

REPORT TO BUSINESS SERVICES COMMITTEE – 11 JANUARY 2024

COMMITTEE REVIEW PROCESS STAGE 3: INVESTIGATION - PROCUREMENT COMPLIANCE

1 Executive Summary/Recommendations

1.1 This report offers the investigation report (**Appendix 1**) for formal approval, which contains the information presented at the evidence gathering session of the Stage 3 Committee Review Process on Procurement Compliance held on 16 November 2023.

1.2 The Committee is recommended to:

1.2.1 Formally approve the investigation report for the Committee Review Process (Appendix 1) and determine whether the Committee are now assured on the matter;

1.2.2 Consider any improvement action or policy review recommendations;

1.2.3 Consider any ongoing monitoring required; and

1.2.4 Advise the Audit Committee of the outcome of Committee Review Process Stage 3.

2 Decision-Making Route

2.1 Stage Two Report

Members decided following consideration of the Stage 2 report on 15 September 2022 to consider a further report on progress on planned actions after a period of 6 months.

Exert from the Business Services Committee Minute (15 September 2022):

With reference to the Minute of Meeting of the Committee of 24 February, 2022 (Item 10), when it had been agreed to arrange a Stage Two Workshop of the Committee Review Process for further exploration of the issue and identification of potential actions, there was circulated a report dated 19 August, 2022 by the Director of Business Services, which (1) presented a detailed assessment of Procurement Compliance and an overview of the information presented at the workshop held on 18 August, 2022, and (2) sought Members' consideration and agreement of future improvement actions.

It was reported that the workshop had offered an overview of the background and issues relating to procurement compliance, actions

implemented and scrutiny to date. It had allowed Members to consider the planned actions and how the planned actions would be implemented through collaborative working across Services. The information presented had been intended to provide assurance to Members that the effectiveness and the robustness of procedures were in place to ensure procurement compliance.

The Committee agreed: -

- (1) to note the information presented during the Workshop, as detailed in Appendix 1 to the report;*
- (2) to defer consideration of the next stage of the Committee Review Process to obtain further information and assurance;*
- (3) that a report would be brought back to the Committee in 6 months with additional information; and*
- (4) that a report would be presented to the next meeting of the Audit Committee to advise the decision made in respect of the Committee Review Process.*

2.2 Stage Two Update Report

Members following consideration of a report updating on the progress of planned actions and future actions determined at the Business Services committee on 20 April 2023 to progress to Stage 3 of the Committee Review Process.

Exert from the Business Services Committee Minute (20 April 2023):

With reference to the Minute of Meeting of the Business Services Committee of 28 September 2023 (Item 10), when it was agreed that a report would be brought back to the Committee in 6 months with additional information, there was circulated a report dated 20 March 2023, by the Director of Business Services, which provided an Page 8 Item 3 update on progress on actions to improve procurement compliance and detailed future planned actions.

Members were informed that procurement compliance trends from Quarter 1 to Quarter 3 of the last financial year had improved. On-contract spend across the Council had been consistent with an average of 88% compliance, which was significantly above targets. There were reductions in other compliance issues such as contract award notices not being published, and contract register date gaps. Members raised concerns that 4 of the 7 actions outlined in the report were still in progress and had been delayed. Members commented that the report lacked sufficient evidence and data for complete assurance and that the implications for the Council were too high.

After due consideration, the Committee agreed: -

- (1) to note the progress made on actions and the further actions to be implemented over the next 6 months;*
- (2) that the Committee was not assured by the progress update and that there was a requirement to proceed to Stage 3 of the Committee Review Process;*
- (3) that a report be presented to the next meeting of the Audit Committee to update on the Committee Review Process; and*
- (4) to delegate to the Director of Business Services to develop the Stage 3 investigation process and procedure, following consultation with the Chair, Vice Chair, and Opposition Spokesperson.*

2.3 Stage 3 Process

The development of the Stage 3 Process was delegated to the Director of Business Services, following consultation with the Chair, Vice Chair, and Opposition Spokesperson. The Stage 3 process was agreed in June 2023, with the information gathering commencing in August 2023 following the summer recess.

2.4 Evidence Gathering Session

The evidence gathering session was held on 16 November 2023 with members determining that sufficient assurance had been provided and the Committee Review Process - Procurement Compliance would be concluded.

3 Discussion

3.1 The detailed evidence gathered from the evidence gathering session held on 16 November 2023 is as detailed in the investigation report at **Appendix 1**.

The agenda for the session held on 16 November 2023 was structured as per below:

1. Introduction/Background
2. Sources of Assurance
3. Causes of Breaches (Feedback)
4. Actions taken/Impact
5. Further Actions
6. Witnesses & Investigation Group Questions
7. Outcome/Next Steps

During the evidence gathering session the Strategic Commercial Manager provided members with detail around sources of assurance for procurement activities, information on measurement against other local authorities (best practice), feedback on sources of assurance, an update on action taken and an update on further actions. Members were then

provided the opportunity to ask questions of the Service and witnesses in attendance.

Service Representatives/Witnesses in attendance for the evidence gathering session were the Head of Commercial & Procurement, the Head of Finance, the Chief Internal Auditor, the Head of Property & Facilities Management and Strategic Commercial Manager (Commercial & Procurement).

Members agreed after consideration of the presentation and responses to questions during the evidence gathering session confirmed that sufficient assurance had been provided to conclude the Committee Review Process, the Chair confirmed that the next step would be a report to the next meeting of the Business Services committee on the 11th of January 2024.

- 3.2 Quarterly compliance reports are now prepared circulated to Chief Officers with any exceptions highlighted to delegated procurers in the preparation of the compliance report.

4 Council Priorities, Implications and Risk

- 4.1 This report helps deliver the Strategic Priority “Our People” and the underpinning principle of “responsible finances”.

Pillar	Priority
Our People	<ul style="list-style-type: none"> • Education • Health & Wellbeing
Our Environment	<ul style="list-style-type: none"> • Infrastructure • Resilient Communities
Our Economy	<ul style="list-style-type: none"> • Economy & Enterprise • Estate Modernisation

- 4.2 The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial		x	
Staffing		x	
Equalities and Fairer Duty Scotland		x	
Children and Young People’s Rights and Wellbeing		x	
Climate Change and Sustainability		x	
Health and Wellbeing		x	
Town Centre First		x	

- 4.3 The screening section as part of Stage One of the Integrated Impact Assessment process has not identified the requirement for any further detailed assessments to be undertaken. The report is asking the Committee

to discuss and comment on Internal Audit recommendations and no impact has been identified through the screening process.

5 Scheme of Governance

- 5.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report. They are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 5.2 The Committee is able to consider and take a decision on this item in terms of Section C. 6.3 of the List of Committee Powers in Part 2A of the Scheme of Governance, as the report relates to the Committee Review Process.
- 5.3 This scrutiny report originated from a referral from the Audit Committee and, therefore, it will be updated on the progress and outcomes from this Committee.

Rob Simpson
Director of Business Services

Report prepared by Mel Mackenzie, Strategic Commercial Manager
Date: 11 December 2023

List of Appendices:

Appendix 1 - Stage 3 CRP Procurement Compliance Investigation Report