

AGENDA ITEM: 8

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Meeting	Audit Committee
Date	6 September 2011
Subject	Procurement Controls and Monitoring Plan Progress Report – August 2011
Report of Summary	Deputy Chief Executive and Section 151 Officer Members are asked to note the Progress Report and Appendices.

Officer Contributors	Craig Cooper, Commercial Director Mick Stokes, Assistant Director of Commercial Assurance
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A - Procurement Controls and Monitoring Plan
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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1. RECOMMENDATIONS

- 1.1 That the Committee note the contents of the report and the actions being taken to address the deficiencies in contract management.**
- 1.2 That the Assistant Director of Finance – Audit and Risk Management report to the December Audit Committee providing assurance that the Procurement Controls and Monitoring Plan has been actioned according to plan.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 At the Audit Committee meeting on 16th June 2011 Members agreed that the Deputy Chief Executive and Chief Finance Officer report to the Committee how these deficiencies are being addressed and the actions being taken regarding audit arrangements with suppliers.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Having an adequate Procurement Function supports the council's priorities in the 2011/14 Corporate Plan of delivering 'better services with less money' and a 'successful London suburb'.

4. RISK MANAGEMENT ISSUES

- 4.1 Without an effective procurement and contract management function there is the risk to the Council of failure to deliver value for money and having uncommercial contracts with suppliers. There are also potential safeguarding risks if adequate procurement due diligence has not been followed. The Procurement Controls and Monitoring Plan were devised to respond to identified risks.
- 4.2 There are also potential safeguarding risks if adequate procurement due diligence has not been followed. The Procurement Controls and Monitoring Plan was devised to respond to these identified risks

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 5.1 The Equalities Act 2010 states that:

Public sector organisations will be judged on outcomes and therefore have a responsibility to consider equality as part of every procurement.

(Equality Act 2010, Part II Advancement of Equality Chapter 1 Public Sector Equality Duty Clause 149 (2)).

The duty applies to a person, who is not a public authority but who exercises public functions and therefore must, in the exercise of those functions, have due regard to the general equality duty. This includes

any organisation contracted by a local authority to provide services on its behalf.

- 5.2 Pursuant to the Equalities Act 2010, the council is under an obligation to have due regard to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, religion or belief and sexual orientation
- 5.3 Implementation of the Procurement Controls and Monitoring Plan will ensure that the Council addresses any non-compliant contracts, taking action to ensure that all contractors comply with the general equality duty set out above
- 5.4 The Council's Equalities policy will also form part of the formal evaluation of all future providers' proposals. Any contracts will include explicit requirements fully covering the Council's duties under equalities legislation.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The Procurement Controls and Monitoring Plan supports the delivery of value for money from procurement activity. This report notes the progress of the controls designed to improve the control environment relating to Council procurement activity.

7. LEGAL ISSUES

- 7.1 Section 3(1) of the Local Government Act 1999 imposes a duty on Local Authorities to 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.' The Procurement Controls and Monitoring Plan would, amongst other things, assist the Council in performing the above duty as well as meeting its general fiduciary duty to the tax payer, to ensure effective utilisation and monitoring of its use of resources

8. CONSTITUTIONAL POWERS

- 8.1 The Constitution Part 3 Responsibility for Functions section 2 allows the Audit Committee the ability to monitor the effective operation of risk management and corporate governance in the Council.

9 BACKGROUND INFORMATION

- 9.1 This report provides an update on actions taken by Service Areas within the Council to address the Procurement Controls and Monitoring Plan that was presented to the Committee on June 16th. The Action

Plan was presented in response to the findings of the Internal Audit Annual Report (and the accompanying report into the appointment of Metpro Security Company) reported to the Audit Committee held on 16th June 2011.

