

Cross Council Assurance Service

Final Internal Audit Report

Procurement - Contract Procedure Rules (CPR) compliance February 2021

To: Managing Consultant, Capita Procurement Solutions
Assistant Director - Investments & Innovation
Director, Commercial and Customer Services
Procurement Business Partner, Customer & Support Group (CSG)
Business Partner Corporate, Commissioning & Estates, Procurement Team, Customer and Support Group (CSG)
Head of Commercial Management, Growth & Corporate Services
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Copied to:

Head of Governance
Deputy Chief Executive
Operations Director, CSG
Executive Director Adults and Health
Executive Director Children's Services
Executive Director Environment
Re Operations Director
Head of Performance and Risk Management, Re
Head of Assurance and Business Development
Service Manager-Records& Info management

From: Head of Internal Audit
Senior Audit Executive

We would like to thank management and staff in CSG Procurement and the Council for their time and co-operation during the course of the internal audit.

Executive Summary

Assurance level	Number of recommendations by risk category				
Limited Assurance	Critical	High	Medium	Low	Advisory
		-	1	8	-
Scope					
<p>This review was undertaken as part of the 2019-20 Internal Audit and Anti-Fraud Strategy and Annual Plan approved by the Council's Audit Committee on 1 May 2019. The length of time taken to complete the fieldwork for this report is due to the redirection of resources to the frontline to support the Council's response to the COVID Pandemic.</p> <p>A significant amount of Local Authority spend is attributable to external contractors/service providers (suppliers/vendors) procured to deliver Council services. Effective procurement ensures optimising value for money outcomes from suppliers and the delivery of high-quality services in a climate of strained financial budgets.</p> <p>Procurement at the Council is governed by the Council's Contract Procedure Rules (CPR) May 2019; and the Procurement Toolkit. The procedures are designed to ensure:</p> <ul style="list-style-type: none"> • the Council undertakes appropriate action to demonstrate that value for money can be achieved in the procurement of goods, works and services; • an unbiased and fair supplier selection/award process; • appropriate scrutiny and authorisation of contract award; • the creation of purchase orders and/or the drafting of contracts (dependent on value of spend thresholds stated in the CPRs - Article 10 of the Constitution, Table B refers); with the appropriate clauses to embed delivery in line with relevant legislation, where applicable, for example, GDPR and safeguarding; • the soft-copy retention of contracts and related documentation; and • that the Council's approved processes for Contract Management are adhered to by Service Areas. 					

CSG Procurement assists Service Areas under a managed service specification to undertake procurements that they deem necessary to meet service expectations and in line with allocated budgets.

Summary of findings

The audit was conducted based on LBB's global procurement activities, the assurance level attained is an assurance level based on the total end to end procurement process which includes Council Directorate and stakeholders and CSG Procurement. CSG Procurement as part of the procurement process, make every effort to influence other departments into fulfilling their procurement process obligations but ultimately CSG procurement are not accountable for the activities of those departments. (e.g. Client Directorates/Service Areas)

Responsibility for findings/issues below – between Council and CSG Procurement - has been set out in Appendix 5.

Our review confirmed:

- significant documented procedures relating to the procurement process available for referral on the Council's Intranet.
- the routine provision of procurement advice and support, generally, by CSG Procurement and their involvement in more complex procurements. The set-up embeds service access to expert procurement advice through engagement with Procurement Business Partners. All officers interviewed during fieldwork confirmed awareness of CSG Procurement as a source of expert procurement advice and support.

CSG Procurement have recently completed a service review to develop a new procurement approach which was documented in the Procurement New Operating Model.

Detailed control findings are set out in **Appendix 3**.

We have raised 1 High and 8 Medium risk rated findings as follows:

- 1. Contracts Register (High):** The Council's Contracts Register provided to us during fieldwork did not hold an accurate record of all contracts £10k and above as required by Council policy. This is a repeat finding also made in a previous procurement audit.
- 2. Vendor creation CSG Procurement approval in Integra (Medium):** In the sample of new vendors we tested, the rationale followed by CSG Procurement when assessing whether new vendors were CPR compliant was not evident as a note in the approval workflow (CSG Procurement intervention takes place at the 3rd level in the workflow).
- 3. Roles and responsibilities – take-up of procurement training and development and documented procedures (Medium):**

- Formal training based on Service requests was offered by CSG Procurement, however take-up of the training by Service areas was minimal. CSG Procurement indicated that minimal requests for training were received. Training covered all aspects of the procurement process. 7/13 officers interviewed during fieldwork could not recall attending face to face training.
- We noted that the Procurement Toolkit 2018 had not been updated to reflect the new procurement structure and the electronic E-Form vendor creation process.

4. CPR compliance – contract acceptance decision making (Medium): We also noted 3 instances where procurement at lower levels could inadvertently breach CPR value limits/thresholds requiring acceptance by more senior officers. For example, in terms of current CPR, under £10k procurements, acceptance is authorised by the relevant officers in terms of the Scheme of Delegation while over £10k requires a Chief Officer decision. Potentially decisions to award contracts could be taken incorrectly by officers without the required CPR authority. Officers involved in such low value procurements which don't generally involve CSG Procurement - who are involved in more complex procurements - need to be made aware of this requirement.

5. CPR compliance – advertising procurements (Medium):

- In 6/16 procurement exercises tested, CSG Procurement confirmed that they were advertised on OJEU which automatically downloaded the publication to Contracts Finder, however evidence of the publication on Contracts Finder was inaccessible owing to it being archived in the system. In future, an audit trail of the publication on Contracts Finder prior to it being archived needs to be retained for referral.
- Officers involved in lower value procurements also need to be reminded of the risk that spend “creep” may inadvertently invoke the requirement that spend over £25k must be advertised on Contracts Finder.

6. Regional Enterprise (Re) award of contracts for the Council's account (Medium): Arrangements were unclear for monitoring procurement exercises which may have been managed by Re for Barnet's account, for example as part of Special Project Initiation Requests (SPIRs). We had not been provided with any evidence of any strategic oversight of such procurements managed by Re, for example, by the Procurement Board.

