



# Procurement Tendering and Letting of Contracts Risk


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<b>Code</b>	RR430	<b>Service Area</b>	Finance, Performance & Asset Management
<b>Title</b>	Procurement, Tendering and Letting of Contracts		
<b>Risk Owner</b>	Andy Cavanagh; Katie White	<b>Assigned To</b>	Rachel Cooper; Katie White
<b>Description</b>	<p>Risks are</p> <ul style="list-style-type: none"> <li>• Insufficient procurement resources leads to errors or omissions being made or delays in the procurement process</li> <li>• Lack of clarity regarding division of legal, procurement and client roles leads to Officers carrying out work outside the scope of their role or certain aspects of the procurement/contract process being under resourced.</li> <li>• Officer knowledge within service areas is insufficient leading to errors or delays</li> <li>• Insufficient skilled project management resource allocated to achieving successful contract outcome</li> <li>• Errors are made in the procurement process causing possible challenges or delays</li> <li>• High profile contracts increase the focus on procurement processes</li> <li>• Economic climate increases the likelihood of legal challenges</li> <li>• Increasing number of contracts means officer resource under additional pressure</li> <li>• Failure to comply with EU Regulations leads to breach of statutory responsibilities</li> <li>• Not identifying risks in contract terms leads to additional costs to the Council and/or loss of reputation</li> <li>• Failure to evaluate tenders sufficiently leading to the appointment of an inappropriate supplier</li> <li>• Failure to recognise procurement as central to the management of operations leading to insufficient staff resources being available to the process</li> <li>• Legal challenges by unsuccessful tenderers leads to diversion of staff resources and possible financial loss</li> <li>• Work starts before contracts are signed</li> <li>• Lack of formal contract of terms for some work</li> <li>• Failure to achieve best practice or realise potential savings</li> <li>• Failure of the Contract Procurement Group to be effective</li> <li>• Contract management skills among service managers is not strong enough leading to poor management of the performance of suppliers</li> <li>• Electronic procurement is not utilised fully thereby failing to take the most efficient route to a solution</li> <li>• Inadequate procurement training, support and advice is provided which means that the best value is not obtained from the procurement process</li> </ul>		
<b>Opportunity</b>	Ensuring compliance with EU legislation and efficient procurement of large value contracts. Development of efficient joint working between procurement and legal services. Co-ordinated approach to the Council's procurement of supplies, services and works. Provision of focused and accurate procurement advice and support		
	FINANCIAL		
	OPERATIONAL		
	REGULATORY		
	REPUTATION		

<b>Residual Risk</b>		<b>Year Identified</b>	2003	
<b>Corporate Priority</b>	Continuous Improvement	<b>Last Modified</b>	11-Aug-2011	
	 <p>Likelihood</p> <p>Impact</p>	<b>Consequences</b>	<ul style="list-style-type: none"> <li>- possible expensive procurement challenge processes</li> <li>- resources diverted to resolving procurement challenges impacts on service delivery</li> <li>- short term loss of services or quality of service</li> <li>- damaged reputation</li> <li>- possibility for fraud or corruption</li> <li>- time delays due to uncertainty over roles and responsibilities</li> <li>- possible legal disputes over contract drafting &amp; interpretation</li> <li>- failure to obtain best contract terms resulting in failure to achieve value for money</li> </ul>	
<b>Work Completed</b>	<ul style="list-style-type: none"> <li>• Completion of revised procurement strategy Feb 2011</li> <li>• Contracts register in place</li> <li>• Procurement training has been completed to aid client department's knowledge and understanding</li> <li>• Procurement plan written and signed off by Contract Procurement Group</li> <li>• Draft Roles and Responsibilities document written and circulated for review.</li> <li>• Procedure note written documenting financial evaluation procedures and sent to legal for review</li> <li>• PQQ documentation revised in line with legislative requirements</li> <li>• E Marketplace fully operational</li> <li>• New purchase card system of electronic review and approval introduced</li> <li>• Appointment of Contract solicitor in legal with effect from 1st August</li> <li>• Precedents will kept under review.</li> <li>• The Council currently has insurance cover in place to cover the costs arising from any error and omission in the procurement process that may cause a third party a financial loss.</li> </ul>			
<b>Ongoing Work</b>	<ul style="list-style-type: none"> <li>• Follow procurement standards when tendering &amp; securing contracts. Maintain skills and cascade knowledge throughout NHDC</li> <li>• Regular meetings of the Contracts Procurement Group that will undertake a more proactive role in ensuring robust procurement processes</li> <li>• Achieve sign off for roles and responsibilities to give more clarity to the procurement process</li> <li>• Contracts Solicitor and Procurement Officer to work together to review systems and processes to ensure these are as robust as possible. This will include the introduction of legal / procurement progress meetings for high profile high value contracts. There will be an emphasis on joint working.</li> <li>• Ongoing consideration is being given to the way in which procurement is resourced</li> <li>• Further procurement training will be provided on a periodic basis for new officers, refresher for current officers and updates on changing rules/regulations</li> <li>• Financial Regulations, Contract Procurement Rules and tender documentation regularly reviewed &amp; training provided.</li> <li>• Annual analysis of base data on Council's suppliers in order to identify further potential for savings</li> <li>• A trial is currently being undertaken for a high value and high profile contract, which involves regular group meetings of key professional officers to check progress on the ITT and ensure it is robust.</li> <li>• Where possible and practicable for the high profile, high value contracts and where the timetable allows, a second review of the ITT could be undertaken by appropriate expert officers. This may represent an overly risk averse approach</li> <li>• A review of the circumstances surrounding a recent procurement challenge will be undertaken to ensure learning points are extracted.</li> <li>• Precedents will be kept under review.</li> </ul>			
<b>Action Code</b>	<b>Action</b>	<b>Officer Name</b>	<b>Due Date</b>	<b>Status</b>
RRA1579	Legal/Procurement Joint Working	Andy Cavanagh; Rachel	31-Mar-2012	

**APPENDIX B**

		Cooper; Katie White		
RRA1585	Set up evaluation process for each procurement project	Rachel Cooper	31-Mar-2012	
UOR003.001	Implementation of County wide e-tendering	Rachel Cooper	31-Mar-2012	