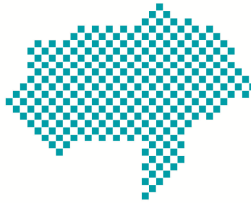


**Police and Crime
Commissioner
North Yorkshire**



Procurement Compliance Final Report

Auditor	Julie Wraithmell-Giggall
Contact Details	01924 294061
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Draft Report Issued	May 2014
Final Report Issued	July 2014

1 Executive Summary

North Yorkshire Office of the Police and Crime Commissioner (OPCC) and North Yorkshire Police (NYP) are responsible for the supply of goods, services and works to maintain the effectiveness of the organisation, ensuring that they are procured in accordance with relevant legislation and regulations.

The procurement of goods and services is delegated by the OPCC to NYP. The organisation requires those engaged in purchasing to comply with the Regional Contract Standing Orders and the Scheme of Authorisation.

The North Yorkshire Police intranet site includes a link to the Bluelight website. The site, initially launched in November 2004 provides an E-tendering solution available to all Emergency Services. The site provides easy access to details of contracts which North Yorkshire Police have in place, or have access to and which they can draw down from in relation to the majority of their procurement needs. As well as being able to access contract details on Bluelight, the Regional Procurement Unit is also available to provide guidance and support.

In general, the audit provides reasonable assurance regarding the compliance with Regional Standing Orders and the Scheme of Authorisation. Whilst a number in the sample were found to have insufficient evidence that the procurement was undertaken in compliance with Regional Contract Standing Orders, it is pleasing to note that in all of these instances, recent or ongoing formal procurement exercises are being undertaken in relation to the goods/services provided in these instances. This positive action increases assurance that appropriate action is being taken to ensure procurement is transparent and provides value for money.

The audit also provided good assurance regarding compliance with the Scheme of Authorisation, with 24 of the 25 tested, being approved within the scheme of delegation. In the one instance of non-compliance, a £640.58 invoice was approved by an authorising officer with a delegated limit of £300.

It should be noted that a new system for authorising purchase orders under £20K has been implemented with effect from March 2014. All purchase orders are raised and now forwarded for the attention of the P2P Manager. As well as checking for correct coding, the P2P Manager also ensures there is evidence of value for money in that either the procurement is covered under a current formal contract arrangement or that there is confirmation that price comparisons or quotes have been obtained, where relevant.

The centralising of the authorisation function may also give rise for further opportunities to maximise value for money by identifying areas of spend under £50K that do not require the involvement of the Regional Procurement Unit and a formal tender process, but might nevertheless benefit from aggregating spend from across the force and opting to undertake a more formal, centralised procurement process.

	Commentary
Effectiveness of Risk Management Approach	The risks associated with procurement of goods and services are being effectively managed. Officers responsible for procurement have easy access to contract database on Bluelight, Regional Contract Standing Orders, as well as support and guidance from the Regional Procurement Unit.
Efficiency of Risk Management Approach	The organisation has efficient processes for the procurement of goods and services in line with Regional Contract Standing Orders. Particularly the easy access to the Bluelight contract database on the North Yorkshire Police intranet site aids the efficiency of identifying the relevant contract, where one is in place.
Assurance Level	2 – Reasonable Assurance
Overall Risk	5:5 (Minor & Unlikely)

2 Scope and Approach of the Audit

The audit sought evidence of local compliance with procurement procedures, focussing on transactions of less than £50,000. A sample of transactions was selected and the following controls were reviewed:

- Expenditure of less than £10,000: The local procurement procedure may use any reasonable means to select the supplier, preferably three quotations shall be obtained (this may include catalogues or price lists). The procurement procedure and outcome must be recorded and retained locally.
- Expenditure of £10,000 - £50,000: At least three formal written quotations or references to three supplier catalogues shall be obtained.

Checks were also made to ensure that transactions have been appropriately authorised, in line with the Scheme of Authorisation. Where contracts were in place for the transactions tested, confirmation was sought that the transaction was relevant to the contract and that the contract was current at the time of the procurement.

Each recommendation is accompanied by an assessment of the likelihood and impact of the risk identified, to North Yorkshire Police/ the Commissioner as a whole.