7. CPR compliance – Procurement Declaration of Interest (PDI) forms (Medium): The completion of PDI forms was inconsistent across Services, confirming a need to remind Services of this requirement, for example through procurement training. We found in three separate cases we tested that PDI forms were also not completed for lower value procurements.

8. CPR compliance - contract award – financial assessment (Medium): Clarity was needed on when financial assessments of suppliers was required, for example, where spot contracts were awarded outside approved lists as opposed to more complex procurements involving the financial evaluation of many tenders. The CPR also allocated some responsibility for financial assessment to CSG Procurement who held the view that all financial evaluation should be done by Council Finance as they were the experts in this area.

9. Contract formalities – performance bond and information management, social value, safeguarding, insurance and Business continuity contractor responsibilities (Medium):

Information Management, Social Value, Safeguarding, Insurance and Business Continuity

We tested 16 procurement exercises related to vendor spend over the last 5 years to ensure that 5 areas, Information Management, Social Value, Safeguarding, Insurance and Business Continuity were considered as part of the evaluation process and the contract set-up. In 1/16 cases, the Service indicated that the 5 areas were not considered as part of the contract award. In 2/16 instances, we noted that business continuity had not been addressed in the contracts.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk Category	Agreed action
1	<p><u>Contracts Register (operating effectiveness)</u></p> <p><u>Policy</u></p> <p>The “Procurement New Operating Model” documentation available on the Intranet which stated that contracts £10k and over should be included in the Contracts Register.</p> <p>The Contract Management Toolkit: “All contracts, once signed, should be sent to Procurement to ensure that it is recorded on the Procurement Contract Register</p> <p>Responsibility for the maintenance of an up to date Council Contract Register is therefore split as follows:</p> <ul style="list-style-type: none"> - Council: Council services are responsible for communicating contracts to CSG Procurement for them to update the Contracts Register - CSG Procurement: CSG Procurement hold and update the Contracts Register. <p><u>Testing</u></p> <p>We tested 49 vendors based on vendor spend from 2015-16 to 2019-20, and matched them to the Council's contracts Register 2019-20,</p>	<p>If officers/teams responsible for financial and procurement management and oversight of procurement are not aware of relevant contract details then there is a risk of inaccurate budget setting and financial planning. Re-procurements, variations and extensions may not be planned in a timely manner to ensure optimum value for money from related delivery.</p> <p>If contract information is not available to the public to demonstrate independent review, challenge and scrutiny as necessary, then there is a risk that procurement exercises</p>	<p>High</p>	<p>a. A quarterly exercise will be performed whereby contract register extracts from Curtis Fitch will be communicated to delivery units. Delivery units will be required to review the extract and confirm this is accurate and complete based on their knowledge of contracts in place and spend in their Directorate/Service</p> <p>Responsible Officer Managing Consultant, Capita Procurement Solutions Assistant Director - Investments & Innovation Target date: 01 May 2021 (we understand that this process has commenced)</p> <p>b. CSG and Council procurement leads will confirm / agree an approach – in Consultation with Council Information Management – on the disclosure of contracts in the contracts register relating to an individual child’s placement to ensure compliance with General Data Protection Requirements (GDPR)</p> <p>Responsible Officer Assistant Director - Investments & Innovation Managing Consultant, Capita Procurement Solutions Target date: 01 May 2021</p> <p>c. Procurement training will remind Services their responsibilities for communicating contracts to</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>managed by CSG Procurement, provided to us for review The Councils Contracts Register was not considered complete.</p> <p>We initially noted as follows;</p> <ul style="list-style-type: none"> • 36/49 (73%) – Contractual relationships above £10k did not appear in the Contracts Register provided to use for review. • 3/49 - did not apply as they were not Barnet council suppliers • 1/49 not applicable - spend below £10k (Writtle Forest) • 9/49 – satisfactory, the contracts above 10k were referred to in the Contracts register <p>The findings were subject to second review by CSG Procurement and of the 36 exceptions:</p> <p>15: Curtis Fitch reference numbers were provided by CSG Procurement which indicated that they had now been updated in Curtis Fitch contracts register. They were not however recorded in the original Contract Register provided to us for review.</p> <p>10: Expenditure related to individual children's placements. CSG Procurement indicated that these contracts should be excluded from the</p>	<p>generally may not demonstrate optimised VfM outcomes, and this has not been made transparent.</p>		<p>CSG Procurement, for example, in procurement training. In this regard, contracts include:</p> <ul style="list-style-type: none"> - Standard contracts defining the terms and conditions of delivery purchase orders, including those selected from frameworks, - spot contracts, where suppliers are selected where needs cannot be met from existing approved lists - Purchase orders (PO) where the PO constitutes the contract within the £10k to £25k value range of procurement. <p>Responsible Officer Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>Contract register under GDPR. The Council's Information Management were not aware of such a requirement to exclude such contracts from the contracts register. These contracts were also not specifically excluded in the existing procurement procedures. Our view is that they should be disclosed.</p> <p>11: CSG Procurement provided commentary of the service delivery and history of the contractor, however disclosure in the Contracts Register was still required in our view as the spend exceeded the 10k limit.</p>			
2	<p><u>Supplier / vendor creation in Integra (operating effectiveness)</u></p> <p><u>Approval of vendors / suppliers in Integra</u></p> <p>The process for the creation of vendors was well documented in Procurement and Finance documents (separate actions have been raised to update procedures in this report where necessary).</p> <p>Responsibility for procurement approval of new vendors to ensure that they are CPR compliant rests with CSG Procurement.</p>	<p>If invalid or non-CPR compliant vendors Integra are created in Integra, then there is a risk of subsequent fraudulent payments or the creation of and payments to suppliers that do not optimise value for money outcomes.</p>	<p>Medium</p>	<p>a. For new applicable vendors, a record of the rationale followed by CSG Procurement to confirm that they are CPR compliant will be recorded as a note in the Integra E-Form workflow.</p> <p>Responsible officer: Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>We selected 18 vendors relating to procurement spend over the period 2015-16 to 2019-20 for evidence of review, challenge and approval of new suppliers in Integra by CSG Procurement.</p> <p>Our findings were as follows:</p> <ul style="list-style-type: none"> • 8/18: Evidence provided did not confirm approval by CSG Procurement of the vendor account in Integra; nor their related challenge to ensure how compliance with CPR was confirmed. CSG <p>The findings were subject to second review by CSG Procurement who provided evidence that the vendors were CPR compliant. However, the evidence of the actual approval by CSG Procurement was not provided to us for review as the vendors were created following the earlier <u>manual</u> vendor creation process managed by CSG Finance (Accounts Payable), making the related approval documentation difficult to locate.</p> <ul style="list-style-type: none"> • 5/18 were satisfactory. There was evidence of procurement approval of vendor creation. • 5/18 were not applicable as the supplier was migrated to Integra as part of the data load to Integra from SAP in 2014. 			

