

**Committee Name and Date of Committee Meeting**

Audit Committee – 14 January 2025

**Report Title**

Procurement Governance Audit Progress Report

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

The purpose of this report is to provide assurance to the Audit Committee in relation to the actions taken and implementation of the recommendations made with regard to the partial assurance Internal Audit report on Procurement Governance.

**Recommendations**

That the Audit Committee note the contents of the report.

**List of Appendices Included**

N/A

**Background Papers**

Internal Audit Progress Report 26<sup>th</sup> November Audit Committee

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Procurement Governance Audit update report**

### **1. Background**

- 1.1 A procurement governance audit has been undertaken across all directorates. This was to provide assurance that procurement activity within Directorates (from initial pre-procurement planning to management and expiry of established contracts) is robust and complies with Financial and Procurement Procedure Rules (FPPR's). Previous procurement audits have been carried out that specifically reviewed processes undertaken within the Corporate Procurement Team. This audit specifically examined the work undertaken by Contract Managers across the Council's Directorates.
- 1.2 With the introduction of the Procurement Act it is important that directorates hold concise meaningful information about existing contracts, including those due to expire within 18 to 24 months as well as information on proposed new projects which Corporate Procurement may not have knowledge of.
- 1.3 Three directorates received partial opinions and an update on progress against the recommendations is included in this report. The Assistant Chief Executive and Children and Young People's Directorates both received reasonable assurance opinions and all actions against the recommendations have been identified as completed on the audit recommendation tracking system.

### **2. Key Issues**

- 2.1 The following key areas were identified for improvement across the directorates: -
- 2.2 • 'Procurement pipeline planning' should be included as a regular management team agenda item in order to monitor progress and review contracts 18 to 24 months in advance of expiry in order to fulfil the new procurement forward planning requirements.
- 2.3 • The published Contract Register should be used to monitor and plan for contract expiry within their services to avoid the necessity for any emergency extensions with potentially unfavourable contract terms.
- 2.4 • Directorates should ensure that Contract Managers have the required knowledge and/or experience required to manage their assigned contracts effectively, and that the Contract Managers listed in the current Contract Register are aware and accepting of their contract management obligations. Any details of Contract Managers that need to be changed should be forwarded to Procurement Services by the Assistant Director concerned.
- 2.5 • Contract Managers should be reminded that social value must be considered as part of the tender bid. If this has not occurred (due to the initial estimated value) then retrospective social value commitments should be sought before the Contract is awarded to suppliers.

Directorates have provided the following updates on action taken following the audit.

### **Adult Care, Housing and Public Health**

- 2.6 The Directorate has received the Internal Audit report and has taken a number of steps to ensure robust and proportionate contract management arrangements are fully embedded in practice across the broad service portfolio of adult social care, housing and public health.
- 2.7 Contract management is an essential part of the commissioning cycle to ensure providers deliver against agreed standards and achieve high quality, value for money services for residents within Rotherham.
- 2.8 The Directorate has implemented a number of steps, to respond to the actions and associated recommendations of the Internal Audit, namely:
- 2.9
- Directorate Leadership Team (DLT) and the Strategic Director will receive an annual report (after yearend) across the broader Directorate portfolio. This will provide an overall position statement for the Directorate, ensure compliance to FPPR and enable any themes and learning to be shared across the Directorate to continue to inform practice and operations. The report will also identify a pipeline of future procurement activity, aligned to the strategic direction and commissioning intentions across the Directorate and the Council.
- 2.10
- Senior Management Teams (SMTs) across Adult Care and Integration, Strategic Commissioning, Housing and Public Health will receive a quarterly report across their respective service portfolios. This will ensure compliance to FPPR, storage of relevant contract documentation and provide a vehicle for any escalations or areas of concern. This will be used to inform the annual report to DLT.
- 2.11
- The contract register will be used to ensure all contracts are up to date, contract managers are aware of their responsibilities and able to fulfil their responsibilities and a pipeline of future procurement activity is logged. This will be a core component of the quarterly reporting into SMTs.
- 2.12
- Training and development needs for contract managers will be identified and progressed via 1:1s and My Year Ahead Plans and fed into service delivery planning. This will ensure all contract managers are aware of their responsibilities and are supported to be able to manage contracts on behalf of the Directorate and the Council.

