










| Procurement Audit Recommendations |   |   |   |   |  |
|-----------------------------------|---|---|---|---|--|
| Ref                               | Finding/Risk  | Recommendation  | Risk Rating   | Previous Management Responses   | Current Position   |
| 1<br>Cases 1 & 6                  | <p><b>Finding</b></p> <p>Procurement Initiation Documents (PIDs) were not completed in two of the cases sampled.</p> <p>The completion of this form helps to ensure processes are followed which will lead to compliance with the Procurement Procedure Rules (PPRs). Moreover, the PID contains essential information which the East Sussex Procurement Hub (ESPH) then rely on to assist with the procurement process.</p> <p><b>Risks</b></p> <p>Failure to complete the form will increase the risk that PPRs are not followed leading to potential financial loss.</p> | A PID should be completed for all orders of £5,000 or more.   | Medium<br>   | <p>Position as at <u>22/06/22</u></p> <p>Management will remind staff that a PID should be completed for all orders of £5,000 or more.</p> <p><b>Agreed Implementation Date</b></p> <p>End of June 2022</p> <p><b>Responsible Officers</b></p> <p>Joe Powell and Ben Hook</p>   | <p><u>Update from Joe Powell on 28/10/22</u></p> <p>Complete</p> <p>Status: <b>Implemented</b></p> <hr/> <p><u>Update from Ben Hook on 16/11/2022</u></p> <p>Complete</p> <p>Status: <b>Implemented</b></p>  |
| 2<br>Cases 3 & 6                  | <p><b>Finding</b></p> <p>A minimum of three competitive quotes had not been obtained for two orders exceeding £5,000 in value. No exemption from PPRs had not been approved in either case.</p> <p><b>Risks</b></p> <p>Financial loss to the Council as goods and services may not have been procured at best value.</p>  | A minimum of three competitive quotes should be obtained for all orders between £5,000 and £49,999 unless an exemption form has been signed by a senior officer. Exemptions should only be requested and approved in exceptional circumstances. | Medium<br> | <p>Position as at <u>22/06/22</u></p> <p>Management will remind all staff involved in procurement that a minimum of three competitive quotes should be obtained and exemptions must only be requested in exceptional circumstances.</p> <p><b>Agreed Implementation Date</b></p> <p>End of June 2022</p> <p><b>Responsible Officers</b></p> <p>Joe Powell and Deborah Kenneally</p> | <p><u>Update from Joe Powell on 28/10/22</u></p> <p>Complete</p> <p>Status: <b>Implemented</b></p> <hr/> <p><u>Update from Deborah Kenneally on 24/10/22</u></p> <p>All staff have been reminded of the requirement to obtain a minimum of 3 quotes.</p> |


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|                                   |  |  |   |   | The quotes should now include VAT to qualify for the £5k to £49,999.<br>Status: <b>Implemented</b>   |
| 3<br><i>Cases 1, 3, 4 &amp; 7</i> | <p><b>Finding</b></p> <p>Five orders of £25,000 or more were reviewed at the audit, but only one of these was found on the central government Contracts Finder website.</p> <p>The latest Procurement Policy Notice published by the Cabinet office states that it is a policy and legal requirement to publish procurement information on Contracts Finder.</p> <p><b>Risks</b></p> <p>Failure to post details of all contracts of £25,000 or more on the Contracts Finder website puts the Council at risk of sanctions from central government.</p> | For all orders of £25,000 or more (including VAT) a completed PID should be forwarded to the ESPH with a request to place the contract details on the government's Contracts Finder website. | Medium<br> | <p><u>Position as at 22/06/22</u></p> <p>For all contracts of £25,000 or more, staff will be reminded to forward a copy of the PID to the ESPH with a request to place the contract on the Contracts Finder website</p> <p><b>Agreed Implementation Date</b></p> <p>End of June 2022</p> <p><b>Responsible Officers</b></p> <p>Joe Powell, Ben Hook and Deborah Kenneally</p> | <p><u>Update from Joe Powell on 28/10/22</u></p> <p>Complete</p> <p>Status: <b>Implemented</b></p> <hr/> <p><u>Update from Ben Hook on 16/11/2022</u></p> <p>Complete</p> <p>Status: <b>Implemented</b></p> <hr/> <p><u>Update from Deborah Kenneally on 24/10/22</u></p> <p>All staff have been reminded that for orders over £25k they should work with the procurement hub and ensure that a completed PID is sent to ESPH.</p> <p>Status: <b>Implemented</b></p> |