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	<p>The creation of these vendors therefore predated CSG involvement in managing procurement for the Council and were therefore not relevant to post CSG procurement arrangements, the focus of this audit.</p> <p>The vendor creation changed 12 months ago to a self-serve model using E-Forms. The request always comes to CSG Procurement for checks and the history of actions is captured in Integra. Only one item in our sample, Gowling WLG – General Client (15913400) was created in Integra 22/5/2019 using the new process which confirmed CSG Procurement approval, however the evidence provided to us <u>did not</u> indicate in the notes how CPR compliance was checked by CSG Procurement.</p> <p>We tested a further 9 vendors created through the new E-Form process. CSG Procurement confirmed the approval process. They confirmed their responsibility for approval and stated that notes would be recorded in the workflow supporting the approval decision relating to CPR compliance. The actual proof we required could not be accessed by CSG Procurement. We have therefore referred the query to CST to provide evidence of approval relevant to the 9 vendors (this evidence was still outstanding at the date of this draft report)</p>			

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3	<p><u>Roles and responsibilities – take-up of procurement training and development and documented procedures (operating effectiveness)</u></p> <p>Responsibility for take-up of training: Council supported by CSG providing attendance lists and escalating non- attendance to Council</p> <p><u>Procurement training and development</u></p> <p>Evidence of an effective process/approach for delivering procurement training by CSG Procurement for raising awareness of CPR was provided.</p> <p>We interviewed 13 officers in Service / Delivery Units involved in procurement exercises to determine whether they had attended procurement training in the past. 7/13 indicated that they could not recall attending face to face procurement training, one officer felt that he did not require training as she was familiar with the procurement processes.</p> <p>The take-up of training by Council officers responsible for procurement was poor. Arrangements therefore should include ensuring sufficient take-up of procurement</p>	<p><u>Training and Development</u></p> <p>If training take-up is minimal then there is a risk of a council wide lack of understanding/awareness of all aspects of the procurement process. Key aspects of the procurement processes may not be followed, compromising value for money in the long term (this is particularly relevant to procurement exercises which CSG Procurement do not actively support).</p> <p><u>Documented Processes</u></p> <p>Generally, if documented procedures are seen as outdated by the relevant users then there is a risk that they may be ignored leading to</p>	<p>Medium</p>	<p><u>Procurement training and development</u></p> <ol style="list-style-type: none"> a. Arrangements to improve the take-up of procurement training offered will be implemented, for example planned procurement training schedules will be communicated to Senior Management in the Council to cascade to officers in the Service. b. The Commercial Team will support CSG Procurement in improving the take-up of procurement training throughout the Council, for example, through ensuring that poor training take-up is reported to Senior Management in Services in advance of delivery of training to challenge /chase officers in Services to improve attendance at training. c. Quarterly training uptake will be reported to the Procurement Board for review and action, where necessary. <p>Responsible Officer</p> <p>Assistant Director - Investments & Innovation</p> <p>Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p> <p><u>Documented procedures</u></p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>training in Services to remind officers of their procurement responsibilities.</p> <p><u>Documented procedures</u></p> <p>The procurement process was governed by extensive comprehensive documentation available for referral on the Intranet, for example Procurement New Operating Model, Contract Procedure Rules and Procurement Toolkit 2018</p> <p>Responsibility for the maintenance and update of procurement procedures rests with CSG Procurement</p> <p>We reviewed the Procurement Toolkit 2018 for accuracy. The precise date of the last review was not specified.</p> <p>We noted the following exceptions:</p> <p>1. <u>Procurement staff structure</u></p> <p>The Procurement Toolkit dated 2018 at Appendix one, page 23 referred to the old structure.</p> <p>2. <u>Vendor/supplier creation</u></p> <p>The vendor creation process for setting up vendors/suppliers in the Council's finance system Integra was referred to in the</p>	<p>inconsistent and/or non-compliant operation.</p> <p>If users are not familiar with new processes as procedures are outdated or use old procedure documents which have been superseded and follow old processes, then there is a risk of non-compliance with CPR or inefficient operation as new processes are not be followed</p>		<p>d. The Procurement Toolkit 2018 and other procurement documents will be reviewed and updated, where necessary, for example in line with the Procurement New Operating Model procedures</p> <p>e. For the Records Management aspect, responsibility for the maintenance of digital/softcopy and hardcopy contract repositories will be clarified.</p> <p>f. CSG Procurement will request Records Management to provide an update to the Toolkit of the Records Manager role and Service responsibility in relation to the provision, storage, retrieval and safekeeping of Council contracts which will include the Service requirement to provide Records Manager with the contract, contract name and the relevant Service area/manager/team responsible for the contract. Procurement training will raise awareness of the responsibility for Services to provide contracts to the Records Manager.</p> <p>g. The date a new documented was created or an existing document was reviewed, with version control, will be recorded on all procurement documents.</p> <p>h. Procedure documents that have been superseded will be removed from the Intranet to avoid misunderstandings relating to process.</p> <p>Responsible officer:</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>Procurement Toolkit 2018, (in the various workflows), from page 23 onwards. However, it referred to manual vendor creation process i.e. the completion of a “New Vendor Form”; and not to the electronic Integra E-form vendor creation option now in use. The E-Form procedure was referred to in the New Operating Model Procedures.</p> <p>The Procurement Toolkit 2018 still appeared to be a key procurement document and should therefore be updated to avoid misunderstandings relating to process.</p> <p>3. <u>Contract repository</u></p> <p>The Procurement Toolkit 2018 indicated as follows:</p> <p>“Service responsibility: Ensure that an original signed Contract is provided to the Deeds Officer and a digital copy of the signed version, together with Acceptance and Authorisation documents and any waiver of these Contract Procedure Rules are placed in the Council’s contract repository and a redacted version approved by the supplier is prepared for publication”.</p> <p>There is no Deeds Officer role in the Council now and the Toolkit therefore needs to be updated to reflect the Records Manager role in</p>			<p>Managing Consultant, Capita Procurement Solutions</p> <p>Acting Records Manager (once CSG Procurement has requested the related update in the Procurement Toolkit relating to the Records Manager role)</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>relation to assisting with the storage, retrieval and use of contracts sent to Records Management by Services for safekeeping.</p> <p>The Records Manager indicated, for instance, that Services often provided contracts to her without providing manager/officer contact details, contract name and the relevant Service area/team, making contract retrieval inefficient, a requirement which could be highlighted in procedures and training. We also noted instances where contracts had not been provided to the Records Manager by Services</p>			
