

9. Procurement Procedure Rules/Amendments

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham (Finance and Corporate Services)
Service Manager: Gary Russ, Procurement and Risk Manager
Lead Officer: Gary Russ, Procurement and Risk Manager
Contact Details: gary.russ@southsomerset.gov.uk or 01935 462076

Purpose of the Report

To update members of the Audit Committee on the Procurement Procedure Rules (PPRs) and to request approval of some amendments that add further clarification for managers and improve procurement controls.

Recommendation

That the Audit Committee recommends Council to approve the amended Procurement Procedure Rules.

Report

Although the old Contract Standing Orders required all purchases made over £10,000 without competition to be presented to the Procurement Officer for approval before proceeding, it was removed under the new Procurement Procedure Rules. This was on the basis that officers would still seek the advice of the Procurement and Risk Manager if required and assumed that each officer had enough knowledge and experience to manage the procurement process. In order to give the Procurement and Risk Manager an overview of the majority of contracting taking place at the council it is recommended that this is amended so that the Procurement and Risk Manager can add vital support especially at post contract award stage.

Since the adoption of the new PPRs the number of consultations with the Procurement and Risk Manager over exemptions or application of the rules has slowly dropped to zero. Unfortunately this has meant that the Procurement and Risk Manager is not aware of the majority of contract activity that is taking place across the council. This could be due to a well-written set of rules and that officers are working well with them and officers are confident enough that they now feel they no longer need to check and consult. However in the current economic climate the Assistant Director (Finance and Corporate Services) along with the Audit Committee Chairman have reflected that we now feel this is a weakness in our controls. Hence the recommendations contained within this report.

A further control measure being put in place is a push to encourage services to use purchase orders more so that commitments can be seen and so that the Procurement and Risk Manager then has an opportunity to see purchase orders going through the system (keep in mind that these are also contracts).

The amended Procurement Procedure Rules with the altered sections in bold are attached at pages 45-80.

In Summary

So in summary, whilst I believe the new PPRs have been a great success in enabling staff to manage their procurement, we may have exposed a control weakness in the

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overall corporate controls in procurement. The changes to the PPRs being sought via this report will address these issues. Further controls will be added as we deploy electronic tools for officers seeking quotes, tenders and contracts, as these will all be deployed as modules connected with an e.procurement project.

Background Papers: *Procurement Procedure Rules*