

LBB Procurement Controls and Monitoring Action Plan

June 2011

Version Control

Version number	Date	Author	Reason for New Version
V0.1	07/06/11	C J Cooper	Creation of Action Plan
V0.3	09/06/11	C J Cooper	Revised draft amending actions
VO.4	13/06/11	A Travers	Revised draft amending actions
V1.0	14/06/11	C J Cooper	Final

LBB Procurement Controls and Monitoring – Action Plan

Objective	Issue	Risk
Procurement Controls and Monitoring Regime Objectives	<ul style="list-style-type: none"> An effective procurement function is pivotal in the successful delivery of the One Barnet Programme A detailed vendor review and savings opportunity assessment was undertaken this highlighted areas for improvement in how the Council commissions & procures goods & services Internal Audit have identified a number of necessary control and monitoring issues across LBB 	<ul style="list-style-type: none"> The council could be exposed to unnecessary risk, financial loss and likelihood of challenge arising from non compliant tendering activity. There is a risk that the Council may not receive the service required or will be unable to recover damages for works not carried out or for breach in the event of the dispute if terms are not formally agreed and clearly defined contracts are not in place There is a risk that failures to comply with CPR may not be identified, that the Council may not be able to work collaboratively with other local authorities on procurement initiatives and ineffective budget planning. The lack of comprehensive contract specification increases the risk of ineffective contract management as responsible officers may not be aware of all relevant monitoring requirements e.g. licences. In the absence of an effective monitoring and analysis process there is a risk of non compliance with the Council's procurement policies which may then prevent the Council from achieving value for money. The lack of contract monitoring arrangements generally increases the risk that failures in service delivery may not be identified, that service delivery may not be optimised and failures in regulatory compliance which may expose the council to financial and reputational risk may not be identified.

	Actions	Tasks	Measure of success	Lead Officer	Tasked to Deliver	Target Date
Overarching actions						
	Establish compliance with corporate systems as key measure of senior office performance.	<ul style="list-style-type: none"> Include a 2011/12 personal objective of compliance with all corporate governance systems and procedures for Directors, Assistant Directors and Heads of Service. 	Inclusion of specific objective for 2011/12 and monitoring at 6 and 12 month appraisal.	JMcG		30/6/11
	Introduce Directorate Annual Governance Statement	<ul style="list-style-type: none"> Directors to sign Annual Governance Statement for each Directorate to support corporate Annual Governance Statement. 	Annual Governance Statement actions implemented and compliance with governance framework.	JL		31/3/12
	Governance monitoring at Statutory Officers Group	<ul style="list-style-type: none"> Monitoring of governance framework at Statutory Officers Group, including monitoring of the implementation of internal audit report recommendations. 	Compliance with governance framework.	NW		30/6/11
Actions to address Recommendations						

	Actions	Tasks	Measure of success	Lead Officer	Tasked to Deliver	Target Date
1	<p>Contract Procedure rules should be followed by all services to procure works, supplies and services.</p> <p>A SAP solution should be explored by Corporate Procurement team to enter vendor limits in accordance with the contract procedure rules thresholds.</p>	<ul style="list-style-type: none"> Write to all Directors, ADs, and Heads of Service reiterating requirement for compliance with Contract Procedure Rules, enclosing this action plan. Arrange training programme with mandatory attendance for all relevant officers. Amend SAP and associated systems to control and monitor spend in line with CPRs. 	Compliance with CPR's embedded in information systems and monitoring routines.	AT CM CM/MGC		<p>13 June</p> <p>31 July</p> <p>30 Sept</p>
2	Formal written contracts should be established for all services commissioned by the Council as required by the Contract Procedure Rules.	<ul style="list-style-type: none"> Put in place contracts for all current spend for all vendors where spend exceeds £25k and no contract currently in place. Institute key control whereby new vendor records cannot be set up without confirmation of CPR compliance. 	All non-staff expenditure for vendors in excess of £25k covered by formal contracts.	Ds/ADs CM		<p>30 Sept</p> <p>30 June</p>
3	<p>All directors should maintain a complete register of contracts as required by the current Contract Procedure Rules (CPR). This should assist with the completion of a Corporate contract register, which should be placed on the Council's internet to meet the transparency agenda.</p> <p>Corporate Procurement should undertake an oversight function to ensure that contracts are in place where expenditure in Services exceeds the stipulated CPR thresholds. Complete and accurate Directorate contract registers should enable this monitoring to take place.</p>	<ul style="list-style-type: none"> Directors/ADs to submit service scheme of delegation and contracts register to AD Commercial Assurance. Directors/ADs to compile and hold audit trail for all entries on contract register. Validate completeness of contract registers by cross-checking 2010/11 and 2011/12 to other data sources. Compile corporate contract register from service contract registers as amended. Notify all vendors £25k plus with no contract that service will be market-tested in accordance with CPRs. Forward all contract documents to Head of Legal to be held in corporate repository. Publish corporate contracts register. Establish, document and monitor updating arrangements. 	Complete documentation and records as required by CPRs and full compliance.	Ds/ADs Ds/ADs CM CM CM Ds/ADs CM CM		<p>30 June</p> <p>31 July</p> <p>31 July</p> <p>31 Aug</p> <p>30 Sept</p> <p>30 Sept</p> <p>30 Sept</p> <p>30 Sept</p> <p>30 Sept</p>