4	<p><u>Contract Procedure Rules (CPR) compliance – acceptance decision making (operating effectiveness)</u></p> <p>Decision making relating to contract acceptance is defined in the Council's CPR, the Procurement Toolkit 2018 and the Procurement New Operating Model procedures.</p> <p>We tested acceptance decision making around acceptance of successful tenders and contact award and the extensions and variations of contracts after the initial award, where applicable. Testing covered spend in 2015-16 until 2019-20 relating to 49 vendors to ensure that spend was CPR compliant in relation to acceptance decision making.</p> <p>Responsibility for the drafting of decisions relating to the award and acceptance rests with</p>	<p>Generally, If Council contract expenditure is not supported by the appropriate decision then there is a general risk that contracts may not optimise value for money outcome. It may not be reported at the right level, and therefore not have the correct level of transparency.</p>	<p>Medium</p>	<p>a. Procurement training will remind Services of the Contract Procedure Rules decision making process relevant to accepting contract awards/variations and extensions. Specifically, that all spend under a contract must be supported by clear audit trails of the appropriate CPR decision from initial award to contract extension/variation. For low value procurements, the risk of inadvertently breaching CPR value limits requiring acceptance/award by more senior officers will be communicate as part of training.</p> <p>Responsible officer: Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>the Council Services, supported by Assurance Governance.</p> <p>Findings were generally satisfactory however in some instances, relating to earlier years, we were unable to locate decisions and evidence of certain formalities, for example, the consultation with Members. Trying to locate this information relating to decisions 4/5 years ago is considered impractical. The issue is not considered significant.</p> <p>We also noted 3 instances where procurement at lower levels could inadvertently breach CPR value limits/thresholds requiring acceptance by more senior officers. For example, in terms of current CPR, under £10k procurements, acceptance is authorised by the relevant officers in terms of the Scheme of Delegation while over £10k requires a Chief Officer decision. Officers involved in such low value procurements need to be advised of these risks.</p>			
5	<p><u>CPR compliance – Advertising procurements (operating effectiveness)</u></p> <p>Responsibility is split as follows:</p> <p>CSG Procurement: For procurements where they support /advise on the procurement exercise.</p> <p>Council: For procurements undertaken by the Council without CSG involvement</p>	<p>If procurement exercises are not advertised as widely as possible then there is a risk that expressions of interest may be lower, competition for contract award may not be optimised</p>	<p>Medium</p>	<p>a. CSG Procurement training will remind Services of the requirement to advertise procurements on all relevant platforms in line with Contract Procedure Rules, for example in training and the provision of procurement support. In this instance the training / advice provided will address the risk of low value expenditure inadvertently exceeding CPR limits (spend creep) and the requirement that procurements</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>The CPR May 2019 states as follows:</p> <p>“5.2 All Procurements for goods and services over £25,000 must be advertised on Contracts Finder within 24 hours of the time when the Procurement is advertised in any other way. Procurement over the EU financial threshold must be advertised in the OJEU first and then on Contracts Finder”.</p> <p>We tested procurement exercises relating to vendor spend in Integra from 2015-16 until 2019-20. Our findings were as follows based on evidence provided by CSG Procurement:</p> <ul style="list-style-type: none"> • 6/16 were confirmed by CSG Procurement as being advertised on OJEU and Contracts Finder, however evidence of the actual published record on Contracts Finder could not be provided as this had been archived and was therefore irretrievable. • 2/16 were satisfactory. Procurements were advertised on Contracts Finder; • 8/16 were not applicable as the vendors were selected from existing frameworks; and 	<p>compromising outcomes.</p> <p>VfM</p>		<p>above the 25k value limit must be advertised on Contracts Finder.</p> <p>b. The copy of the procurement notice being published on Contracts Finder will be obtained prior to it being archived and retained for referral.</p> <p>Responsible officer: Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>In addition to the above 16, we noted three contract awards based on regular quotation exercises undertaken in the Service for procurement exercises under the CPR 10k threshold. Selection was based on a reasonable means of selection method referred to in the CPR. The quotation exercises were fine however as the value of the spend over the period 2015-16 to 2019-20 exceeded £25k, such procurements should be advertised on Contracts Finder. This is an example of how spend “creep” can increase to CPR thresholds requiring more onerous procurement selection/award processes. Our view is that where current spending trends suggest that the £25k limit is being or may be exceeded then <u>future</u> procurements of the related service should be advertised more formally on Contracts Finder as required by CPR.</p>			
6	<p><u>Regional Enterprise (Re) award of contracts for the Council’s account (design)</u></p> <p>The Council has a joint venture relationship with Capita Re for the delivery of its environmental regulatory services, for example, Highways maintenance, Building Control and Planning.</p> <p>We reviewed the process for the selection/acceptance of contracts and the subsequent award of contracts to successful vendors by Re.</p>	<p>If Re arrangements for awarding contracts to the suppliers to whom the Council is ultimately financially liable do not optimise VFM outcomes for the Council, then there is a risk of sub-optimal use of public funds through excessive payments by/</p>	<p>Medium</p>	<p>a. The Procurement Board and CSG Procurement will develop arrangements to maintain oversight of procurement exercises undertaken by Re for the Council, for example requiring Re to provide a quarterly update of procurements being managed by Re for the Council to the Procurement Board for future monitoring of compliance with CPR.</p> <p>Responsible Officer</p> <p>Assistant Director - Investments & Innovation</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>Responsibility for oversight of Re procurements on behalf of the Council: Council, unless CSG Procurement were requested to provide related support</p> <p>Arrangements for Re procurements and how they were managed were unclear, for example, CSG Procurement indicate that they had no oversight of procurements undertaken by Re.</p> <p>We had requested details of procurements exercises which may have been managed by Re for Barnet's account in terms of SPIRs or otherwise. We had not received a response at the date of the report so were unable to assess how Re has complied with Council CPR in these instances.</p> <p>We had also not been provided with any evidence of any strategic oversight of such procurements managed by Re, for example by the Procurement Board.</p>	<p>substandard service for the Council.</p>		<p>Target date: 01 May 2021</p>
