



**Denbighshire Internal Audit Services**

**Caledfryn, Smithfield Road, Denbigh LL16 3RJ**



**Flintshire Internal Audit Service**

**County Hall, Mold, Flintshire, CH7 6NA**

## Joint Internal Audit Report





**Title:** Joint Corporate Procurement Unit

**Issued Dated:** May 2018

**Report No:** 13-2017/18 : D171814

**Report Status:** Final

### Audit Opinion:

Assurance Rating (based on areas reviewed)	
 <b>Substantial / High Assurance</b>	Risks and controls well managed and objectives being achieved
 <b>Adequate / Medium Assurance</b>	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives
 <b>Some / Low Assurance</b>	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk
 <b>Limited / No Assurance</b>	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards

# Executive Summary:

## Purpose & Scope of Review

The review was undertaken to assess whether the Joint Corporate Procurement Unit has delivered some of the aims and objectives detailed in the 2014 business case supporting the merger of the Denbighshire County Council and Flintshire County Council procurement teams. This report provides assurance for senior management, the Annual Internal Audit Report and the Annual Governance Statement.

This review was carried out jointly by Denbighshire County Council's Internal Audit Service and Flintshire County Council's Internal Audit Service, and covered:

1. Management of the Joint Corporate Procurement Unit:
  - Governance arrangements / Joint Procurement Board;
  - Alignment of procurement activity / procurement plan;
  - Resources: IT and staffing.
2. Corporate culture and its impact on joint procurement:
  - Survey of 22 service based employees across both Councils who are involved in procurement activity.
3. Review of aggregated spend:
  - Analysis of expenditure;
  - Category management;
  - Contract register;
  - Realisation of savings (as specified in the business case).

The detailed work was undertaken to provide assurance that the following identified potential risks were being appropriately managed;

- Inadequate governance arrangements;
- Lack of alignment of corporate culture across the two councils resulting in a failure to align working practices and client expectations;
- Failure to deliver the aims and objectives of the business case and achieve value for money in its execution.

Scope limitations:

This is not a detailed review of the procurement process or tenders, therefore we will not provide assurance on compliance matters or the potential existence of material error, loss or fraud.

## Background and Context

The Denbighshire County Council (DCC) and Flintshire County Council (FCC) procurement teams were merged into a single Joint Corporate Procurement Unit (JCPU) with effect from the 1<sup>st</sup> July 2014. The JCPU is hosted by DCC and is overseen by a Joint Procurement Board (JPB), with the service provided to FCC under a three year Service Level Agreement (SLA). The costs of the JCPU are split on a 45% DCC and 55% FCC basis reflecting the level of individual Council spend at the date of merger.

With effect from the 1<sup>st</sup> July 2017 the JPB agreed to roll forward the SLA for a period of 6 months to allow a review of the service to be undertaken to establish whether the efficiencies, aims and goals identified in the original business case have been achieved.

The JCPU arrangement has subsequently been rolled forward for a further period until 30 June 2018 to allow appropriate consideration of this audit report and to allow reports to be made to Members of each Council.

## Audit Opinion

Our review found that a lack of documented progress has been made with achieving the primary objectives outlined in the business case for the creation of the JCPU (dated 2014) under the headings: ‘Efficiency’, ‘Capacity’ and ‘Markets’. We recognise that the Procurement team has now started working towards their achievement, with a significant amount of work still to be done.

Our review of the JCPU and JPB identified weaknesses in governance arrangements, most notably:

- Insufficient scrutiny and monitoring to drive service delivery towards achieving the primary objectives set out in the business case;
- Little reporting to the relevant Council committees to update members on progress towards the JCPU expected outcomes and delivery of the Procurement Strategy 2016-2021. It should at least comprise of an annual report recording achievement against objectives, performance of the JCPU and progress with the strategy’s action plan;
- Delay in the alignment of procurement strategy across the two Councils. Recent changes, such as new corporate priorities and board members, prompts the need for the strategies to be updated; and
- Inadequate arrangements for measuring and reporting efficiency savings and performance (KPIs were not reported to the board and no robust targets were set). Further to this, JPB meetings were not taking place on a regular basis.

