



From: Director of Finance & ICT

Purpose:

At your meeting of 23rd March 2005 you asked for a note on the rules and regulations the Council have around procurement and its monitoring. This was requested following problems as a result of a contract that was awarded for the application of a weed control chemical.

Current Rules & Regulations:

The rules and regulations are set out in the Council's **Standing Orders and Administrative Procedures relating to contracts for the supply of works & services (including consultancies)** this is supplemented up by the **Purchasing Manual** which gives further guidance on the procurement of goods. As part of the Council's drive to improve financial advice and guidance to officers, these manuals are currently in the process of being reviewed and amalgamated. This new Procurement manual is expected to be formally approved within the next two months.

The Standing Orders Manual and Purchasing Manual both set out the procedures to follow when awarding contracts according to the same bandwidths: -

Category A	Up to £1,000
Category B	£1,001 to £10,000
Category C	£10,001 to £100,000
Category D	£100,001 and over

Categorisation is determined on the basis of the estimated value of the contract or the estimated annual value of the contract.

Category A - officers have freedom to decide how contracts of this value are awarded subject to the following principles (which are applicable to all contracts)

- The spend must be legal
- Budget provision must exist
- The decision must be justified in all respects

Category B - written invitations requesting quotations from three contractors are required from companies who appear on our Standing Lists – if there is one in existence, or from three known sources if not.

The invitations and responses must be retained for 2 years.

Category C - written invitations requesting tenders from four contractors are required from companies who appear on our Standing Lists – if there is one in existence, or four known sources if not.

The invitations and tender documents must be retained for 2 years for contracts under £50,000 and for 7 years for contracts over £50,000. Contracts over £50,000 must be advertised if there is no Standing List.

Category D - written invitations requesting tenders from five contractors are required from companies who appear on our Standing Lists – if there is one in existence or, European Advertising if the contract value exceeds EU thresholds.

The invitations and tender documents must be retained for 7 years.

Monitoring and Compliance:

Procurement Services are not resourced to monitor contracts let by Directorates. The structural review of procurement being undertaken by Robson Rhodes will give consideration to this.

The manual defines responsibilities for compliance with the rules and procedures. It states:

"Directors are responsible for taking all reasonable steps to ensure full compliance with these Administrative Procedures by: -

- (a) Ensuring their staff, whose work is affected by these Administrative Procedures, are aware of its contents, and the need for compliance.*
- (b) Ensuring checks are made on their staff who are involved in the award of contracts to ensure the rules contained in these Administrative procedures are followed.*
- (c) Avoiding personal involvement in the administration of contracts so that she/he can review performance if there is a problem or potential problem e.g. enquiring into any complaints by a contractor in accordance with the Council's complaints procedure"*

Given the level of expenditure committed by the Council through the procurement process, the Council's Internal Audit Function in consultation with the Procurement Manager undertake a plan of work to ensure compliance with aspects of the procurement procedures as detailed in the Council's Standing Orders and Purchasing Manuals.

In 2005/06, this will include a detailed review to ensure that the Council's tendering and quotation procedures have been complied with when procuring goods, services and works over predetermined thresholds. The findings of this review and any follow up work will be included in the Internal Audit Quarterly Reports to Scrutiny Board 1.

Specification:

The manual states that every contract in category B, C and D shall include a requirement that all goods and material used shall be at least in accordance with any appropriate British or European standard.

In so far as ensuring that what we specify in the contract is actually delivered, it is the responsibility of the nominated project or technical officer who is signing the payment to the contractor to ensure that this has happened.

Action taken and proposed:

As previously reported to Scrutiny, it is unclear if the Procurement rules were initially complied with in this case. However, since his appointment the Director of City Services has reminded his Senior Managers and staff of their duty to comply with the procedural rules of the Council.

The revised 'Procurement Manual', setting out the rules and regulation for Procurement will be complete in June 2005. Copies will be available in both hard form and on the Council's intranet. Following the launch a series of training events will be held and appropriate staff required to attend.

Procurement training will be added to the Councils Corporate training schedules from Summer 2005.

As part of the Council's agreed procurement strategy, it is intended to develop a "certificate of competency" for non-procurement specialists undertaking procurement within the Council. The requirements and mechanisms for securing the certificate is timetabled to be delivered in April 2006 and will then be rolled out to relevant staff in the subsequent year.

Conclusion:

The diverse nature and scale of procurement across the Council means that many officers are required to undertake this function. To assist them a series of manuals have previously been created and these are now being updated and made easier to use.

The Council has recently approved its procurement strategy, designed to raise the profile of procurement across all directorates. As part of this strategy, a number of information and training opportunities are being developed to ensure that staff undertaking procurement have access to the necessary tools to do the job.