

Subject	Procurement Compliance Update	Status	For Publication
Report to	Local Pension Board	Date	07 November 2024
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	N/A
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1. **Purpose of the Report**

- 1.1 To provide an update, as requested by the Board, on the actions being taken in response to the findings from the Procurement Compliance internal audit review completed in October 2023.

2 **Recommendations**

- 2.1 Board Members are recommended to:
- a. **Note and welcome the additional controls that have been implemented as part of the agreed management actions following the audit; and**
 - b. **Consider any further information or explanations required from officers.**

3. **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

- 3.2 The reporting of audit findings and management actions being taken to address these is a key part of providing assurance on the adequacy of the Authority's corporate governance arrangements, particularly those relating to internal control and financial and risk management.

4. **Implications for the Corporate Risk Register**

- 4.1 The actions outlined in the report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5. **Background and Options**

- 5.1 At their August meeting, Board members requested a report with an update setting out the actions implemented following the Procurement Compliance internal audit review that was completed in October 2023 with a limited assurance opinion as shown in the 2023/24 draft Annual Report of the Authority.
- 5.2 Procurement activity for our organisation is fairly low in both volume and value due to our size. Unlike larger local authorities, we do not have our own internal procurement team but instead the Governance team oversee the controls and arrangements, providing guidance and support to staff carrying out procurement exercises. We subscribe to CIPFA's procurement network which ensures we have access to technical advice, training and other resources.
- 5.3 The Authority makes use of procurement frameworks wherever possible – such as the national LGPS frameworks, the Government's G Cloud framework for software for example – and this provides access to suppliers that have been through a robust due diligence process. For the relatively rare occasions when a more complex or very high value procurement exercise is undertaken, independent legal advice is sought.
- 5.4 As part of the risk-based planning process for the internal audit programme for 2023/24, we identified procurement as an area that would benefit from an audit review in order to provide an independent assessment and assist in highlighting areas to be strengthened – as officers were aware that some improvements were required.
- 5.5 The audit that was carried out involved a very thorough and detailed review that took place over a number of months. The review concluded in October 2023 with a limited assurance opinion, which means that the auditors found there was a breakdown in the application of key controls. The auditors raised 4 implications from their review – none of these were classified as high risk, 3 were classified as medium and 1 was classified as low.
- 5.6 At the time the final audit report was issued, a significant amount of progress was already under way on addressing some of the implications raised and this was acknowledged in the audit report as follows.
“A light touch review of the Contract Standing Orders had recently been undertaken, as part of a wider review of the Authority's Constitution, and this had addressed the legislative compliance omissions identified in the audit report. In addition, Management had already recognised the need to enhance the procurement governance framework to provide more guidance to officers undertaking procurement activity. A gateway approval document has been developed (reviewed by Internal Audit) that addresses several of the findings identified during the review. Actions already taken along with the additional agreed management actions is a positive direction of travel regarding an enhanced and improved governance framework, to drive better compliance, and will provide for a more positive assurance opinion in future reviews.”
- 5.7 The agreed management actions arising from this were prioritised for completion and all have subsequently been completed, the majority by 31 January 2024. This ensured that by the end of the 2023/24 financial year, management and the Audit & Governance Committee could be assured that the key controls relating to procurement were operating effectively to address the previous weaknesses.
- 5.8 The full details of the agreed management actions and their completion are set out below.