Governance arrangements have improved since the appointment of the Legal & Procurement Operations Manager in September 2017. The JPB now meets regularly, with evidence of agendas and meeting minutes produced and circulated on a timely basis. The Legal & Procurement Operations Manager has agreed a list of JPB meeting dates for the forthcoming year and has reviewed the key performance indicators (KPIs) to produce more meaningful KPIs that can be measured using ‘Proactis’ (procurement IT system) information.

The limited high level corporate and political buy-in to the delivery of the joint service has also been identified as a key issue, which has resulted in a lack of prominence of service objectives across the two Councils, and has prevented the team from achieving their primary objectives. “Shortcomings of procurement activity within services” is highlighted in the Procurement Strategy 2016-2021 as “often leading to a “fire-fighting” approach both within services and within the corporate Procurement team that is supporting them”. We established this to still be the case, and actions identified in the strategy which have already taken place (e.g. training and awareness raising via middle managers) has yet to achieve the necessary level of improvement.

Concerns about the different corporate/procurement cultures between the two organisations were evident in discussions with Procurement Officers, and staff within both DCC and FCC who engage in procurement activity. Without strong governance (i.e. tone at the top) and management (making it clear who is accountable) aided by effective communication and monitoring arrangements, it will be a challenge to address some of the compliance matters and take advantage of the opportunities to collaborate on procurements.

The JCPU team has recently been restructured with Procurement Business Partners now involved in all procurement activity with an estimated value of £25k or more, to ensure the

procurement is legally compliant and comply with Contract Procedure Rules (CPRs). A more robust category management approach to procurement spend has recently been introduced, this coupled with the additional support provided by Procurement Business Partners should result in the identification of more opportunities for collaborative procurement.

A Procurement Programme covering the next 18 month period is being developed, this will support workforce management and category management. The Procurement team is monitoring all new contracts (across DCC and FCC) over £25k and checking to ensure that they have been correctly recorded on Proactis. This will mean that, over time, Proactis will provide a complete central list of all large value contracts.

A number of the issues identified during the audit have been exacerbated by staff capacity issues (i.e. long-term sickness) and restructures within the JCPU (and in particular changes in management arrangements). The latter has resulted in differing approaches in the delivery of procurement services during the lifetime of the Corporate Procurement Unit, changing from an advisory service to a more supportive role with greater emphasis on compliance with CPRs. This has caused uncertainty within services around the role of the JCPU, particularly those involved in the procurement training in 2016 as it instilled the advisory approach.

We recognise that a number of positive changes have been implemented within the JCPU since the date of merger, and again following the appointment of the Legal & Procurement Operations Manager in September 2017 (summarised below). It is hoped these recent changes will address a number of the issues identified during the audit, supporting the achievement of the primary objectives of the business case.

- Greater resilience in terms of capacity and staffing structure when compared to the previous arrangements in place.
- Procurement processes and systems have been modernised to develop a more standardised approach and to minimise duplication of effort.
- The Procurement Strategies of DCC and FCC have been developed, with the two documents mirroring each other in content.
- The CPRs of the two Councils have been aligned.
- Work has been carried out on the Proactis system to reduce the number of Proactis templates (and ensure the relevance of the tasks within the templates) to streamline processes and ensure consistency in use across the two Councils.
- Proactis system has been rolled out across both Councils (the CPR's confirm use of Proactis is compulsory for all procurement over £25k).
- Proactis is now routinely used for procurement activity over £25k, with 'Quick Quotes' used by most FCC services for procurement under £25k.
- Delivery of training in the use of Proactis (to 'contract award' stage).
- Work is currently ongoing to close down 'tasks' on the Proactis system to ensure all the data held on the system is complete.
- Standard contracts have been reviewed and amended by the Legal & Procurement Operations Manager.
- The 'Commissioning Form' and 'Tender Exemption Form' were reviewed and updated.

We received a positive response to our review and action is already underway to address some of the issues we raise. However, given the significant weaknesses present at the time of our review around governance arrangements and high level corporate and political buy-in, we are only able to provide a 'Low' assurance rating.