- 9.2 This Action Plan (appendix A) sets out the immediate actions being taken by Officers to mitigate the risks associated with existing non-compliant contracts across the Council and to improve the overall internal control environment. In addition, the Corporate Procurement team is working across service areas within the Council to create a forward plan of procurement activity required over the remainder of 2011/12 financial year and going forward into 2012/13. It should however be noted that part of the work to compile a forward plan will include an assessment of the potential impact on local businesses and the SME (Small and Medium Enterprise) community as a result of the Council having enhanced procurement procedures and controls.
- 9.3 Early work on our Contracts Register to date has highlighted that over 80% of spend is compliant with existing Contract Procedure Rules (CPR's), this is significantly above the median for other Councils within the London region. Our benchmark data was received through our participation in 2010 in a London Efficiency Challenge (LEC) which was developed, managed and sponsored by Capital Ambition. Data from this exercise identified that the benchmark for all Council's within this dataset (25 London Councils) showed that 63% of relevant spend is under contract.
- 9.4 For the purposes of preparing the corporate contracts register, the highest threshold test has been used to define a compliant contract: "a contract that is signed/sealed by both parties is in existence and its location is known and it is available for scrutiny". Legally, however, an enforceable contract can, in principle, be demonstrated to be in place between the Council and its suppliers in the absence of a signed agreement. A number of issues have been identified as result of compiling the corporate contracts register, namely;
- Relationships with the Adult Social Care market – social care is typically procured through spot purchase arrangements where the price will be negotiated directly between the Council and the care provider. More importantly, most Social Care procurement falls under the Public Contracts Regulations 2006 Part B Procurement Regulations – which removes the need to fully adhere to EU Procurement Rules, however Public Bodies are then required to be open and transparent and fair in its procurement activity. The Council is satisfied that it has adequate arrangements in place to demonstrate this.
 - Single source arrangements – A number of contracts can only be "procured" using one provider. An example of this would be IT maintenance contracts where you can only

engage with the software/hardware provider limiting the ability to undertake open and competitive competition, further limiting any opportunity to negotiate the costs associated with such arrangements

- Other spot purchase arrangements such as media advertising where suppliers typically do not enter into direct contracts with organisations.

9.5 Current compliance issues observed across the council and the actions to address these are as follows:

Adults: Of the 402 contracts that did not meet the compliance test, there are 28 with no traceable contract document, 35 are expired contracts, 240 contracts are in place but have yet to be signed by either party, and a further 99 contracts have been signed by the provider but not by the Council. As detailed in paragraph 9.4 there are a number of provisions relating to procurement practice within the Adult Social Care market, namely to achieve flexibility and to accommodate vulnerable adults immediate, and sometimes urgent, needs.

The adult social care contracting model, in line with the vision for choice and independence, is for spot purchasing based on individual needs and this is reflected in the high number of contracts for the directorate. The Directorate has sought legal advice regarding the status of unsigned and expired contracts which are not fully compliant. This advice has confirmed that the terms and conditions of these contracts are enforceable. Detailed actions to re-commission services are in place in order to achieve best value and contract compliance. Key actions for the main expenditure programme are as follows:

Residential care and nursing care – 304 non compliant contracts relate to this category, the majority of which the contract documents have been signed by neither party. Immediate action taken to secure full signatures on unsigned contracts for the intermediate period, with the intention to procure a framework agreement effective from 1st April 2013 with

Day Care - Future day care provision will be the subject of public consultation in quarter 4 2011/12. Interim contracts will be put in place by November 2011 for all day care services currently out of contract which includes 17 out of the 28 contracts with no traceable contract relating to spot purchased day care.

Supported Living – Unsigned contracts will be re-issued for signature in September 2011. A full tender for a framework agreement is planned to commence by December 2011 as a platform to control costs and quality, with interim extension of contracts.

Home and Community Support- a full tender for a framework agreement is in place. The contract documents have been signed by

the providers however are awaiting legal execution by the council and thus are determined as non compliant in the strict definition of the term. For the 7 home care contracts for which there is no traceable contract documentation, interim contracts will be issued to be in place by November 2011.

