Divisional Directors	December 2008	Achievable. In addition “elective training” will be provided for other officers on specific aspects of procurement to enable them to perform their role as part of the Procurement Team. (To be provided from January onwards). Training continues to be delivered.
12	Support for elected members is also being proposed and each political group is being asked to nominate a lead member who can develop a special interest in this field.	Director of Legal Services in consultation with Group Whips.	January 2008	Awareness sessions will be delivered via the Member Development Programme, being worked up by the Member Development Forum. There is also consultation with groups and individual members to ensure the programme suits members’ needs and interests. This is relevant to Scrutiny Members as well as Cabinet Members. Whips have been consulted and support the idea of each group nominating lead members, names to be provided at the whips group meeting on 20th November.

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
IMPROVING GUIDANCE AND RULES				
13	Review and improve the Council's Procurement Toolkit to clarify responsibilities and mandatory requirements, also to ensure the Toolkit is user friendly and easy to access e.g. by use of hyperlinks to Contract Procedure Rules etc.	Head of Corporate Procurement, Support and Income Services	September 2007	<p>The revised Toolkit is now available, being promoted and used.</p> <p>To be repeated in December following approval of revised Contract Procedure Rules by Council in November.</p>
14	Production of consolidated guidance on procurement processes which makes responsibilities clear, also includes adequate checks and challenges at each stage. Guidance / procedures will provide for officer intervention to ensure any non-compliance is regulated and resolved.	Head of Corporate Procurement, Support and Income Services and Service Director – Legal Services.	September, 2007	<p>A new web-based toolkit has been introduced.</p> <p>Contract Procedure Rules (CPRs) are undergoing a complete, radical review, also to incorporate important changes to EU law; to be reported to Council in November.</p> <p>Rules are being simplified wherever possible to make them more accessible assuming that Procuring Officers are trained to a corporate standard; also to make the rules more user friendly from a contractor point of view e.g. to provide that small companies be invited to sign up to the Council's principles regarding policies such as equal opportunities so as to facilitate compliance.</p>

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
15	When Service Directors authorise Legal Services to process and enter into tendered contracts they must also attach a financial evaluation. There must be justification for any proposal to enter into a contract in excess of the evaluated limit and there must be a statement that the authorised officer has considered the impact of the contract on total exposure to the same contractor.	Divisional Directors	January, 2008	<p>Legal Services' Commercial Team has been instructed to ensure that a financial evaluation is attached to all instructions received.</p> <p>The revised Contract Procedure Rules will make this a mandatory requirement for contracts over the EU threshold.</p> <p>An audit is to be completed by Internal Audit in January, 2009.</p>

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
16	Systems will also be established to enable regular review of revenue contracts over a specified threshold (currently £100,000) by Cabinet and the Procurement and Value for Money Select Committee.	Chief Finance Officer	December, 2007	<p>Complete.</p> <p>At its meeting on 21st April Cabinet monitored progress in implementing this Improvement Plan and also agreed that all contracts over the EU financial threshold be reserved to Cabinet for authorisation. The current EU thresholds are £139,893 for supplies and services and £3,497,313 for works. This provides Cabinet with sufficient control but avoids cluttering up its agenda and also provides the added benefit of enhancing corporate management, oversight and control of compliance with EU procurement requirements.</p> <p>To provide flexibility, Cabinet (23rd June) revised its Scheme of Delegation to enable individual Cabinet members to authorise contracts over the EU threshold within the approved Procurement Plan.</p> <p>So as to reduce duplication Cabinet has dispensed with the need for consultation with Cabinet Leads before entering into any revenue contract where the value is £100,000 or more.</p>

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
17	Departments must produce an annual procurement plan to be reviewed by Scrutiny and approved by Cabinet.	Chief Operating Officer and Divisional Directors with support from Geoff Organ who has agreed to produce initial draft plans based on the corporate information available.	April 2008 for 08/09	Head of Corporate Procurement, Support and Income Services produced a plan in consultation with all departments, approved by Cabinet on 14 th July.
18	Further review Contract Procedure Rules to meet current corporate and legal requirements, to clarify responsibilities and mandatory requirements and to ensure that the rules are easily accessed and understood by authorised purchasers.	Head of Corporate Procurement, Support and Income Services and Service Director – Legal Services	December 2007	A revised version has been produced and is currently subject to consultation. Full Council approval is required, programmed for November, 2008.
IMPROVING MANAGEMENT SYSTEMS				
19	Introduce an effective Council wide procurement system as part of a new Resource Management System (RMS).	Chief Finance Officer	April 2008	Project has slipped to April, 2009 following which there will be a phased implementation.
IMPROVING THE CONTRACTS REGISTER SYSTEM				
20	Enhance the existing contracts register system in order to: <ul style="list-style-type: none"> - Minimise scope for contracts to be omitted. - Provide a long stop control over potential overruns. 	Chief Finance Officer	August 2007	Complete.

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
AUDIT				
21	Review authorised officer database to ensure that it is up to date.	Head of Audit and Governance	October 2007	<p>Complete. The authorised officer list has now been trimmed to a satisfactory level. However, this needs review every three months. At its meeting on 2nd April, Audit Committee received a progress report, focusing on its concerns to reduce the number of authorised officers in Adults and Housing. The position was accepted but the Committee asked for a report back in 12 months time.</p> <p>At the next quarterly review it needs to be reviewed in line with new departmental structures.</p>
22	Review the adequacy of contracts' insurance.	Head of Audit and Governance	June, 2008	A final report has been issued. Annual Assurance Statements now require confirmation that adequate insurance cover is in place throughout the life of a contract.
23	Audit of housing related contracts to ensure compliance with the District Auditor's detailed recommendations.	Head of Audit and Governance.	June – September, 2008	Complete. A review has been completed by Internal Audit which has found that there has been some improvement. A follow up audit is due at the end of September, 2009.

	ACTION	RESPONSIBILITY	ORIGINAL TARGET DATE	CURRENT POSITION AND PROJECTION
24	Audit compliance with the Procurement Toolkit and new Contract Procedure Rules.	Head of Audit and Governance	April 2008	Complete. Internal Audit has completed a review and now awaits formal response from management. The audit has identified that the procurement toolkit is a useful best practice aide and that there have been significant improvements in compliance with CPRs. Following the audit, the toolkit has been amended in parts to synchronize with the new CPRs, however, better IT design; access and navigation require consideration.
25	Audit of assurances provided	Head of Audit and Governance	January/ February, 2009	Complete. An audit of assurances has been completed as at March, 2009, but significant gaps have been identified. The improvement team has agreed that these need to be reported to at least Operational Board level. There will be a further audit of assurances in December, 2009.

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