# 1. Root Cause and Action Plan:

Corporate Risk / Issue Severity Key		
	DCC	FCC
0	<b>Critical</b> – Significant CET and Cabinet intervention.	<b>High</b> – Action is imperative to ensure that the objectives of the area under review are met.
1	<b>Major</b> – Intervention by SLT and/or CET with Cabinet involvement.	<b>Medium</b> – Requires action to avoid exposure to significant risks in achieving the objectives of the area.
1	<b>Moderate</b> – Containable at service level. Senior management and SLT may need to be kept informed.	
0	N/a	<b>Low</b> – Action encourages to enhance control or improve operational efficiency.

<b>Root Cause 1</b>	<b>Weaknesses in governance arrangements, including insufficient scrutiny and challenge of service delivery and performance, to ensure the achievement of objectives and expected outcomes detailed in the 2014 business case supporting the development of the JCPU</b>
<b>Underlying Weaknesses</b>	<p>Our review of Governance arrangements identified;</p> <ul style="list-style-type: none"> <li>• There is inadequate scrutiny of JCPU objectives and outcomes by Joint Procurement Board (JPB) and by relevant Council committees to address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1).</li> <li>• Delays in the alignment of procurement strategy and procurement activity across the two Councils. Recent changes, e.g. board membership and corporate priorities, means that the strategy contains out of date information (1.2).</li> <li>• Limited processes in place for measuring and recording efficiency savings achieved through collaborative procurement. There is no evidence that efficiency savings and benefits have been reported to the JPB (1.3).</li> <li>• Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4).</li> <li>• Insufficient systems for recording and monitoring the split procurement staff time across the two Councils (1.5).</li> <li>• Meetings of the JPB not taking place on a regular basis, agendas for the JPB meetings not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6).</li> <li>• Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and/or Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7).</li> <li>• Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8).</li> </ul>

Action (Ref)	Agreed Management Action	Responsibility	Deadline
1.1	This will be addressed by the JPB having regular meetings and providing Corporate Governance/Audit and Scrutiny committee with regular updates together with an annual report being presented to Cabinet committees	Head of Legal, HR & Democratic Services DCC / Chief Officer (Governance) FCC	31/03/2019
1.2	The procurement strategy will be updated during 2018/19 in accordance with the recommendations provided by the WGLA.	Legal and Procurement Operations Manager/DCC / FCC	31/03/2019
1.3(i)	<p>To ensure the JPB are kept informed of all potential efficiency savings from collaborative procurement activities, the board will :</p> <ul style="list-style-type: none"> <li>a. explore the possible systems available to measure efficiency savings;</li> <li>b. agree how they will capture and measure non-financial savings;</li> <li>c. ensure there is an appropriate system in place to measure collaborative efficiencies;</li> <li>d. the Legal and Procurement Operations Manager should provide a report detailing missed opportunity for collaboration to the JPB; and</li> <li>e. consider longer term contracts, which will reduce procurement cost.</li> </ul>	Legal and Procurement Operations Manager DCC / FCC	30/09/2018
1.3(ii)	<p>A review of Contract Procedure Rules relating to extensions, variations and direct awards to ensure markets are regularly tested and the most competitive price obtained.</p> <p>Staff to be reminded why extensions, variations and direct awards should only be taken up as a last alternative and should be for a minimum period of time while a tender is completed.</p>	Legal and Procurement Operations Manager – DCC / FCC	31/10/2018
1.4	A review of the KPI's to be undertaken by the Legal & Procurement Operations Manager to ensure they are relevant and measurable. Once completed, the new KPI's will be approved by the JPB.	Legal and Procurement Operations Manager – DCC / FCC	In place
1.5	<p>The Legal &amp; Procurement Operations Manager to consider the options available for a time recording system for staff to record time spent.</p> <p>A review of time spent working on Regional Procurement by DCC staff to be undertaken by the Legal &amp; Procurement Operations Manager with consideration being given to recharging the individual local authorities.</p>	Legal and Procurement Operations Manager – DCC / FCC	<p>In place</p> <p>31/03/2019</p>