Voluntary Sector / Housing Related Support – interim contracts are in place with most providers pending re-commissioning during 2011-12 and outstanding contracts are expected to be signed by end October 2011.

Safeguarding for contracted care and support

Despite the absence of formal signed contracts procedures are in place to ensure safeguarding of vulnerable adults. For contracts and spot purchasing arrangements, category leads and managers use the performance frameworks within contracts to assess and quality assure. Due to the volume and complexity of contracts and to ensure proportionality, there is an ongoing risk assessment across the department to determine priorities for monitoring and intervention. In summary safeguarding arrangements are as follows:

- All contracts and spot purchasing arrangements include safeguarding requirements and compliance with local multi-agency procedures overseen by Safeguarding Board;
- All individual service users receive minimum annual review scheduled by Care Services Delivery;
- Quality alerts are reported to contracts team with separate mail boxes for each category of provision which are followed up with referring agent and supplier;
- A suspension policy has recently been approved for third party providers commissioned by Adults Social Care & Health and this will become embedded in the contract management processes;
- A provider's subgroup of the Safeguarding Board oversees quality and safe guarding alerts and trends. Quarterly meetings with Care Quality Commission are used to share market information and intelligence on registered suppliers;
- Monitoring site visits are undertaken on a scheduled basis to all contracted providers;
- All tenders include requirements for safeguarding information. The market test for Home and Community Support suppliers included comprehensive inspection of sites by category officers; and
- All care homes contracted by LBB in borough are currently subject to financial assessment to assess degree of risk of insolvency/ bankruptcy. This is now complete and intelligence being used to highlight and follow up on high risk suppliers.

Chief Executives Service: There are 2 contracts that failed the compliance test – Media Purchasing and Print and Delivery. Print and Delivery is currently out to tender and there will be a cross Council tender for Media Purchasing later this year.

Deputy Chief Executives Office: Of the 2 non compliant contracts, 1 is out to quote at present and the other will be made compliant by utilising an existing London wide framework agreement.

Children's Service - Non-compliance for Special Educational Need (SEN) and children in care placements: For children in care placement providers, 3 providers are not yet confirmed signatories to the pan London Care Placements framework. In the interim, a Barnet specific contract has been issued. For SEN placements, revised contracts, based on the new National Association for Independent Schools and Non Maintained Special Schools (NASS) framework, have been issued to all independent and private SEN providers without a signed agreement in place. We anticipate having signed agreements returned by the end of September.

Children's Service: Other SEN and complex needs related expenditure: There are a number of services provided for children with special educational need and/or disabilities commissioned from schools, NHS providers and the voluntary sector e.g. therapies, after school activities, home tutors. The majority of this spend is currently non compliant. We are looking to develop a framework agreement for therapies so that we can purchase the most appropriate service, tailored for each child. This will require a tender process, scheduled to commence in December 2011. Contracts for the provision of short breaks for disabled children expired at the end of June 2011 and a contract extension is being sought. Compliance is being achieved in the remainder of this category, through the development of an appropriate contract or service level agreement with Barnet special schools or other providers. This process is underway and we hope to complete this by October half term.

Children's Service: Children, young people and family support services and schools services (e.g., school catering): Two significant contracts, one delivering support services for young people and one delivering workforce development expired in March 2011 and arrangements for a contract extension are at an advanced stage in both cases. Expenditure on specialist food by the school catering service is now in the process of being tendered by our buying consortium. Expenditure made on behalf of schools through our ICT traded service and arrangements for agency teachers will be compliant by October.

Safeguarding for Children's Service commissioned services

The majority of services for children with additional needs purchased by the Children's Service are from organisations registered by Ofsted and as such comply with their safeguarding criteria. For children in the care of the authority, we endeavour to use placements that have been approved by London Care Placements. Performance monitoring and reviews assess quality and compliance of the services provided through placement reviews (at least annually) linked to the child's care plan or statement of educational need. For spot purchasing arrangements for children in care, providers are checked through their Ofsted report, statement of purpose, safeguarding policy and references from other local authorities. For other types of services, all tenders include requirements for safeguarding information and monitoring and inspection activity is based on the level of risk.