7	<p><u>CPR compliance – Procurement Declaration of Interest (PDI) forms (operating effectiveness)</u></p> <p>Responsibility: Council</p> <p>To ensure an unbiased and fair procurement evaluation process, the HR Code of Conduct states that at the start of each procurement exercise all staff must complete a new</p>	<p>If officers do not select / award contracts objectively then there is a risk of fraud or sub optimum VfM delivery</p>	<p>Medium</p>	<p>a. To ensure that PDIs are completed for all procurement exercises, an approach to completing PDIs will be developed and communicated when:</p> <ul style="list-style-type: none"> - selecting vendors at lower values - selecting vendors from external frameworks or approved lists - social care spot contracts <p>For example, for lower value procurements, we suggest periodic retrospective completion of PDI</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>procurement declaration of interest form. This is also stated in the Procurement Toolkit.</p> <p>We tested a sample of 16 procurement exercises linked to spend identified over the period 2015-16 to 2019-20. Findings were as follows:</p> <ul style="list-style-type: none"> • 6/16 satisfactory, there was evidence of completion of PDI • 4/16 - no evidence of completion of PDI forms as these pre-dated the requirement • 5/16 – were considered not applicable as the supplier was selected from an approved framework / list. Internal Audit’s view is that PDI should still be completed for these on some practical basis (see below). • 1/16 – requested from the Service, however outstanding at the date of the report <p>As part of the review of vendor spend, we also reviewed the processes for making procurement declarations of interest for contract awards stemming from lower value quoting exercises.</p> <p>We found that they were not completed for 3 low value procurements based on regular quoting exercises and inconsistently in other instances.</p>			<p>forms relevant to those vendor selections. For example, officers will complete PDI forms for awards to vendors made in this manner over the previous 6 months.</p> <p>Responsible Officer</p> <p>Assistant Director - Investments & Innovation</p> <p>Target date: 1 May 2021</p> <p>b. Procurement training will be reminded of their responsibilities for completing PDI forms in terms of the HR Code of Conduct</p> <p>Responsible Officer</p> <p>Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 1 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>The completion of PDI forms was therefore inconsistent across Services confirming a need to remind Services of this requirement, for example through training.</p>			
8	<p><u>Financial assessment (design issue)</u> <u>Documented procedures</u></p> <p>The responsibility for financial assessment of suppliers was referred to in the Procurement Toolkit 2018 and the CPR January 2020 (paragraph 8.4). Paragraph 8.4 split responsibility as follows:</p> <p>CSG Procurement: If the Contract is valued at less than £189,330 for goods or services or less than £4,733,252 for works, or</p> <p>Council: A Financial Officer as delegated by the Director of Finance if: (a) the contract is valued at £189,330 or more, for goods or services; or (b) the contract is valued at £4,733,252 or more for works; or (c) the Director of Finance considers that the Contract has a significant impact on the council's finances.</p> <p>CSG Procurement held the view that they had <u>no</u> responsibility for financial evaluation of tenders and that this rested <u>solely</u> with Finance as experts in the area.</p>	<p>If suppliers are selected who are not financially resilient then there is a risk that they may fail prior to expiry, disrupting key service provision. Optimal VfM will not be achieved when selecting replacement providers at short notice following contract failure.</p>	<p>Medium</p>	<p>a. The responsibility for financial evaluation of tenders between Council and CSG Finance will be determined. The CPR will be updated if necessary.</p> <p>Assistant Director - Investments & Innovation</p> <p>Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p> <p>b. The Procurement documentation, the Procurement Toolkit, will clarify the policy for <u>when</u> financial evaluation to assess the financial resilience of suppliers awarded contracts.</p> <p>Assistant Director - Investments & Innovation</p> <p>Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>The Procurement Toolkit was not clear on when financial assessments should be undertaken, for example, whether the assessment of financial position was undertaken for social care <u>spot</u> placement contracts (some of significant value)</p> <p>We tested a sample of 16 suppliers stemming from expenditure incurred over the period 2015-16 to 2019-20. Testing results were as follows:</p> <ul style="list-style-type: none"> • 13/16: The financial assessment and finance review of the supplier/vendor was evident, including Family Service placements from the Dynamic Purchasing Vehicle (DPV) framework. • 3/16: We requested evidence of the financial standing assessment however the information was not consistent with the Finance guidance relating to financial evaluation provided to us for review 			<p>c. Procurement training will confirm the policy and process for the financial assessment of suppliers awarded contracts.</p> <p>Responsible Officer</p> <p>Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>
9	<p><u>Contract formalities – information management, social value, safeguarding, insurance and Business continuity contractor responsibilities and performance bonds (operating effectiveness)</u></p> <p>Responsibility: Council</p>	<p>If the supplier who is awarded the contract fails without the Council having recourse to a performance guarantee/bond then there is a risk the</p>	<p>Medium</p>	<p>a. CSG Procurement training/support will remind Services to ensure information management, social value, safeguarding, insurance and business continuity contractor responsibilities are embedded as part contract delivery, specifically that business</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<p>We tested 16 procurement exercises related to vendor spend over the last five years to ensure that performance bonds/performance guarantees were obtained and that key areas such as Information Management, Social Value, Safeguarding, Insurance and Business Continuity were considered as part of the evaluation process and the contract set-up.</p> <p><u>Information Management, Social Value, Safeguarding, Insurance and Business Continuity</u></p> <p>We tested 16 procurement exercises related to vendor spend over the last five years to ensure that key areas such as information Management, Social Value, Safeguarding, Insurance and Business Continuity were considered as part of the evaluation process and the contract set-up.</p> <p>Of 16:</p> <ul style="list-style-type: none"> 15/16 were satisfactory. We noted in two instances, that business continuity and related BC plans had not been addressed in the contracts. The Procurement Toolkit 2018 indicated that “For all contracts, in excess of £25,000, business continuity must be discussed, and a business continuity plan confirmed as part of contract delivery.” 	<p>Council will suffer excessive financial loss in dealing with the consequences of such contractor failure and seeking alternate arrangements.</p> <p>If there are no consequences to significant contractor failure or contractor withdrawal from agreement, then there is a risk that the contractor will not optimise effort to continue service delivery in the event of circumstances where it may be beneficial for the contractor to withdraw from the contract.</p> <p>If the suppliers are not contractually liable for ensuring that they have arrangements to address key aspects of delivery, for example the protection of</p>		<p>continuity plans will be confirmed as part of contract delivery.</p> <p>Responsible officer: Managing Consultant, Capita Procurement Solutions</p> <p>Target date: 01 May 2021</p>