### **Finance and Customer Services**

- 2.13 To address the issues identified within the Internal Audit report the Directorate has taken steps to clarify the roles and responsibilities of its contract managers. A presentation of the roles and responsibilities of contract managers was provided as part of a Directorate wide event and this was followed up with direct presentation to contract managers.

Furthermore, Assistant Directors have discussed these roles and responsibilities with contract managers to ensure that key messages are understood.

- 2.14 The Directorate has been working with Procurement to lead on the development of a Forward Procurement Plan that will enable the Directorate to plan ahead for all contract renewals and new pieces of work. This forward planning will allow greater resources allocation, greater scoping and ultimately this should lead to stronger ownership of contracts and better value for money.
- 2.15 This tool is being rolled out across the Council as best practice to move the Council into a stronger position overall. It has also assisted in the updating of the Contracts register for key contract leads.
- 2.16 Linked to this exercise the Directorate has developed a contract management dashboard to ensure the Council is ahead of the new reporting requirements of the new procurement legislation to come into force February 2025. This dashboard focuses on major contracts (£5m including VAT) and requires contract managers to take ownership of the contracts and their KPI's, producing regular reporting to Directorate Leadership Teams and Senior Leadership Team. The dashboard is to be developed further to include contract managers responsibilities towards Social Value requirements.
- 2.17 The Directorate will now also lead on developing some contract management best practice guidance, it is important that it is clear this is not a procurement specialism however, F&CS has skills across Finance, Procurement, Legal and Property and Facilities Services to establish a best practice document, so will lead on its development.

### **Regeneration and Environment**

- 2.18 Following receipt of the Audit report and subsequent outcomes the Directorate has embarked upon a wider piece of work to create centralised oversight and support in relation to key issues such as procurement and contract management, in part informed by the outcome of the Audit. As a result of this, the Directorate has set implementation dates which allow time for the movement of relevant resources, a review of the existing approaches across the Directorate and ultimately the creation of a single approach, supported with clear expectations in relation to roles and responsibilities. Alongside this, work is underway within the Directorate to pilot the development of a forward plan of procurement activity. Due to the ongoing programme of procurement, of particular urgency was the need to address the initial stages of the process in relation to creation of Procurement Business Cases and this has therefore been addressed with information issued to appropriate staff, discharging the associated action arising from the Audit report.
- 2.19 Alongside the Directorate specific aspects referenced above, the Directorate is also now in regular receipt of the corporate contracts register

with relevant contract managers having now identified the relevant Key Performance Indicators and providing quarterly updates.

### **3. Options considered and recommended proposal**

3.1 No further options considered at this stage.

### **4. Consultation on proposal**

4.1 Not applicable.

### **5. Timetable and Accountability for Implementing this Decision**

5.1 Each directorate has its own action plan which includes target dates for implementation. These are tracked and monitored by Internal Audit and Directorates. Audit action tracking data is included within the Internal Audit Progress Reports to Audit Committee.

### **6. Financial and Procurement Advice and Implications**

6.1 There are no direct financial or procurement implications arising from this report.

### **7. Legal Advice and Implications**

7.1 There are no direct Legal implications arising from the report.

### **8. Human Resources Advice and Implications**

8.1 There are no direct Human Resources implications arising from the report.

### **9. Implications for Children and Young People and Vulnerable Adults**

9.1 There are no direct implications arising from the report on children, young people and vulnerable adults.

### **10. Equalities and Human Rights Advice and Implications**

10.1 There are no direct Equalities and Human Rights implications arising from this report.

### **11. Implications for CO<sub>2</sub> Emissions and Climate Change**

11.1 There are no direct CO<sub>2</sub> and Climate Change implications arising from the report.

### **12. Implications for Partners**

12.1 There are no direct implications for partners.

### **13. Risks and Mitigation**

- 13.1 Implementation of the actions identified during the audit will help to mitigate the risks.

**Accountable Officer(s)**

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