Commercial: There are a number of compliance issues, 31 in total of which 30 are IS related. Actions required to make these compliant are:

- 15 IS contracts are single source contracts for individual maintenance agreements;
- 3 contracts will be novating over to an existing IS contract;
- 3 will be going out to tender and a timeframe is currently in development;
- The remaining 9 contracts are currently to tender; and
- The remaining non IS related contract is currently being prepared by Legal Services

Corporate Governance: for 2 contracts that failed the compliance test, the action required is as follows:

- Counsel Contract: This contract are now be considered compliant as all instructions of counsel come under pro forma contractual terms under the Bar Council Code of Conduct, and instructions to counsel automatically apply these terms under Bar Council rules; and
- External Legal Advice - Insurance Claims: the appointment of ad-hoc external legal advice from solicitors approved by liability insurer is to be reviewed. A full options appraisal is to be undertaken in conjunction with Procurement.

Environmental Planning and Regeneration: 26 non compliant contracts, of these 1 requires a Delegated Powers Report (DPR) for an expired contract, 11 require DPR to formalise ongoing arrangements, 3 will be incorporated into existing available framework agreements, 3 will be incorporated into existing East Shires Purchasing Organisation (ESPO) Framework agreements, 1 is out to tender at the moment, 1 requires a DPR for an interim arrangement as procurement is already underway and 4 require DPR's for an interim period and will require framework agreements to be set up going forward and the remaining 1 contract is being investigated by Legal Services at present. This leaves

one remaining contract which is currently being reviewed by contracts to establish needs going forward.

- 9.6 The Audit Committee received the action plan in relation to Procurement Controls and Monitoring at the June Committee, it was reported at that time that the majority of this work was scheduled for delivery by the end of September; Appendix A details the position as at the week ending 26th August and this evidences is a good amount of progress. We are approximately 80% through our internal quality assurance processes to ensure our contracts register is fit-for-purpose. Work on the Corporate Contract Register will continue and is expected to be completed to schedule.
- 9.7 A number of other activities underway to support the delivery of this including:
- A forward plan and timeline of procurement activity for the remainder of 2011/12 and for 2012/13;
 - Ascertaining the number of projects that will require full publication in the Official Journal for the European Union (OJEU) and adherence to the European Regulations 2006, as amended,
 - The number of non OJEU procurement projects,
 - Undertake risk assessments to ensure effective prioritisation and resource planning;
 - Exploring possible frameworks available to limit procurement activity timelines and support successful project delivery.
- 9.8 Internal Audit has been reviewing completion of actions within the action plan and will report back to the Audit Committee in December 2011.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal: MAM
Finance: MGC

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
V0.4	13/06/11		Final
V1.1	06/07/11	C Malyon	Progress Update
V1.2	11/07/11	C Malyon	Progress Update
V1.3	26/07/11	C Malyon	Progress Update
V1.4	01/08/11	C Malyon	Progress Update
V1.5	10/08/11	M Stokes	Progress Update
V1.6	17/08/11	M Stokes	Progress Update
V1.7	19/08/11	M Stokes	Progress Update
V1.8	22/08/11	M. Stokes	Progress Update

Key Codes: Blue – Action closed, Green – On track to deliver against target date, Amber – Slight slip on action target date, Red – Significant slip on action target date

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	Comments/Update	Target Date	RAG
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	<p>Compulsory additional personal target added to all top four tiers of management regarding governance compliance as part of 2011/12 appraisal process – last update from HR showed that only 50 staff had this additional target added.</p> <p>Internal Audit testing confirmed Corporate Management Group (CMG) included an objective for corporate governance.</p>	30/6/11	Blue – Action Closed