Ref	Finding	Risks	Risk Category	Agreed action
	<ul style="list-style-type: none"> 1/16 – these related to NASS social care placement contracts. The Service indicated that these items were not considered as part of the contract award. 	<p>personal information or ensuring that they are able to continue/maintain operation and service in a crisis then there is a risk that the Council will not have legal recourse to recover damages sustained by the Council in the event of related contractor errors/breeches, for example of data loss or supplier business failure.</p>		

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Note: the criteria should be treated as examples, not an exhaustive list. There may be other considerations based on context and auditor judgement.

Risk rating	
Critical ●	Immediate and significant action required. A finding that could cause: <ul style="list-style-type: none"> • Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (eg mass strike actions); or • Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or • Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or • Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High ●	Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause: <ul style="list-style-type: none"> • Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or • Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or • Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or • High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium ●	A finding that could cause: <ul style="list-style-type: none"> • Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or • Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or • Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or • Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low ●	A finding that could cause: <ul style="list-style-type: none"> • Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or • Minor impact on the reputation of the organisation; or • Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or • Handled within normal day to day routines; or • Minimal financial loss, minimal effect on project budget/cost.
Level of assurance	
Substantial ●	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.
Reasonable ●	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
Limited ●	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
No ●	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

Appendix 2 – Analysis of findings

Area	Critical		High		Medium		Low		Total
	D	OE	D	OE	D	OE	D	OE	
1. Roles and Responsibilities	-	-	-	-	-	1	-	-	1
2. Procurement horizon scanning	-	-	-	-	-	-	-	-	-
3. CPR Compliance - Competition, evaluation and award	-	-	-	-	2	3	-	-	5
4. Vendor creation (Integra)	-	-	-	-	-	1	-	-	1
5. Contract formalities	-	-	-	1	-	1	-	-	2
Total	-	-	-	1	2	6	-	-	9

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate, however the control is not operating as intended resulting in potential risks arising in this area.

Timetable					
Terms of reference agreed:	Fieldwork commenced:	Fieldwork completed:	Draft report issued:	Management comments received:	Final report issued:

Date: 22 November 2019	Date 17 January 2020	Date: (delayed owing to Corona virus lock down and redeployment) Date: 27/07/2020	Date: 28 October 2020	Date: 17 July 2020 Emerging findings discussion 14 December 2020	Date: 16 February 2021
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Appendix 3 – Identified controls