<p><b>1.6</b></p>	<p>At the start of every year, the dates for the JPB will be entered into board members diaries and agendas and minutes provided prior to each meeting.</p>	<p>Legal and Procurement Operations Manager – DCC / FCC</p>	<p>In place</p>
<p><b>1.7</b></p>	<p>The JCPU will consider reports that show expenditure by category and aggregate spend by service/authority to identify off-contract spend and identify areas for collaboration.</p>	<p>CPU Business Partners – DCC / FCC Legal and Procurement Operations Manager – DCC / FCC</p>	<p>In place and ongoing</p>
<p><b>1.8</b></p>	<p>In order for the JCPU to advise whether collaborative procurement can take place, the following information will be captured and held:</p> <ul style="list-style-type: none"> <li>a. the actual and potential collaborative procurements;</li> <li>b. details of any potential instances of collaboration which Services decline to take forward collaboratively;</li> <li>c. up to date information around contracts coming to an end across DCC/FCC in so far as the information is recorded on Proactis; and</li> <li>d. collaborative procurements with an approval made to the relevant Council//Service.</li> </ul>	<p>Legal and Procurement Operations Manager – DCC / FCC JPB – DCC / FCC</p>	<p>In place and ongoing</p>



<b>Root Cause 2</b>	<b>Limited high level corporate and political buy-in to the delivery of the joint service resulting in lack of prominence of service objectives across the two Councils.</b>		
<b>Underlying Weaknesses</b>	<p>Shortfalls with procurement activity within services were identified and listed in the Procurement Strategy 2016. Despite a procurement transformation programme to coincide with the launch of the strategy (consisting promotion of the strategy and revised CPRs and training to staff within services on procurement), these issues remain. We have broken down this root cause to the following underlying weaknesses:</p> <ul style="list-style-type: none"> <li>• Culture change (to ensure the achievement of service objectives detailed in the 2014 business case) is not driven by Senior Management and cascaded through the management structures within each Council. Lack of necessary leadership to gain buy-in and drive through the improvement required with procurement activity within services (2.1).</li> <li>• Uncertainty within services around the role of the Procurement team (2.2). Move from an advisory function to a more supporting role with greater focus on compliance with CPRs is a recent change and will require a culture change within both councils.</li> <li>• Limited consideration of the scope for collaborative procurement at the planning stage of procurement exercises (whether collaborative procurement between services within the same council or across the two councils) (2.3).</li> <li>• Inconsistent use of the Proactis corporate contract register by services. Lack of contract information is impeding the identification of areas in which collaborative procurement could deliver efficiencies (2.4).</li> <li>• Confidence around use of the Proactis system (including the contract management module) is limited within those services where procurement is not carried out on a regular basis (2.5).</li> </ul>		
<b>Action (Ref)</b>	<b>Agreed Management Action</b>	<b>Responsibility</b>	<b>Deadline</b>
2.1	<p>The JPB need to raise the profile of the JCPU in both Councils. Legal and Procurement Operations Manager and Head of Legal and Democratic Services and HR (at DCC) and Legal and Procurement Operations Manager and Chief Officer (Governance) (at FCC) to attend Senior Leadership Team /Corporate Leadership Team to discuss procurement and the need to collaborate.</p> <p>The JCPU to provide a procurement activity report for each Service Challenge (DCC) broken down to the individual services.</p>	<p>Officers of the JPB Chief Officers (FCC) / SLT and Middle Managers (DCC)</p> <p>Legal and Procurement Operations Manager</p>	<p>31/12/2018</p> <p>31/03/2019 or date of the Service Challenge</p>
2.2	<p>CPU Business Partners will attend Service Senior Management Team meetings quarterly.</p> <p>The Legal and Procurement Operations Manager will attend Senior Leadership Team/Chief Officer Team six monthly.</p> <p>The Legal and Procurement Operations Manager will consider marketing options that are available at each of the Councils to promote the CPU.</p>	<p>Legal and Procurement Operations Manager – DCC / FCC</p>	<p>31/03/2019</p>

