

Revised Action Plan

Audit Review of: Contract Management

Date: January 2021

Corporate Risk/Issue Severity Key

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| 0 | Critical – Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Corporate Governance & Audit Committee |
| 4 | Major – Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT. |
| 2 | Moderate – Operational issues that are containable at service level |

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| Risk Issue 1 | There is a general lack of coordination and central responsibility around the way contract management is being carried out by services. | | |
| Background Detail | Our review highlighted several weaknesses with contract management within services as detailed in this action plan. Overall ownership of contract management across the organisation is unclear, with no one overall responsible for driving organisation-wide contract management performance, consistent arrangements and adherence to CPRs. | | |
| Action (Ref) | Agreed Management Action | Responsibility | Deadline |
| 1.1 | Report to SLT highlighting the weakness identified with contract management and non-compliance with CPRs with a view to SLT reviewing arrangements in their own services to ensure that: <ul style="list-style-type: none"> - All contracts are recorded on the Proactis contract management module or other suitable systems (until a decision is taken to replace it); - Signed contracts are obtained for all contracts over £25,000 and held on the Proactis system (or suitable approved contract management system); - Contract management activity is recorded in the contract management module within Proactis, or other method as agreed corporately; - Ensure that the delivery of community benefits is monitored; - Ensure appropriate performance indicators are included within contracts with suitable monitoring of the contractor's performance; - Ensure that contract risks are considered within the procurement and contract monitoring activity. Also, that significant risks are captured on the service risk register. | Head of Legal, HR & Democratic Services / Head of Finance & Property | 28/02/2021 |

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| Risk Issue 2 | Lack of training and guidance has been identified as an issue for staff who carry out contract management as part of their role and this has occasionally resulted in non-compliance with CPRs. | | |
| Background Detail | <p>Our survey of staff who carry out contract management duties shows that they have not received sufficient corporate contract management training. This has led to staff learning the role whilst performing their jobs and with the support and advice from colleagues which has resulted in inconsistent approaches being developed.</p> <p>This issue has been further compounded by services not documenting their contract management procedures into a user manual. Due to staff not being trained/fully understanding contract management, this has resulted in non-compliance with CPRs.</p> | | |
| Action (Ref) | Agreed Management Action | Responsibility | Deadline |
| 2.1 | <p>Ensure staff involved with managing contracts are suitably trained. Training will be rolled out across the council to all staff who are involved in contract management and delivered in two parts:</p> <ol style="list-style-type: none"> 1. Proactis Contract Management module 2. Contract management principles (to explore the use of e-learning). | Interim Procurement Managers (LE & SR) & Head of Legal, HR & Democratic Services | Proactis 31/12/2020 (and ongoing thereafter); Contract Management principles underway by 30/04/2021 |
| 2.2 | <p>Contract Management framework will be produced to document the stages of contract management and include a task list with the minimum recommended activities to undertaken.</p> <p>Scope to develop standard templates at a later stage.</p> | Interim Procurement Managers (LE & SR) & Contract and Performance Manager | 31/03/2021 |
| 2.3 | Contract Managers Forum to be set up to share best practice. | Interim Procurement Managers (LE & SR) & Contract and | 31/10/2021 |

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| | | Performance Manager | |
| 2.4 | Once framework circulated and e-learning and training provided, guidance notes to be developed to provide staff with additional information around contract management. | Interim Procurement Managers (LE & SR) & Contract and Performance Manager | 31/12/2021 |

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| Risk Issue 3 | All new contracts over £25k (or renewable contracts under £25k) are now moved onto the Proactis contract management module, but services are still storing key contract management information elsewhere, if at all. | | |
| Background Detail | <p>Although all contracts over £25k or renewable contracts less than £25k are now being moved into the Proactis contract management module, key contract management information is not being attached. Services are storing information in various other locations, if at all, and this has meant that key information such as signed contracts are difficult to locate.</p> <p>Staff have received training on using Proactis for its procurement function, but not all staff received training on the contract management module. A programme of training is due to be rolled out across services soon.</p> <p>For this to be effective, monitoring or reporting including an escalation process will be required to highlight where officers are not attaching contract documents/evidence.</p> | | |
| Action (Ref) | Agreed Management Action | Responsibility | Deadline |
| 3.1 | <p>Procurement business partners to run a Proactis report showing a list of contracts by service area and share with service management teams in order for the Heads of Service to ensure that contracts are appropriately uploaded.</p> <p>Scope to include contract risk categorisation score down the line once the contract management framework is launched.</p> | Procurement Business Partners & Heads of Service | 31/03/2021 |
| 3.2 | A review of the current contract management system (Proactis) to be undertaken to establish if the system is still fit for purpose. If the current system is considered unfit, then a business case will be formed to justify replacement. | Head of Legal, HR & Democratic Services / Head of Finance & Property | 31/12/2021 |
| 3.3 | See also Action 1.1 | N/a | N/a |

