

Audit Committee – 28th May 2009

## 5. Procurement Procedure Rules

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### Purpose of the Report

To update members of the Audit Committee with regard to proposed amendments to the Council's Procurement Procedure Rules.

### Recommendations

- (1) To comment on and if appropriate approve the amendments/additions to the Procurement Procedure Rules as indicated; and
- (2) that Council be recommended to approve the revised Procurement Procedure Rules as attached at pages 3-37 of the agenda.

### Background

During 2008, a new set of Procurement Procedure Rules had been developed and were duly considered by the Audit Committee on the 24<sup>th</sup> July 2008, with a recommendation that they go forward to full Council for adoption by the Council.

After some minor changes to wording the Procurement Procedures Rules were adopted by full Council and have subsequently been used by officers since September 2008.

However, as with all new policies the practical application in "real life situations" can often throw up issues in connection with clarity or missing guidance in a given situation.

This report therefore deals with this exact situation.

### Report Detail

The report seeks Audit Committee approval to incorporate the following changes into the Procurement Procedure Rules. If Audit Committee are in agreement with the changes then the revised Procurement Procedure Rules will be submitted to full Council for adoption.

Whilst it is disappointing, after the consultation and the work both the legal team and procurement put in to making the rules as comprehensive and as acceptable as possible, inevitably some revisions have come to light once officers have attempted to use them.

These revisions largely address these requirements with two major insertions of more guidance, one that was requested by the Audit Committee itself, i.e. Section 9.4, paragraph (xiv).

And a second that should have been in the original document but was missed, and is considered vital to ensure that leakage from corporate or single contracts does not take place. This is an especially important requirement in an organisation that has devolved spending and budgets, where the temptation for staff to do the buying themselves "because they know best", often comes into play.

The detailed changes are indicated under the headings as follows. They can be seen in the full "Procurement Procedures Rules" attached at pages 3-37 with the changes emboldened for ease of reading.

**Section 3.3 - Exemptions available subject to prior written approval.**

**paragraph (a) (iv)**

**amendments to wording in paragraph (b)**

**Section 7 – paragraph (b)**

**Section 8.5 – paragraph (a)**

**Section 9.2 – paragraph (b), bullet point two.**

**Section 9.3 – paragraph (a)**

**Section 9.4 - Contract Conditions**

**paragraph (a) and paragraph (b) (i) and (xiv)**

**Section 9.5 - paragraph (b) ii.**

**Section 10.5 - Framework Agreements**

**New paragraphs under (d)**

**Section 10.7 - Purchase Orders (New Section)**

**Financial Implications**

None directly, although the enforcement and understanding of the Procurement Procedures Rules should lead to greater purchasing power and greater efficiencies. These rules need to be considered in conjunction with the Financial Procedure Rules, which form a major part of how we spend and deploy cash resources.

**Background Papers:** *Existing CSO*  
*Financial Procedure Rules*  
*Procurement Strategy*

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