Area	Objective	Risks	Identified Controls
<p>1. Roles and Responsibilities</p>	<p>All Council procurement exercises, or procurement exercises done on behalf of the Council - for example, where done by Capita (Re) for services for which the Council will be charged under managed budgets - are undertaken/lead by officers who are familiar with Council procurement processes. Where applicable/necessary, officers involved in procurement projects attend CSG Procurement training.</p> <p>CSG Procurement Business Partners support procurement exercises effectively.</p>	<p>If officers fail to take or follow key procurement steps, for example, do not advertise the procurement process on the appropriate media or allow officers with conflicts of interest to be involved in the procurement evaluation then there is risk that contracts may be awarded to suppliers who do not optimise value for money outcomes for the Council. This, in turn, could lead to a challenge from unsuccessful bidders.</p>	<ol style="list-style-type: none"> 1. Documented procedures define procurement processes and are available on the Council's Internet for referral, covering mandatory guidance and key templates, including the detailed Procurement Toolkit. There is reference to defining the need for training officers involved in procurement exercises. 2. Evidence of delivery and planned delivery of procurement training by CSG Procurement. Training included Procurement Toolkit, Contract Management (Contracts Register), Annual Procurement Forward Plan and Contract Procedure Rules and related Governance (Note: An action has been raised in relation to the take up of training across the Council) 3. CSG Procurement Business Partners support procurement exercises undertaken by Services in the Council, for example actively supporting complex procurements and general advice and guidance when requested.
<p>2. Procurement horizon scanning</p>	<p>There is a clear process for ensuring that pending procurement exercises are identified well in advance of when they need to be undertaken again, for example up to 12 months in advance of the current contract expiry / end of extension period.</p> <p>This is to:</p>	<p>If procurement requirements are identified at a late stage, then there is a risk that:</p> <ul style="list-style-type: none"> - they will be rushed and not undertaken correctly, for example, contract specifications may not be drafted correctly or mistakes in tender evaluation processes may be 	<ol style="list-style-type: none"> 1. Documented procedures available on the Intranet cover procurement forward planning 2. Evidence of Annual Procurement Plan prepared and reported to Policy and Resources Committee. Plans are available on the Intranet for referral where necessary. 3. Oversight of the Annual Forward Plan preparation by the Procurement Board in November each year prior to submission to Policy and Resources Committee. The Procurement Board is chaired by Commercial Services.

	<ul style="list-style-type: none"> • allow for sourcing strategies to be developed; • appropriate support to be engaged (i.e. procurement, legal services); • the market to be engaged, in order to stimulate responses; • the procurement process to be conducted in a timely and compliant fashion; • Governance and clearance to be obtained; and • Signed/sealed contracts to be formed. <p>Required procurement exercises are identified and approved timely on the Annual Procurement Forward Plan; and Service Areas engage with procurement early enough, in order that action can commence</p>	<p>made leading to sub-optimum service delivery</p> <ul style="list-style-type: none"> - A requirement to undertake Single Tender Action under CPRs might then be requested; to ensure the maintenance of existing service provision instead of securing new provision delivering improvements <p>Sub-optimal outcomes might be achieved, because of specifications not being properly formed; and markets not being sufficiently engaged in a timely fashion.</p>	<p>4. There is quarterly overview of expiring contracts reported in the Management Information pack reported by CSG Procurement at Procurement Board</p> <p>5. Training relating to the Annual Procurement Forward Plan (APFP) provided in 2019 and planned in 2020 by CSG Procurement (An action has been raised in relation to the uptake of training in this report)</p> <p>Note: An action has been raised in relation to maintenance of the Contracts Register which supports the Annual Procurement Forward Plan process.</p>
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3. CPR Compliance - Competition, evaluation and award

The procurement process will ensure the award of the contract to the bidder able to demonstrate optimum 'value for money' delivery in accordance with the advertised requirements.

All procurements are correctly publicised / advertised with sufficient time provided to respond; in order to optimise expressions of interest and tenders for service.

Quotes or Tenders are evaluated fairly based on value and the quality of delivery. The financial standing of bidders is assessed, proportionate to exposure to risk.

Successful tenders are correctly authorised / accepted prior to award.

Waivers of contract procedures, single tender actions, variations and extensions of incumbent contracts are undertaken legally and in accordance with CPRs and Procurement guidance.

a. If

- bidder interest in procurements is low,
- related tenders are not evaluated professionally and objectively,
- suppliers are fraudulently selected,
- decision making processes related to contract awards are not undertaken or done correctly; or
- CPRs are not complied with

then there is a risk of sub-optimal service delivery and avoidable financial loss where purchase orders placed, or contracts secured are overvalued

Documented procedures

1. The Contract Procedure Rules, the Procurement Toolkit 2018 and the Procurement New Operating Model procedures are available on the Intranet for referral. The toolkit defines all aspects of procurement, pre-contract award, including specifically
 - a. Advertising for procurement
 - b. Tender evaluation
 - c. Decision making
2. Procurement training covers Contract Procedure Rules, Governance and the Procurement Toolkit relevant to this objective area.
3. Procurements advertised appropriately through OJEU where applicable or on Contracts Finder
4. Evidence of the evaluation of tenders

Procurement Declaration of Interest

5. The requirement to declare potential interests in procurement selection exercises was documented in the Contract Procedure Rules , Procurement Toolkit 2018, the HR Code of Conduct and the Conflict of Interest form available on the Intranet for referral and use. Training provided covered the Procurement Toolkit.

Single Tender Action (STA)

6. Governed by documented procedures, planned training and evidence of approval of STA decisions by the Commercial & ICT Services Director

			<p>7. The Procurement Board maintains oversight of Single Tender Action procurements</p> <p>8. Register of Single Tender Actions maintained by CSG Procurement for review and challenge</p> <p>9. Evidence of approval of Single Tender Actions by the Commercial and IT Service Director</p> <p><u>Financial assessment</u></p> <p>10. Vendors/suppliers are subject to financial assessment to assess their financial resilience prior to selection/award of contract.</p> <p>11. Requirements covered in documented procedures, CPR May 2019 and the Procurement Toolkit 2018. There are also detailed Finance procedures governing the financial evaluation of tenders, Financial Evaluation – Procedure Notes and Financial Evaluation Excel Template.</p>
<p>4. Vendor creation (Integra)</p>	<p>All vendors created in Integra are CPR compliant, where applicable.</p> <p>Note 1:</p> <p>Procurement will advise Service Areas and assist Finance in the process of new vendor creation in Integra; in relation to contracts to be created from procurements conducted by CSG Procurement in accordance with CPRs, for goods, services and works.</p>	<p>a. If invalid vendors, for example those which do not fit the Council’s criteria, do not meet terms and conditions specified; or which have not been properly vetted are created in Integra, then there is a risk of subsequent fraudulent payments</p>	<p>1. Documented procedures governing vendor creation in Integra were available for referral on the Intranet, there was evidence of recent communication of procedures:</p> <p>Supplier/vendor creation in Integra was referred to;</p> <ul style="list-style-type: none"> • in the procurement document “Supplier E-Form user guide” which was located on the Procurement intranet under “Vendor Set-up and Contract forms” • The vendor creation process was also referred to in the Procurement Toolkit, in the various workflows, page 23 onwards. • New Supplier and Supplier Amendment Process V1.0 (Finance)