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
	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	All internal control areas and AGS issues will be included in Directorate risk registers	31/3/12	Green
	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	Procurement Controls Action Plan standing item on S.O.G Agenda	30/6/11	Blue – Action Closed
Actions to address Recommendations							
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</p>	<ul style="list-style-type: none"> Write to all Directors, ADs, and Heads of Service re-iterating requirement for compliance with Contract Procedure Rules, enclosing this action plan. Arrange training 	Compliance with CPR's embedded in information systems and monitoring routines.	<p>AT</p> <p>MiS/C C</p>	<p>Communication sent</p> <p>Resources plan to be approved by the end of August</p>	<p>13/06/11</p> <p>31/08/11</p>	<p>Blue – Action Closed</p> <p>Green</p>

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
	with the contract procedure rules thresholds.	programme with mandatory attendance for all relevant officers.		MiS	Training programme agreed	31/07/11	Blue – Action Closed
		<ul style="list-style-type: none"> Amend SAP and associated system to control and monitor spend in line with CPRs. 		MiS	Training to be delivered – Sept 2011	30/09/11	
				AG	System improvements not requiring re-programming identified. Logica proposal received for Business Warehouse reporting enhancements	30/09/11	Green
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. 	All non-staff expenditure for vendors in excess of £25k covered by formal contracts.	Ds/ADs	Schedule of relevant contracts identified	30/09/11	Green
				MIS/HJK	Drafting forward plan in progress that will detail the following: <ul style="list-style-type: none"> Produce a pipeline of procurement activity for the remainder of this FY Pipeline of activity for 	30/08/11	Green

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
		<ul style="list-style-type: none"> Institute key control whereby new vendor records cannot be set up without confirmation of CPR compliance. 		CA	FY12/13 <ul style="list-style-type: none"> Number of OJEU Procurement Projects Number of Non OJEU Projects Risk assessments and RAG statuses on both to prioritise projects Possible frameworks available to limit/reduce procurement activity and speed up project delivery This will agreement and sign off from Services/Directors- Exit strategies to be reviewed with each Service Area as part of Action/Forward Plan Procurement now authorise and set up all new vender requests	30/09/11 30/06/11	Green Green Blue – Action Closed
3	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	<ul style="list-style-type: none"> Directors/ADs to submit service scheme of delegation and contracts register to AD Commercial Assurance. 	Complete documentation and records as required by CPRs and full compliance.	Ds/ADs	Scheme of delegation received from all directorates	30/06/11	Blue – Action Closed
				Ds/AD	In place	31/07/11	

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
	register, which should be placed on the Council's internet to meet the transparency agenda.	<ul style="list-style-type: none"> Directors/ADs to compile and hold audit trail for all entries on contract register. 		s			Blue – Action Closed
	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.	<ul style="list-style-type: none"> Validate completeness of contract registers by cross-checking 2010/11 and 2011/12 to other data sources. 		MIS	Corporate Contract Register in place. Services currently undertaking an exercise to validate information contained in register.	31/07/11	Green
		<ul style="list-style-type: none"> Compile corporate contract register from service contract registers as amended. 		MIS	First corporate register compiled	31/08/11	
						30/09/11	Blue – Action Closed
		<ul style="list-style-type: none"> Notify all vendors £25k plus with no contract that service will be market-tested in accordance with CPRs. 		MIS/MM	Procurement and Legal are working on a communications plan to be agreed by Directors and Ad's ahead of issuing.	30/09/11	Green
		<ul style="list-style-type: none"> Forward all contract 		D's			Green