Report Distribution

Name/Role	Draft	Final	Final with Response
Jane Palmer, Chief Constable's Chief Finance Officer and Chief Accountant	✓	✓	✓
Gary MacDonald, Commissioner's Chief Finance Officer and Head of Organisation and Development	x	✓	✓
Delivery Unit	x	✓	✓

3 Observations

3.1 Compliance with Regional Contract Standing Orders

Risk Exposure			Root causes		
Failure to obtain value for money External challenge and reputational damage due to failure to procure goods/services in an open and transparent manner Potential for legal challenge as a result of failure to utilise existing contracts, where they are in place			Non-compliance with Regional Contract Standing Orders		
Probability	Financial	Reputation	Operational	Legal	Rating
Probable	Minor	Significant	Minor	Minor	5:8

Internal Audit tested a sample of 25 transactions undertaken between April 2014 and September 2014. In each instance, evidence was sought that the procurement had been undertaken in accordance with Regional Standing Orders.

In 17/25 cases, it was confirmed that the procurement was satisfactory in that it was:

- Covered by a current and relevant contract, or;
- A vetted and approved NRPSI interpreter, or;
- An approved supplier on the Tranman system, or;
- Undertaken following an open invitation to quote.

For the remaining 8/25 cases, the following was identified:

- Internal Audit was advised that the procuring officer believed there was a contract in place for the £362.47 purchase of books from Castle Hill Bookshop and consequently, no price comparison with other suppliers had been undertaken. No details of the contract could be provided by the procuring officer, who also advised the supplier had been used since 2005. Internal Audit could not locate a current contract with the supplier on the Regional contract database. A combined total of £1,749.34 has been spent with this supplier in the period April – September 2014.

The procurement of books is now undertaken with the best value supplier identified as a result of web catalogue searches and the price comparison noted at the time of the purchase.

- Laundry services costing £545.60 were procured from Leeds Road Laundry. A combined total of £3,980.88 has been spent with this provider in the period April – September 2014.
- The procurement of ammunition, totalling £1,812.00 from York Guns was

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reviewed. The procuring officer advised that he had undertaken an informal price comparison prior to the purchase, but no records to evidence this was available for audit purposes. The officer advised that he is currently liaising with the Regional Procurement Unit on a number of issues including the raising of a single tender action for the use of a firing range and the possibility of progressing a regional contract for the supply of ammunition. A combined total of £5,773.29 has been spent with this supplier in the period April – September 2014.

- Equipment costing £45.90 was procured from Viking Arms Ltd. Though no evidence of price comparisons in compliance with Regional Contract Standing Orders was available for this procurement, Internal Audit was advised that a formal exercise is being undertaken in relation to the type of equipment purchased in this transaction. A combined total of £1,971.84 has been spent with this supplier in the period April – September 2014.
- The services of Nigel Whitfield Photography were procured at a cost of £395.00. No evidence is available to support that the procurement was undertaken in accordance with Regional Contract Standing Orders. A combined total of £1,938.00 has been spent with this provider in the period April – September 2014. Internal Audit has been advised that procedures for procuring photographic services have now been put in place and quotations are requested from the appropriate number of providers, dependent on the location of the work.
- The services of a self storage company were utilised at a cost of £640.58. Internal Audit has been advised that the provider is being used to securely store seized items which could not be held in the NY collections unit. Trading Standards recommended the provider as having the appropriate security arrangements in place. It was estimated this would be a short term arrangement but the case is still ongoing and the need for the storage remains.
- Equipment and services were procured from Stuart Rafferty in relation to fleet management at a cost of £444. There is no evidence to support this procurement was undertaken in accordance with Regional Contract Standing Orders. A combined total of £3,785.30 has been spent with this provider in the period April – September 2014. It is pleasing to note that since this procurement, a formal contract is now in place regarding this type of fleet management service.
- The services of Kim Close Body Shop were procured at a cost of £11,837.84. No evidence is available to support that this procurement was undertaken in accordance with Regional Contract Standing Orders. A combined total of £11,837.84 has been spent with this provider in the period April – September 2014. Internal Audit has been advised that a regional procurement exercise is now ongoing in relation to this type of fleet management service.