	<p>Note 2: Officers self-serve in the process of vendor creation, through the use of an e-form request to create new suppliers in Integra.</p>		<ul style="list-style-type: none"> The Procurement New Operating Model procedures referred to Complete Integra new vendor e-Form <p>Note: An action has been raised to update the Procurement toolkit to refer to the electronic process for creating vendors in Integra.</p> <p>2. CSG Procurement approval of vendors created</p> <p>Note: An action has been raised relating to the CSG Procurement approval of vendors.</p>
<p>5. Contract formalities</p>	<p>Signed versions of the contract formed by the Legal Service (HBPL) at the request of Service areas following the successful Award of a contract and provided by the Service area to Procurement are available for referral.</p> <p>Contracts cover information management, social value, safeguarding, insurance and Business continuity contractor responsibilities</p> <p>All contracts are recorded in the Contracts Register, following the Service Area's request to HBPL to form a contract.</p>	<p>If, post contract award, contractors</p> <ul style="list-style-type: none"> fail, undertake poor service delivery, attempt to avoid their contractual obligations mismanage Council personal data or compromise safeguarding standards for example; <p>then there is an overall risk of failure to deliver the Council's Corporate Plan and underlying service plans; with the potential for the Council to experience financial loss.</p>	<p><u>Contracts</u></p> <p>1. Documented procedures covered and the requirements for formal contracts as follows:</p> <p>The <u>Procurement Toolkit 2018</u> indicated as follows:</p> <p><u>Service responsibility:</u> Ensure that an original signed Contract is provided to the Deeds Officer and a digital copy of the signed version, together with Acceptance and Authorisation documents and any waiver of these Contract Procedure Rules are placed in the Council's contract repository and a redacted version approved by the supplier is prepared for publication;</p> <p><u>CSG Procurement:</u> Manage the Council's Electronic Procurement Portal contract repository and database reflects where hardcopy contracts are stored; softcopies held on Council systems.</p> <p>The <u>CPR May 2019</u> stated as follows</p> <p>9.1 Every Contract must be in a form approved by Legal services or delegated officer, if its value exceeds £25,000 or where appropriate to the nature of the Contract.</p>

		<p>b. If Procurement are not provided with soft copy of the formed contracts, in order to maintain a current Contract Register on behalf of the Council; they will not be aware of existing contracts and expiry dates; resulting in a risk that procurement horizon scanning will be compromised; Service areas will be non-compliant with EU Directives, UK law and Council CPRs; and procurement exercises will not be identified and undertaken in a timely manner and opportunities to procure value for money services in a compliant manner will be lost.</p>	<p>The <u>Procurement New Operating Model</u> confirmed the Service responsibility for arranging the setting up of the contract and sending a soft copy to CSG Procurement.</p> <p><u>Contracts cover information management, social value, safeguarding, insurance and Business continuity contractor responsibilities</u></p> <p>2. The Procurement Toolkit on the Intranet covers Information Management, Social Value, Safeguarding, Insurance, Business Continuity and Contract Management to ensure that related delivery is covered in the evaluation and contract.</p> <p>3. Training covers the Procurement Toolkit and therefore the above requirements</p> <p><u>Contract Register</u></p> <p>4. There is a Contracts Register recording relevant details, for example supplier name, relevant service provision, value, start date, end date, extension periods.</p> <p>5. Documented procedures, Procurement New Operating Model” and Contract Management Toolkit available for referral on the Intranet.</p> <p>6. Training covers contracts register maintenance</p> <p>Note: An action has been raised relating to Contract Register maintenance and the take up of training.</p> <p><u>Performance Bonds</u></p> <p>7. Requirements covered in documented procedures, CPR May 2019 and the Procurement Toolkit 2018. CSG</p>
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			<p>Procurement provide advice and guidance on whether one is required.</p> <p>8. Evidence of performance bonds obtained were provided.</p>
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Appendix 4 - Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of 2019-20 Procurement CPR compliance, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix 5

Allocation of procurement responsibility between Council and CSG Procurement.

No.	Area	Responsibility (allocation between Council and CSG Procurement)	Action (allocation between Council and CSG Procurement)
1	Contracts Register (High)	Shared: Council (mainly) and CSG Procurement (hold the Contracts Register)	Council and CSG Procurement (CSG support resolution corporately by raising awareness as part of their delivery of procurement training)
2	Vendor creation approval in Integra (CSG Procurement approval in E-Form workflow)	CSG Procurement	CSG Procurement
3	Roles and responsibilities – take-up of procurement training and development and documented procedures	Council: To ensure the take-up of CSG Procurement training CSG Procurement: Update of procurement documented procedures/guidance	Council and CSG Procurement
4	Contract acceptance/award decision making	Council	CSG Procurement (CSG support only – CSG support resolution corporately by raising awareness as part of their delivery of procurement training to the Council)
5	Advertising/publication of procurements	Council: For procurements above 25k that are not supported by CSG Procurement CSG Procurement: For large complex procurements supported by CSG Procurement	CSG Procurement, including support by raising awareness as part of their delivery of procurement training to the Council

6	Regional Enterprise (Re) award of contracts for the Council's account	Council	Council
7	Procurement Declaration of Interest (PDI) forms	Council	Council and CSG Procurement (support only by raising awareness as part of their delivery of procurement training to the Council)
8	Financial assessment	Council	Council and CSG Procurement (support only by raising awareness as part of their delivery of procurement training to the Council)
9	Contractual formalities / considerations (including Business Continuity)	Council	CSG Procurement (support only by raising awareness as part of their delivery of procurement training to the Council)