

## **AUDIT AND GOVERNANCE COMMITTEE**

### **15 MARCH 2019**

## **COMMISSIONING EXTERNAL AUDIT CONCLUSION PROGRESS REPORT**

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### **Recommendation**

- 1. The Chief Financial Officer recommends that the progress in the report is noted.**

### **Background**

2. At the meeting of the Committee on 14 December 108, members asked for a further update in relation to progress made regarding the risks and findings previously raised at the July meeting by our external auditors in relation to commissioning (Minute no. 492 refers).
3. The external audit annual opinion report raised the following conclusion in relation to commissioning:

*While the Council is making progress in the area of commissioning there remains a risk that lessons learned from the implementation of major contracts are not being appropriately disseminated to all officers. There is a risk that commissioning departments do not have the necessary skills and expertise to secure the best outcome for the users of the service. As a result we are proposing an except for VFM conclusion.*

4. This report informs the Committee of progress and further action being taken in relation to this.

### **Progress update**

5. All contracts have a lead officer who have been monitoring the contract and working with the Procurement team to assess the strategy for each. A project plan also exists, and is available on the website for further reviews.
6. One major contract has been insourced since the external audit opinion – DCX IT, and reports on progress and lessons learnt have been reported to members in other forums.
7. The Liberata contract is being reviewed and a progress report is scheduled for the Corporate and Commissioning Board in May 2019, and this will be reviewed by external audit as part of their assessment of the 2018/19 Value for Money assessment. A copy

will be shared with the Committee when the agenda is published. This will include a number of changes to the contract, operations and relationships.

8. A Commercial and Commissioning Board is in place and has met approximately every two weeks since August 2018. The minutes of these have been shared with external audit for their assessment in relation to the 2018/19 opinion. This Board has maintained the governance over decision making, introducing standardised assessment of contract extensions and procedures to market. External audit are again reviewing this process and will provide commentary at the July Committee.

9. A review has been completed of tail end spend, with improved reporting to directorates in relation to spend by supplier and source. This has been enabled since January monthly check and challenge by Departmental Leadership Teams. The Procurement team are also just finalising the first tranche of suppliers to move to longer payment terms (30 days) and seeking to secure savings through negotiated discounts in agreeing shorter time scales.

10. A Commercial and Procurement Strategy is expected to be taken through members in Summer 2019. Whilst this will be after the audit opinion for 2018/19 we will be working with external audit to discuss early drafts to seek their comments and feedback.

11. Regular meetings are thus being held with external audit in advance of the audit VFM opinion, and this is reflected in the Audit Plan presented at the same Committee considering this report.

## **Contact Points**

### County Council Contact Points

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### Specific Contact Points for this report

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## **Supporting Information**

- Project plan of procurement activity – available electronically only.



Copy of Commercial  
Milestone Plan v2.2.

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

External Audit Annual Findings Report 2017/18 – Item 6 Audit and Governance  
Committee 26 July 2018