Finding / Implication	Agreed Management Action (AMA)	Date for Completion & Progress Update
<p>CSOs The audit review identified a number of omissions and potential areas for enhancement of the Contract Standing Orders (CSOs). The review also highlighted the need to review and update the additional practical guidance and templates in place for staff in implementing the CSOs.</p>	<p>AMA 1: The CSOs have recently been reviewed and updated as part of a wider review of the Constitution and are now reflective of current legislative requirements.</p> <p>AMA 2: The CSOs will be further updated as required to reflect the introduction of the Gateway Approval Document and to incorporate best practice requirements. Procurement guidance will be updated to ensure alignment with the revised CSOs and the Gateway approval document which will incorporate the standard templates required to facilitate the procurement process for omitted areas.</p>	<p>Already complete when the audit report was issued in October 2023.</p> <p>31 January 2024</p> <p>The Gateway Approval document was implemented by the target date above.</p> <p>Additionally, the CSOs were further updated in September 2024 in preparation for the new Procurement Act 2023 which is now due to come into force in February 2025.</p>
<p>Forward Procurement Plan The audit found that the Authority did not have a 3-year forward plan for procurement in place.</p>	<p>AMA 3 A forward procurement plan will be developed to cover the short to medium term. This process will be aligned to the corporate strategy and budget setting process and reported along with these strategies each year to the February Authority meeting, commencing in February 2024.</p>	<p>28 February 2024</p> <p>Completed just after the target date – the procurement forward plan for 2024/25 to 2026/27 was approved at the Authority’s March 2024 meeting.</p>
<p>Compliance Sample testing from the audit identified inconsistencies in documentation retained for evidencing compliance and an inadequate audit trail for some decisions made. Equality Impact Assessments (EIA) and Data Protection Impact Assessments (DPIA) had not been consistently completed.</p>	<p>AMAs 1 and 2 are designed to address the lack of consistency in documentation and evidence of compliance – the gateway approval document leads staff through the process and includes documentation of all the approval and sign-offs required at each stage of a procurement exercise.</p> <p>AMA 4 EIA and DPIA templates have been developed and are currently being taken through a formal approval process internally before being included in the gateway approval document. The gateway approval document includes a form to evidence decisions made and the revised guidance will include the requirement for tender evaluation to be undertaken by a minimum of 2 officers.</p>	<p>As above.</p> <p>31 January 2024 The EIA and DPIA templates were introduced by the target date and form part of the gateway approval process.</p>
<p>Contracts Register and Transparency The review found that the format of the contracts register was not fully in line</p>	<p>AMA 5 South Yorkshire Pensions Authority are not included in the scope of the LG Transparency Code although we do aim to meet its requirements as best practice. We have to use the YOR Tender platform as our main contracts</p>	<p>31 January 2024 AMA 5 - The Authority transferred from being part of the wider YORTender system to our own system on the same platform – SYPATender – in July 2024. As part of the transfer, the contracts</p>

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with the recommended format in the transparency code and also identified that there were some discrepancies when reconciling from the published register to internal contract documentation.	<p>register as it is our system for contracts and procurements. Nevertheless, we will review and consider whether it would be useful to additionally publish contracts register information with any further details required separately on our website.</p> <p>AMA 6 The contracts register will be subject to enhanced monthly monitoring and management moving forward to ensure the accuracy of data / information publicised (i.e., contract values, durations including options to extend reconciled to contract documentation) for both new and existing contracts.</p>	<p>register information published was again reviewed to ensure completeness. In respect of any further requirements, another review will be undertaken against the requirements of the new Procurement Act 2023 to ensure ongoing compliance.</p> <p>AMA 6 was completed in the target timescale and the monitoring from this now also helps to inform the forward planning for procurement.</p>

- 5.9 In addition, bespoke training on public sector procurement to facilitate compliance with legislation and with the CSOs was delivered in January 2024 by CIPFA's Procurement Network Adviser to those officers responsible for carrying out procurement.
- 5.10 In preparation for the implementation of the Procurement Act 2023, which is now due to come into force on 24 February 2025, officers in the Governance team have undertaken training provided by CIPFA's Procurement Network and completed e-learning provided by the Government's Crown Commercial Services on the impact of the new Act for procurement in public authorities and have sought advice as required from the CIPFA Procurement Adviser.
- 5.11 The CSO's have also been amended as required for compliance with the provisions of the Procurement Act 2023 (PA2023) and these were approved at the Authority meeting on 12 September 2024 – the changes were planned to take effect on 28 October 2024 which was the original date for the PA2023 to come into force, though this has subsequently been deferred to 24 February 2025.
- 5.12 The new Act places a greater focus on the contract management element of the process and in view of this the next stages of procurement training requirements have been identified to be delivered in the next financial year. In addition, to further strengthen our internal resource and capability, the Governance Team Leader is being supported to undertake a professional qualification – Diploma in Contract Management – with CIPFA commencing in October 2024.
- 5.13 We aim to incorporate a further audit review of Procurement Compliance into the proposed Internal Audit programme for 2025/26.

6. **Implications**

- 6.1 The proposals outlined in this report have the following implications

Financial	No additional financial implications.
Human Resources	None
ICT	None
Legal	None
Procurement	The actions taken following the audit review have served to strengthen procurement procedures and controls in place.

Gillian Taberner Assistant Director – Resources & Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-