<p><b>2.3</b></p>	<p>The commissioning form will be amended to ask Services if they have considered collaborative procurement across DCC/FCC, and across internal services.</p> <p>If a collaborative procurement is not considered, the reason should be recorded on the commissioning form.</p> <p>If, in the opinion of the CPU, a collaborative procurement is possible but is not being pursued, this is reported to JPB by the Legal and Procurement Operations Manager.</p>	<p>Legal and Procurement Operations Manager – DCC / FCC</p>	<p>In place</p>
<p><b>2.4</b></p>	<p>CPU will be responsible for getting contracts sealed/signed, scanning into Proactis and notifying the contract manager. CPU will then pass the contract over to the contract manager which will prompt the contract management module to be used.</p> <p>Proactis functionality will be used to send an automated chaser to contract managers about contract expiry dates and the need to take action to ensure service continuity. This should also reduce the need for exception/extension reports because of the advance warning of a contract expiry date.</p>	<p>CPU/Business Partners – DCC / FCC</p>	<p>In place and ongoing</p>
<p><b>2.5</b></p>	<p>CPU to provide contract monitoring training for Services/contract managers during the next 12 months.</p>	<p>CPU Strategic Business Partner – DCC / FCC</p>	<p>31/03/2019</p>

## 2. Root Cause Analysis

<b>Root Cause 1 – Governance Arrangements</b>
<b>Underlying weakness: Insufficient scrutiny of JCPU objectives and outcomes at Member and senior management level to address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• No evidence that performance against the primary objectives of the 2014 business case has been routinely considered by the JPB.</li> <li>• JPB does not report into the overview and scrutiny committee structures within either of the Councils.             <ul style="list-style-type: none"> <li>◦ No evidence of annual reports to the relevant committees at each of the Councils on JCPU’s achievement of objectives, delivery of the procurement strategy and performance</li> <li>◦ Changes to the JPB structure in 2015 were not agreed with individual Council’s scrutiny committee.</li> </ul> </li> <li>• Action Plan supporting the FCC Procurement &amp; Commissioning Strategy was not approved by Members until September 2017, and DCC’s Action Plan did not go to Members for approval (as it is not a corporate requirement to do so).</li> <li>• Low number of collaborative procurement exercises between FCC and DCC since the date of merger. We acknowledge an increase of collaborative procurements since the commencement of our review.</li> <li>• Until recently all procurement activity supported by the Procurement team has been ‘reactive’ (no ‘proactive’ procurement).</li> <li>• Limited evidence of the development of a ‘high level strategic sourcing capability’.</li> <li>• No evidence of activity to maximise supplier relationships, increase competition or innovation.</li> </ul>
<b>Underlying weakness: Delays in the alignment of procurement strategy and procurement activity across the two Councils (1.2).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Changes to the management structure of the shared unit since the merger has led to uncertainty within services and the JCPU team and until recently a reduced focus on outcomes.</li> <li>• Procurement &amp; Commissioning Strategies were not approved until early 2016.</li> <li>• The Procurement &amp; Commissioning Strategies make reference to the desire to support local economic growth within each Council area, but it is unclear how this can be balanced with an increase in collaborative procurement between Councils.</li> <li>• Ambiguity around the processes for monitoring and reporting progress against delivery of those activities and measures within the Procurement &amp; Commissioning Strategy Action Plan which are not publically reported.</li> <li>• No formal category management processes implemented in the first three years of the joint unit (resulting in limited ‘proactive’ procurement).</li> <li>• ‘Governance arrangements’ detailed in the DCC Procurement &amp; Commissioning Strategy are not up to date and do not reflect current practice e.g. representatives on the Joint Management Board.</li> <li>• No Strategic Procurement Programme in place three years after the merger of the two Procurement units. This was a lost opportunity to ensure the early alignment of procurement activity across the two Councils.</li> </ul>
<b>Underlying weakness: Processes in place for measuring and recording efficiency savings achieved through collaborative procurement may not be robust. There is no evidence that efficiency savings have been reported to the Joint Procurement Board (JPB) (1.3).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• No evidence that the Joint Procurement Board have discussed efficiencies / cashable savings (achieved through collaborative procurement) since their first meeting in 2015.</li> <li>• At the first meeting of the JPB it was agreed that colleagues from Finance in both Councils would be asked to attend a future Board meeting to discuss the potential way forward in recording cashable savings across the joint work programmes, this was never progressed.</li> </ul>