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
		documents to Head of Legal to be held in corporate repository.			Contract Repository will hold 'signed copies' of contracts only.		Green
					Contracts Repository, nominated officers will have access to folders, masterfile will be maintained by Procurement. Guidance for officers to be issued.	30/09/11	
		<ul style="list-style-type: none"> Publish corporate contracts register. 		MIS/H JK	Contract Register being validated ahead of publication	30/09/11	
		<ul style="list-style-type: none"> Establish, document and monitor updating arrangements. 		MIS/H JK	Repository established. Policy and procedures for where and in what format documents are held being established in conjunction with Legal Services. Considerations include, monthly/quarterly updating of contracts register any resource implications and agree template to be used with Services		Green
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	Tender exercise for Security Services underway and progressing.	30/09/11	Green

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
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.	MIS	Work package for system changes received and being evaluated.	30/09/11	Green
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.	MIS	Master file vendor approval form updated to include additional checks. VAT and company details checked for all new vendor requests prior to approval and set up. This work will be ongoing, however control considered in place.	30/06/11	Blue – Action closed

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
7	There should be review carried out to calculate the exact figure the Council has overpaid VAT on this vendor, and immediately contact HMRC.	<ul style="list-style-type: none"> Resolve Metpro VAT issue in conjunction with HMRC. 	Metpro VAT issue resolved and compliance with VAT status requirements of HMRC.	MC	Action completed and closed	30/06/11	Blue – Action Closed
	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.	<ul style="list-style-type: none"> Procedures for establishing and amending vendor master data to cover VAT status. 		MIS		30/06/11	Blue – Action Closed
	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.	<ul style="list-style-type: none"> Include VAT issues in mandatory training. 		MIS	VAT will be addressed during the training session taking place in Sept 2011	31/07/11	Blue – Action Closed

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
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. 		Ds/ADs	All service now have a contracts register, with quality assurance on-going and actions plans now in place. Revised delivery date 30/09/11	31/07/11	Blue – Action Closed
		<ul style="list-style-type: none"> Directors/ADs to hold audit trail for all extensions and variations. 		Ds/ADs	<p>Services are in the process of ensuring a full auditable list of contracts and contract extensions are in place for their respective Service Area.</p> <p>Quality Assurance received by Directorates</p>	31/07/11	Blue – Action Closed
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 	<ul style="list-style-type: none"> Purchase orders to be raised against all formal contracts 	Compliance with CPRs.	Ds/ADs	Instructions issued to all relevant staff by email on 20th July regarding new procedures and controls which will also be included within staff training	30/09/11	Blue – Action Closed
		<ul style="list-style-type: none"> Directors/ADs to hold evidence of service delivery and record on SAP against purchase order. 		Ds/ADs	SAP file structure not suitable – agreed that performance data should be held on the corporate repository – see CCR Protocols	30/09/11	Green

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
	certifying delivery per invoice. <ul style="list-style-type: none"> Invoices should be initialled 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"> Invoices to be paid against goods-receipted purchase orders only. 		MC	New AP controls to be implemented by end of July – In place	30/09/11	<div></div> <div>Green</div> <div>Green</div>

	Actions	Tasks	Measure of success	Lead Officer	Comments/Update	Target Date	RAG
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. 	All contracts managed effectively.	Ds/Ad s	All Services have a Scheme of Delegation in place areas.	31/07/11	Blue – Action Closed
		<ul style="list-style-type: none"> Directors to report compliance with scheme of delegation through monthly performance monitoring process 		Ds/AD s		31/07/11	Blue – Action Closed
				MiS/CA	Performance monitoring - Format and to whom this should be reported to be determined	30/09/11	Green
				MiS	Contract monitoring - Guidance and training required for contract monitoring to be put in place Guidance on reporting and monitoring of suppliers used across the Council	30/09/11	

Initials: JMcG – Jacquie McGeachie, JL – Jeff Lustig, NW – Nick Walkley, AT – Andrew Travers, MiS – Mick Stokes, CC – Craig Cooper, AG – Andrew Gee, HJK – Haroon J Khan, MM – Margaret Martinus, MC – Maria Christofi, SS – Sheila Saunders; CA – Colin Atree; Ds/ADs – Directors and Assistant Directors