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4	A fit for purpose contract service specification should be developed for tender evaluation purposes and monitoring service delivery.	<ul style="list-style-type: none"> Complete tendering of corporate security contract in line with CPRs. 	Corporate security contract in place.	CC		30 Sept
5	The Corporate Procurement Team should establish a process for identifying and monitoring expenditure by category by service across the Council to ensure that current levels do not exceed Contract Procedure Rule limits.	<ul style="list-style-type: none"> Establish monitoring of corporate vendor limits in SAP. 	Compliance with vendor limits in CPRs.	CM		30 Sept
6	<p>Independent checks of amendments to key Vendor Master Data records, such as bank data, should be undertaken routinely for an appropriate number of records.</p> <p>Checks should ensure that appropriate checks are made to confirm details and validity of the requested changes from related parties.</p> <p>Management should retain all supporting data for vendor set-up and amendment checks. In particular, necessary records to confirm the checks undertaken for amendments for key data fields, such as Bank details, should be retained.</p>	<ul style="list-style-type: none"> Review, amend as necessary, and monitor procedures for amending vendor master data 	Validated vendor records in place.	CM		30 June

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7	<p>There should be review carried out to calculate the exact figure the Council has overpaid VAT on this vendor, and immediately contact HMRC.</p> <p>Officers should, as standard, refer all name changes on supplier's invoices to the Central Procurement Team who should obtain the advice of the VAT officer for confirming compliance with the VAT regulations before a change can be processed.</p> <p>Training provided to officers should focus on the implications of name changes on supplier's invoices and how those should be addressed for the purpose of compliance with the HMRC's VAT requirements.</p>	<ul style="list-style-type: none"> Resolve Metpro VAT issue in conjunction with HMRC. Procedures for establishing and amending vendor master data to cover VAT status. Include VAT issues in mandatory training. 	Metpro VAT issue resolved and compliance with VAT status requirements of HMRC.	<p>MC CM</p> <p>CM</p>		<p>30 June 30 June</p> <p>31 July</p>
8	<p>Contract extensions should be undertaken in line with CPR requirements.</p> <p>Changes to conditions of service should be formally documented for referral by all parties who may be required to certify delivery and payment.</p>	<ul style="list-style-type: none"> Directors/ADs to amend contract registers in respect of all extensions and variations, forwarding amended contract documents to Head of Legal and Head of Procurement. Directors/ADs to hold audit trail for all extensions and variations. 		<p>Ds/ADs</p> <p>Ds/ADs</p>		<p>31 July</p> <p>31 July</p>

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9	<p>Standard practice should be re-enforced through-out the Council, specifically:</p> <ul style="list-style-type: none"> Changes to contract terms should be formally approved and documented for referral by those involved in certifying delivery per invoice. Invoices should be initialed as evidence of confirmation of service delivery in line with current terms and calculation check. Supporting documentation should be provided to evidence service delivery. Delivery should be confirmed with officers who are able to comment on delivery as part of their respective role. Purchase orders should be approved and before delivery of the service to ensure that expenditure is valid and in line with agreed terms. 	<ul style="list-style-type: none"> Purchase orders to be raised against all formal contracts Directors/ADs to hold evidence of service delivery and record on SAP against purchase order. Invoices to be paid against goods-receipted purchase orders only. 	Compliance with CPRs.	Ds/ADs Ds/ADs MC		30 Sept 30 Sept 30 Sept

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10	<ul style="list-style-type: none"> Directors/Heads of Service must ensure that systems are in place to manage and monitor contracts 	<ul style="list-style-type: none"> All contracts to be monitored, with arrangements documented in service schemes of delegation. Directors to report compliance with scheme of delegation through monthly performance monitoring process 	All contracts managed effectively.	Ds/ADs Ds/ADs		31 July 31 July