<p><b>Underlying weakness: Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4).</b></p>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Very few targets have been set against the KPIs reported to the JPB.</li> <li>• Irregular reporting of KPIs to the JPB.</li> <li>• Not all KPIs are completed at year end.</li> <li>• KPI's may not be SMART (specific; measurable, attainable, relevant or timely).</li> </ul>
<p><b>Underlying weakness: Insufficient systems for recording and monitoring the split of procurement staff time across the two Councils (1.5).</b></p>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Staff currently complete timesheets to show the split of their time between FCC and DCC procurement projects, but it is recognised that this may not be a robust way to ensure resource is allocated in line with the terms of the contract.</li> <li>• Staff time is currently split between DCC / FCC and regional projects, a number of which are managed by DCC.</li> <li>• Discussion with staff within DCC services suggested they are more reluctant to ask for support from the JCPU when undertaking procurement exercises.</li> </ul>
<p><b>Underlying weakness: Meetings of the JPB were not taking place on a regular basis, agendas for the JPB meetings were not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6).</b></p>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• JPB meetings were not held on a regular basis for the first three years following the merger of the two procurement teams in 2014.</li> <li>• Inconsistent use of agendas to drive the JPB meetings between 2014 and 2017.</li> <li>• A review of the Board Minutes from 2014 to 2017 suggests they were not being prepared and disseminated on a timely basis.</li> </ul>
<p><b>Underlying weakness: Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and across Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7).</b></p>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Limited JCPU analysis of spend across suppliers / service categories.</li> <li>• Limited analysis of spend by the JCPU to identify areas for collaborative procurement within Councils / across the two Councils.</li> <li>• No Procurement Plan in place to focus resource in those areas in which efficiencies could be maximised.</li> </ul>
<p><b>Underlying weakness: Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8).</b></p>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• No ongoing monitoring of contract end dates by the JCPU to identify opportunities for collaborative procurement. This is exacerbated by Services not putting contracts into the contract monitoring section of Proactis so that end dates are not recorded.</li> <li>• No robust corporate contract register in place due to Services failing to utilise the contract management module of Proactis.</li> </ul>

<b>Root Cause 2 – Limited high level corporate and political buy-in to enable delivery of the Procurement Strategy and address procurement activity shortfalls within Services.</b>
<b>Underlying weakness: Culture change (to ensure the achievement of service objectives detailed in the 2014 business case) not driven by Senior Management and cascaded through the management structures within each Council. Lack of necessary leadership to gain buy-in and drive through the improvement required (2.1).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• No evidence that the drive towards collaborative procurement has been championed by Senior Management within each of the Councils.</li> <li>• No evidence of reporting of collaborative procurement efficiencies to Senior Management teams within either of the Councils.</li> <li>• Discussion with staff within services suggested no awareness of the collaborative procurement agenda.</li> <li>• Staff responsible for procurement within services generally see collaborative procurement as being 'difficult', time consuming and unlikely to deliver efficiency savings.</li> <li>• Staff responsible for procurement have suggested that they have not seen benefits to their service / budget from previous collaborative procurement exercises.</li> <li>• DCC staff have historically received less direct support from the procurement team. Cultural change within DCC will be required to ensure staff ask for support with all procurement activity over £25k (in line with recent changes to the procurement service delivery model).</li> </ul>
<b>Underlying weakness: Clarity within services around the role of the Procurement team is limited (2.2).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Widely held assumption within services that any scope for collaborative procurement will be identified by the Procurement Officer who has wider sight of contracts across the two Councils.</li> <li>• Limited clarity within services since the merger around the level of support provided by the Procurement team (although services have recognised there has been a recent change from 'advice only' to a more supporting role).</li> <li>• Ongoing changes to management structures within the JCPU have led to differing approaches in the delivery of procurement services.</li> </ul>
<b>Underlying weakness: Limited consideration of the scope for collaborative procurement at the planning stage of procurement exercises (whether collaborative procurement between services within the same council or across the two councils) (2.3).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Anecdotal evidence (based on discussion with staff within DCC &amp; FCC services) of a reluctance to consider collaborative procurement (based on past experience and assumptions that collaborative procurement will extend procurement timescales and will not produce expected efficiency savings).</li> <li>• Reactive procurement within services limits the scope for adequate consideration of alternative procurement models.</li> </ul>
<b>Underlying weakness: Inconsistent use of the Proactis corporate contract register by services and lack of centrally held contract information is impeding the identification of areas in which collaborative procurement could deliver efficiencies (2.4).</b>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Incomplete centralised comprehensive list of contracts and their expiry dates makes monitoring of expiry of contracts difficult.</li> <li>• Localised contract management arrangements prevent holistic overview of contractor performance and opportunities to consolidate procurement across service areas and authorities.</li> <li>• Inconsistency in the maintenance of local contract registers across services.</li> </ul>