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| 4<br><i>Case 7 only</i>           | <p><b>Finding</b></p> <p>A works order exceeding £50,000 did not have a signed and sealed contract in place in accordance with PPRs.</p> <p><b>Risks</b></p> <p>The Council's legal position is not sufficiently protected resulting in financial loss or reputational damage.</p> | A contract signed by all parties under seal and checked by Legal Services should be obtained for all works exceeding £50,000 in value. | <p>Medium</p>  | <p><u>Position as at 22/06/22</u></p> <p>Management will remind staff of the importance of obtaining a signed and sealed contract which has been checked by Legal Services for works of this value.</p> <p><b>Agreed Implementation Date</b></p> <p>End of June 2022</p> <p><b>Responsible Officer</b></p> <p>Joe Powell</p> | <p><u>Update from Joe Powell on 28/10/22</u></p> <p>Complete</p> <p>Status: <b>Implemented</b></p> |

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| Ref                                     | Finding/Risk   | Recommendation  | Risk Rating  | Previous Management Responses  | Current Position   |
| 1.2                                     | <p><b>Finding</b></p> <p>The Capital Programme has increased in recent years with a far greater reliance on borrowing. Some minor changes to reporting may help to more easily identify responsibility for project delivery as well as potential slippage and overspends.</p> <p>There may also be benefits to more closely aligning reporting in the Capital Programme and Corporate Programme to ensure consistency and avoid any potential confusion.</p> | <p>(1) The Chief Finance Officer should consider adding the following information to the Capital Programme for internal monitoring purposes:</p> <ul style="list-style-type: none"> <li>- Date that Members approved the project</li> <li>- Project delivery date</li> <li>- Project sponsor/ champion</li> </ul> | <p>Low</p>  | <p><u>Position as at 30/06/22</u></p> <p>Agreed. The Chief Finance Officer has since engaged resources to improve the quality of the Council's capital programme reporting.</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p>                                       | <p><u>Position as at 04/11/22</u></p> <p>Work in progress.</p> <p>Whilst much progress has been made on capital programme reporting, this piece of work still needs to be addressed. However, some of the information can still be obtained from Corporate Programme documents.</p> <p>Status: <b>Work-in-progress</b></p>                       |
|   | <p><b>Risks</b></p> <p>Insufficient reporting of information could make it less easy to identify project delivery risks, including slippage; inconsistencies in reporting information could result in administrative errors and increase the risk of overspends.</p>   | <p>(2) The Chief Finance Officer should liaise with the Senior Leadership Team to discuss the benefits of more closely aligning the reporting of the Capital Programme and Corporate Programme in future.</p>   | <p>Low</p>  | <p><u>Position as at 30/06/22</u></p> <p>Agreed. The Chief Finance Officer already produces a regular monthly report for consideration by the Senior Leadership Team, and he will look to continue improving this</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p> | <p><u>Position as at 04/11/22</u></p> <p>Implemented.</p> <p>SLT now receive a capital programme report, which includes slippage from previous years and thus reports the whole of project budget rather than just the in-year budget. This information is now aligned to the Corporate Programme reports.</p> <p>Status: <b>Implemented</b></p> |

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| 2.1                                     | <p><b>Finding</b></p> <p>Capital project budgets are not being monitored by Finance on a regular basis.</p> <p><b>Risks</b></p> <p>Overspends are not promptly identified increasing the risk of further financial loss; project managers are not given enough support to effectively manage project costs.</p>  | <p>Finance should ensure that regular budget meetings are held with project managers for all projects published in the Capital Programme. For all active works projects this should be carried out on a monthly basis.</p>  | <p>High</p>    | <p><u>Position as at 30/06/22</u></p> <p>Agreed – The aim will be for the capital programme to be monitored in the same way as the revenue budget.</p> <p><b>Agreed Implementation Date</b></p> <p>September 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden – He will allocate resources from within the Accountancy team to carry out this work.</p> | <p><u>Position as at 04/11/22</u></p> <p>Implemented.</p> <p>Accountants now monitor capital budgets with budget holders.</p> <p>Status: <b>Implemented</b></p>                          |
| 2.2                                     | <p><b>Finding</b></p> <p>There is currently no effective communication between project managers and Finance to promptly identify and report actual and potential project overspends within the Capital Programme.</p> <p><b>Risks</b></p> <p>Overspends will result in financial loss to the Council; a failure to report the reasons for overspends means that mitigating action to reduce an ongoing risk may not be taken and lessons may not be learned for future capital projects.</p> | <p>The Chief Finance Officer should remind all project managers of their responsibility to report Capital Programme overspends in accordance with Financial Procedure Rules. Reporting should include the reasons why the overspend has occurred and this should be included in reports to Cabinet where the overspends exceed £25,000.</p> | <p>Medium</p>  | <p><u>Position as at 30/06/22</u></p> <p>The Chief Finance Officer will remind project managers of this responsibility and ensure overspends are reported to Cabinet.</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p>  | <p><u>Position as at 04/11/22</u></p> <p>Implemented.</p> <p>See 2.1 above. Quarterly monitoring reports continue to report overspends to Cabinet.</p> <p>Status: <b>Implemented</b></p> |

