

Appendix C

Recommendations resulting from the Internal Audit procurement review regarding the Procurement Strategy

<i>Internal Audit recommendation</i>	<i>Management comment</i>	<i>Amendment to Procurement Strategy</i>
<p>1. The Council should review the Procurement Strategy in line with our comments identified within this report. [i.e.:</p> <ul style="list-style-type: none">• The document lacks some elements of a traditional strategy, including clearly and decisively articulating a strategic role for procurement. As a result the document can read like a combination of a strategy and process instruction in relation to procurement. It may be useful for the Council to make the process element (the how procurement will be done) more distinct from the strategic role of procurement (how it relates to the aims and objectives of the Authority), as currently it is not immediately clear. Aside from this the strategy is comprehensive, well constructed and appears to be well placed to guide the Council's approach to procurement.	<p>Internal Audit's comments about separating procurement's role and process will be considered at the next review of the Procurement Strategy.</p> <p>31 March 2010 Finance Project Officer</p>	<p>The layout of the Procurement Strategy has been revised to make a separation between the role of procurement (sections 1 to 3, Introduction, Guiding principles, and Corporate aims and objectives) and the procurement process (section 4, Procurement process).</p> <p>[The remaining sections of the Procurement Strategy (5 to 8, Providing leadership and building capacity, Partnering and collaboration, Risk management in procurement, and Intelligent procurement) contain both role and process aspects that are difficult to separate without damaging the overall sense of those sections.]</p>

<i>Internal Audit recommendation</i>	<i>Management comment</i>	<i>Amendment to Procurement Strategy</i>
<ul style="list-style-type: none"> The content addresses and ties in to the strategic aims and objectives of the Council, and shows how the approach to procurement and those objectives knit together. The Council states the purpose of the strategy to be "...to provide the Council with a framework that will enable its procurement of goods and services to contribute to the achievement of its strategic objectives" (section 1.2.1). The document goes on to explain how this framework will support the objectives in sections 1 and 2, but most specifically at 3.1 - 3.2.4, where the Council's new strategic aims and objectives are laid out against how they relate to procurement and where procurement is featured in other Council documents and processes. The strategy and the aims and objectives are new to the Council, and should be reviewed in the coming months to check progress and see whether or not procurement is being used effectively to support strategic aims and objectives. 		<p>As stated in the Procurement Strategy (previously, paragraph 3.2.4; now, paragraph 3.1.5), procurement actions to support the Council's Aims and Approaches will be included in the Corporate Services service plan for 2010/11, Contract Regulations and procurement processes, and elsewhere in the Procurement Strategy.</p> <p>The actions included in the Corporate Services service plan will be monitored through the Performance and Development Review process; the key actions will be monitored and reported through CorVu.</p> <p>Procurement documentation will be revised to require procuring officers to state which Council Aims, Approaches and/or Actions a particular procurement exercise will support.</p>

Internal Audit recommendation	Management comment	Amendment to Procurement Strategy
<ul style="list-style-type: none"> The key element the strategy lacks is around the performance management of the strategy – i.e. measuring and monitoring the performance of the strategy and procurement function through the use of performance indicators, reporting arrangements and review. The lack of performance metrics and measures of success are an important issue with the strategy as SCDC cannot know how they are progressing against their objectives without these. It would be beneficial to include these to show how the strategy will be used as an active tool, not simply developed and left aside. We have addressed this weakness within risks and recommendations set out in paragraph 13. 	<p>Performance management matters will be considered when the Procurement Strategy is next reviewed.</p> <p>31 March 2010 Finance Project Officer</p>	<p>While the previous version of the Procurement Strategy did not cover performance management:</p> <ul style="list-style-type: none"> PI's are included in the Finance and Support Services service plan and are therefore monitored through the Performance and Development Review process; key PI's are monitored and reported through CorVu; procurement savings and activity are reported annually to the relevant portfolio holder; and the Procurement Strategy is reviewed annually. <p>Performance management has been included as a new section 9 in the Procurement Strategy.</p>
<ul style="list-style-type: none"> Following on from this, the strategy document could be made less generic and set the context more firmly in line with the specific circumstances of SCDC, along with the challenges and opportunities the Council faces. This would help make the link between the strategic role of procurement and the relationship to achieving aims and objectives more explicit and offer a place to bring forward the role of performance measurement and management of procurement for the Council. 		<p>If the Procurement Strategy is amended to relate to the Council's specific circumstances, challenges and opportunities, it would need to be updated every time these change.</p> <p>It is considered better for the strategy to say in general terms that procurement will help the authority achieve its aims and objectives, and for procuring officers to identify the Council Aims, Approaches and/or Actions that individual procurement exercises will support.</p> <p>As stated above, procurement documentation will be revised to require this.</p>

<i>Internal Audit recommendation</i>	<i>Management comment</i>	<i>Amendment to Procurement Strategy</i>
<p>13. The Council should enhance their procurement functions through:</p> <ul style="list-style-type: none"> ▪ Development of key performance indicators to measure the performance of the Procurement Strategy, and the Procurement Function at the Council, and value for money. These may include utilising the NAO performance indicators, or developing KPIs in line with the NAO's indicators. ▪ Development of reporting and review arrangements. This may include loading the performance indicators onto the Performance Management Software (CorVu), populating data, and reporting regularly to a relevant Committee and/or Portfolio Holder. This may also include an annual report. ▪ Updating the Procurement Strategy with the KPIs, and reporting/review arrangements. 	<p>Procurement PI's are already included in the Finance and Support Services service plan for 2009/10 and are therefore regularly reviewed and reported on through CorVu. A reporting arrangement is already in place to the responsible portfolio holder.</p> <p>The NAO's suggested KPI's have been considered previously and rejected as not being in line with the authority's requirements regarding procurement.</p> <p>However, the use of relevant performance indicators, both NAO and other, will be reconsidered when the Procurement Strategy is next reviewed.</p> <p>31 March 2010 Finance Project Officer</p>	<p>The NAO's suggested PI's have been considered against the Council's current and proposed PI's (see Appendix D).</p> <p>The PI's agreed by the portfolio holder will be incorporated in the new performance management section of the Procurement Strategy.</p>