**Underlying weakness: Confidence around use of the Proactis system (including the contract management module) is limited within those services where procurement is not carried out on a regular basis (2.5).**

Examples include:

- Training on use of the Proactis Contract Management Module has not yet been rolled out across all services.
- Anecdotal evidence suggests a relatively small number of staff within services are confident in use of the Proactis system (as such there is scope for further bespoke training tailored to the individual needs of services).
- Anecdotal evidence that procurement system and process updates are not routinely actioned by services as they are often released on a 'piecemeal' basis (making it difficult for services to assimilate all changes).
- The Contract Management module of Proactis may not be sophisticated enough to deal with the large number of contract variations inherent in civil engineering contracts (as a result services who manage civil engineering contracts are using their own systems for contract management).

### 3. Distribution List:

Name	Title
Gareth Owen	Accountable Officer for the Implementation of Agreed Actions – Flintshire County Council
Gary Williams	Accountable Officer for the Implementation of Agreed Actions – Denbighshire County Council
Helen Makin	Legal & Procurement Operations Manager
Lisa Jones	Legal Services Manager
	Chief Executive Team – Denbighshire County Council
Cllr Huw Jones	Chair – Performance Scrutiny Committee – Denbighshire County Council
Cllr Billy Mullin	Cabinet Member for Corporate Management and Assets
Cllr Julian Thompson-Hill	Lead Member for Finance, Performance and Strategic Assets – Denbighshire County Council
	Corporate Governance Committee – Denbighshire County Council

Title	Name	Contact Details
Internal Audit Manager – Flintshire	Lisa Brownbill	<a href="mailto:Lisa.brownbill@flintshire.gov.uk">Lisa.brownbill@flintshire.gov.uk</a> 01352 702231
Senior Auditor - Flintshire	Sally Gee	<a href="mailto:Sally.gee@flintshire.gov.uk">Sally.gee@flintshire.gov.uk</a> 01352 702295
Chief Internal Auditor – Denbighshire	Lisa Lovegrove	<a href="mailto:lisa.lovegrove@denbighshire.gov.uk">lisa.lovegrove@denbighshire.gov.uk</a> 01824 706936
Senior Auditor – Denbighshire	Bob Chowdhury	<a href="mailto:Bob.chowdhury@denbighshire.gov.uk">Bob.chowdhury@denbighshire.gov.uk</a> 01824 706988
Auditor – Denbighshire	Irene Griffiths	<a href="mailto:irene.griffiths@denbighshire.gov.uk">irene.griffiths@denbighshire.gov.uk</a> 01824 706974

Key Dates	
Review Commenced:	October 2017
Review Completed:	January 2018
Reported to Audit Committee – Flintshire County Council	6 June 2018
Reported To Corporate Governance Committee – Denbighshire Count Council	6 June 2018
Proposed Following Up Date	November 2018