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| 3.2                                     | <p><b>Finding</b></p> <p>Grant monies sent by central government are often remitted to the Council with very little information included on the bank receipt. At present, grant receipts are checked by Finance as part of the year end process. However, given the number of anomalies identified at the audit and the difficulty in attributing grant receipts to specific projects, this task should be carried out on a more regular basis throughout the year.</p> <p><b>Risks</b></p> <p>Anticipated grant money may not be received impacting on the Council's cashflow; grant funding may be at risk if project deadlines are not met, potentially increasing the pressure on Council reserves or leading to increased costs through borrowing.</p> | Finance should regularly liaise with project managers to ensure that all anticipated grant monies have been received when due. This should help to ensure that any grant funding implications of project slippage are also taken into consideration. | <p>Medium</p>  | <p><u>Position as at 30/06/22</u></p> <p>Agreed – This will be carried out as part of the budgetary monitoring process. It should be noted however that Finance receive regular monthly reports of unallocated income receipts, from which grants are identified and allocated to the correct project.</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p> | <p><u>Position as at 04/11/22</u></p> <p>Implemented.</p> <p>Grants are monitored quarterly on a grants spreadsheet. It was first done in June 2022 for the beginning of this financial year and updated in October. Known grant income is included in the forecast.</p> <p>Monitoring of capital projects will enable Accountants to obtain information on expected receipts of grants in advance.</p> <p>Budget holders will be encouraged to share remittance advice notes with their relevant accountant as well as the Principal Accountant.</p> <p>Status: <b>Implemented</b></p> |

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| 4.1 (1)                                 | <p><b>Finding</b></p> <p>The reporting of slippage within the Capital Programme is based largely on any underspends during the current financial year which are generally then moved into the following year. There does not appear to be any regular communication from project managers to determine the precise reason for slippage and whether slippage is likely to go beyond the next financial year.</p> <p><b>Risks</b></p> <p>Project slippage will impact on the Council's projected cashflow and strategic financial planning; failure to understand the reasons for slippage could mean that corporate lessons are not learned for future project delivery.</p> | Finance should request that project managers provide a quarterly update detailing the reasons for any delays in project delivery. Projected future spend should also be allocated to the most realistic year, fully taking into consideration the reasons for delay. | <p>Medium</p>  | <p><u>Position as at 30/06/22</u></p> <p>Agreed</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p> | <p><u>Position as at 04/11/22</u></p> <p>Work in progress.</p> <p>See also 1.2 above. Progress has been made in this area, but it is acknowledged that more work needs to be done. It is intended to have this in place before the end of the 2022/23 financial year.</p> <p>Status: <b>Work-in-progress</b></p> |

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| 4.1 (2)                                 | <p><b>Finding</b></p> <p>The high rates of inflation and steeply rising costs of certain raw materials mean that project slippage could result in significant additional cost especially for those projects where long delays are anticipated.</p> <p><b>Risks</b></p> <p>High inflation together with the risk of higher interest rates in the future will increase costs and potentially impact on the viability of some projects.</p>  | <p>The Chief Finance Officer should advise project managers that when slippage is anticipated to be more than 12 months beyond the original project delivery date, costs and contingencies should be re-evaluated to ensure that the scheme remains viable.</p> | <p>Medium</p>   | <p><u>Position as at 30/06/22</u></p> <p>The Chief Finance will advise project managers of their responsibilities regarding the re-evaluation of projects which have slipped by 12 months or more. The Accountancy team will assist project managers with any calculations in this regard.</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p> | <p><u>Position as at 04/11/22</u></p> <p>Work in progress.</p> <p>See also 4.1(1) and 1.2 above.</p> <p>Status: <b>Work-in-progress</b></p>  |
| 4.2                                     | <p><b>Finding</b></p> <p>The Capital Programme is not currently reviewed to identify “legacy” projects which may not progress in full, or which may no longer be consistent with corporate objectives.</p> <p><b>Risks</b></p> <p>Projects included in the Capital Programme are not consistent with the delivery of corporate objectives; financial planning for borrowing and the use of reserves which may not be necessary, but which increases the financial pressures on the Council.</p> | <p>The Chief Finance Officer should liaise with senior management on an annual basis to consider removing or revising projects in the Capital Programme which may not be able to progress, or which may no longer be consistent with corporate objectives.</p>  | <p>Medium</p>  | <p><u>Position as at 30/06/22</u></p> <p>Agreed. However, it is anticipated that this will be carried out on a more frequent basis.</p> <p><b>Agreed Implementation Date</b></p> <p>October 2022</p> <p><b>Responsible Officer</b></p> <p>Antony Baden</p>  | <p><u>Position as at 07/11/22</u></p> <p>Work in Progress.</p> <p>The MTFP is currently being developed and as with recommendation 1.2 the content of the capital programme is being reviewed. Each scheme is being reviewed and, in some cases, discussed with Members. A revised capital programme will, as usual, be reported to Cabinet in February 2023 as part of the budget setting cycle.</p> <p>Status: <b>Work-in-progress</b></p> |