

## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 25 January 2017
<b>Report Subject</b>	Implementation of Contract Procedure Rules
<b>Cabinet Member</b>	Cabinet Member for Corporate Management
<b>Report Author</b>	Chief Officer (Governance)

### EXECUTIVE SUMMARY

Revised Contract Procedure Rules (CPRs) were approved by Council 19 October 2016 and they came into force 1 November 2016. The Audit Committee on 26 September 2016 had asked for a report on the implementation of those rules with particular emphasis on contract management.

The number of contracts let since the CPRs came into force is inevitably very low, so there is as yet little evidence as to how they are working in practice. However 4 training courses on the new CPRs have been held, and a further course has been scheduled every month until June 2017.

The Internal Audit team have carried out a joint audit of contract management with Denbighshire County Council. The findings reflect the fact that the new CPRs have not yet had chance to take effect.

Twice yearly reports on CPRs have been included in the Audit Committee's forward work programme.

### RECOMMENDATIONS

1	That the committee endorses the early progress in implementing the new CPRs and receives further reports in accordance with its work programme.
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## REPORT DETAILS

1.00	IMPLEMENTATION OF THE NEW CONTRACT PROCEDURE RULES
1.01	<p>Revised CPRs were approved by Council on 19 October 2016 and came into force on 1 November 2016. By 31 December 2016 4 courses covering 65 officers had been run on the new CPRs. A further 6 courses (1 every month) have been scheduled until June 2017. 53 people have already booked to attend and the January and February courses are fully booked. Feedback for the courses held so far is:</p> <p>“the training will be useful in my work” 17% strongly agree; 73% agree</p> <p>“Overall, I would rate the training as...” 24% Very Good; 59% Good: 83% combined V. Good/Good</p> <p>The existence of the new CPRs and the training courses has also been promoted via Change Exchange, portfolio management team meetings and on the Infonet.</p>
1.02	<p>Given that it can take months to run a competitive exercise a small number have been completed using the new procedures and thresholds. The CPRs are of course wider than just the competitive process and include requirements around contract planning and the recording of contracts.</p>
1.03	<p>Between 1/11/16 and 31/12/16</p> <ol style="list-style-type: none"><li>1. 8 procurement commissioning forms (contracts over £25,000) have been completed</li><li>2. 13 contracts have been let – mostly low value school transport contracts</li></ol> <p>Those contracts that have been let that are over £25,000 in value are in the process of being recorded on the new contracts register.</p>
1.04	<p>Internal Audit have looked jointly at contract management in both Flintshire and Denbighshire County Councils. The initial findings have not yet been through the usual process of verification and so they may be subject to change. However, the evidence points towards what would be the expected/known position including the following points:</p> <ol style="list-style-type: none"><li>i. contract monitoring is happening in services but this is happening in isolation. Many contractors would only be used by one service but some might undertake work for more than one department and so this data needs to be held centrally. A generic template needs to be created on the procurement system (P2P) backed up by training on how to use the contract management module to help encourage consistent, centralised recording of performance data;</li><li>ii. contract performance is “monitored” via the head contractor who remains responsible for the performance of sub-contractors. However, the details and identity of sub-contractors need to be recorded in order to be able to anticipate and avoid potential performance problems;</li></ol>

	<ul style="list-style-type: none"> <li>iii. there needs to be more consistent recording of contracts in the P2P system to form a central contract register</li> <li>iv. more officers need to be trained on the use of the e-sourcing software</li> </ul> <p>Once the findings have been verified and agreed, an action plan will be developed to implement the agreed actions.</p>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None arising out of this report

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None required

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The Council requirements of the new CPRs requirement improvement in the management of contracts of thus the reduction of risk. The Council is in a period of transition from the old rules to the new requirements and practice within the council will improve as the new rules are more contracts are let under the new rules and as familiarity with their requirements grows.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
	<p><b>Contact Officer:</b> Gareth Owens, Chief Officer Governance  <b>Telephone:</b> 01352 702344  <b>E-mail:</b> <a href="mailto:Gareth.legal@flintshire.gov.uk">Gareth.legal@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Contract Procedure Rules</b> – rules governing how goods and services are procured on behalf of the council
7.02	<b>Contracts Register</b> – a list of the council's contracts over £25,000 in value, including data such as start and finish dates