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| Risk Issue 4 | The level of performance monitoring around contracts is weak with staff not recording meetings, maintaining performance records and completing information around KPIs (key performance indicators). | | |
| Background Detail | <p>A common theme that has been identified across the services is the level of information that is being documented and retained. In the majority of services: agendas are not being produced, minutes are not being taken of meetings held and contract performance is not being reported.</p> <p>The lack of information recorded could make it difficult to take action against a contractor for poor performance as no evidence would be available to demonstrate the contractor had been notified of underperformance.</p> | | |
| Action (Ref) | Agreed Management Action | Responsibility | Deadline |
| 4.1 | Review the commissioning form to include a section on KPIs to prompt for their inclusion in relevant contracts e.g. high and medium risk/strategic contracts. | Legal & Procurement Operations Manager | 31/03/2020 (since completed) |
| 4.2 | Proactis has the potential to send out reminders if monitoring is not completed/uploaded through creation of tasks. This will be included as part of the Proactis contract management training (see action 2.1). | Interim Procurement Managers (LE & SR) | 30/4/2021 |
| 4.3 | Actions 1.1, 2.2 and 2.3 will also address. | N/a | N/a |

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| Risk Issue 5 | Significant contracts in a number of cases did not have a risk assessment so that major risks identified could be managed accordingly. Without this, major risks could materialise and cause significant impact where it could have been avoided. For those contracts that had been assessed, there is little evidence to show they are updated regularly. | | |
| Background Detail | Discussion with the various services identified the majority of services do not complete a risk assessment for every new significant contract and attach a risk rating. However, those that have assessed their contracts, we noted very little evidence that the contracts were being re-assessed periodically and the risks updated accordingly. In the main, high / medium risk contracts were not being reported to the senior management team, and no contingency measures had been produced. | | |
| Action (Ref) | Agreed Management Action | Responsibility | Deadline |
| 5.1 | Review of the contract management system confirms it has the functionality to record contract risks. Mandatory field to be added to Proactis to capture the information and enable reporting | Interim Procurement Managers (LE & SR) | 31/03/2021 |
| 5.2 | All risks associated with operating a contract need to be recorded on a pre-contract risk form. A Contract Management framework will be taken to SLT for approval with the view for it to be adopted for all new contracts and applied by all services. | Interim Procurement Managers (LE & SR), Contracts & Performance Manager and SLT | 31/03/2021 |
| 5.3 | Review that contract risks identified (e.g. within the procurement commissioning form) are considered in the contract specification and contract T&Cs, where relevant. Details to be included in the flow chart (action 1.3) and user guidance (action 1.4). | CSSR Commissioning, Procurement & Contract Management Leads | 31/03/2021 |
| 5.3 | Contract risk scores will be picked up in Proactis reports generated for service management teams to review and Heads of Service to ensure that the framework is applied appropriately. | Interim Procurement Managers (LE & SR) & Heads of Service | 31/03/2021 |
| 5.4 | See also action 1.1, Heads of Service to ensure that any contracts deemed as a significant risk to the service or council are captured on the service risk register where appropriate. | N/a | N/a |

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| Risk Issue 6 | Currently, services are not including community benefits into contracts worth between £25k and £1m. Where it has been included, very little monitoring is being carried out. | | |
| Background Detail | <p>Similar to the issues raised in our recent review of Section 106 (report issued May 2019), this review highlights that there is no community benefit strategy or policy in place to provide staff with guidance on what is expected of them.</p> <p>Community benefits is an area currently being underutilised by services as they have not been properly briefed on what can be included. Those services that have included community benefit have struggled to either use the benefit provided or have not been monitoring the benefit due to lack of knowledge/understanding.</p> <p>Discussion with the Framework Manager – Legal, HR & Democratic Services has confirmed these issues have already been identified and the team are looking at how they can best be addressed through the Community Benefits Hub which is being set up.</p> | | |
| Action (Ref) | Agreed Management Action | Responsibility | Deadline |
| 6.1 | Community Benefit Hub will monitor all community benefits centrally to coordinate and ensure that they are delivered. <i>Links to Internal Audit review of Section 106 agreements</i> | Framework Manager – Legal, HR & Democratic Services | 31/03/2020 (since completed) |
| 6.2 | See also Actions 1.1 | N/a | N/a |