Recommendation 1

Procuring officers should be reminded that procurement should be undertaken in accordance with Regional Contract Standing Orders. For expenditure of less than £10,000, the procuring officer may use any reasonable means to select the

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supplier, preferably three quotations obtained (which may include reference to catalogues or prices lists). For expenditure of £10,000 - £50,000, at least three formal written quotations or reference to three supplier catalogues should be obtained. Evidence of the procurement process should be retained locally.

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3.2 Compliance with Scheme of Authorisation

Risk Exposure			Root causes			
Failure to identify or prevent inappropriate expenditure.			Expenditure approved in excess of authorised delegated limit.			
Probability	Financial	Reputation	Operational	Legal	Rating	
Unlikely	Negligible	Negligible	Negligible	Negligible	6:2	

Internal Audit tested a sample of 25 transactions undertaken between April 2014 and September 2014. In each instance, evidence was sought that the procurement had been approved in accordance with the Scheme of Authorisation. In 24/25 instances, either the purchase order or the invoice had been approved by an authorising officer in line with their delegated approvals as detailed in the Scheme of Authorisation.

In one instance, the invoice of £640.58 had been approved by an authorising officer with a delegated approval limit of £300.

Recommendation 2

The delegated approval limit should be reviewed for the instance of non-compliance identified during the audit. If it is deemed that the current level is appropriate, the officer should be reminded of their delegated approval limit and transactions above this limit should be approved by the relevant authorised officer. It is recommended that all authorised officers and their relevant approval limits should be regularly reviewed to ensure they remain appropriate and relevant to their role.

4 Recommendations

#	Recommendation	Category of Rec.	Management Action	Action Manager & Completion Date	Satisfactory Response (IA View)
1	Procuring officers should be reminded that procurement should be undertaken in accordance with Regional Contract Standing Orders. For expenditure of less than £10,000, the procuring officer may use any reasonable means to select the supplier, preferably three quotations obtained (which may include reference to catalogues or prices lists). For expenditure of £10,000 - £50,000, at least three formal written quotations or reference to three supplier catalogues should be obtained. Evidence of the procurement process should be retained locally.	Merits Attention	Intranet message issued 1 st July 2014 reminding all those responsible for procurement of the requirement to comply with NYP Contract Regulations and advice and guidance available from the P2P team. Also advised of the support provided by BAS. In the Loop provided additional information with links to supporting documentation. A review of Single Tender Action forms is also underway which will identify whether they are used in appropriate circumstances. A separate piece of work is being commissioned to assess procurement compliance for under £50k expenditure.	H Raisbeck Intranet message – complete STA review March 2015 Under £50k review March 2015	Yes

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					Final
#	Recommendation	Category of Rec.	Management Action	Action Manager & Completion Date	Satisfactory Response (IA View)
2	The delegated approval limit should be reviewed for the instance of non-compliance identified during the audit. If it is deemed that the current level is appropriate, the officer should be reminded of their delegated approval limit and invoices above this limit should be approved by the relevant authorised officer. It is recommended that all authorised officers and their relevant approval limits should be regularly reviewed to ensure they remain appropriate and relevant to their role.	Merits Attention	<p>In the context of the low number and risk category associated with this issue, it is considered that the following current activities will address any similar issues:</p> <p>Scheme of authorisation is reviewed and updated on a regular basis.</p> <p>DRM is also reviewed on a regular basis with a minimum of 6 monthly checks.</p> <p>Safeguarding checks are in place via P2P and BAS in the event of any non compliance is fed back to the originator</p>	<p>No further action necessary</p> <p>Complete</p>	Yes

Classification of Recommendations	
Fundamental	Action is needed to address risks that could impact on the organisation's ability to achieve its objectives. Action will typically be organisation-wide and be necessary at the highest level. Other fundamental recommendations will be made in regard to potentially serious breaches of statutory obligations.
Significant	Action is needed to address risks that impact primarily on one major business area or to address lower risks on an organisation-wide basis.
Merits Attention	Action is advised to enhance control, remedy minor breaches of current controls or to improve efficiency.

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5 Appendix: Assurance Level

Internal Audit assesses the effectiveness of internal control, within the scope of what is audited. This measure is therefore a relative one.

Category	Description
1	Reasonable assurance can be provided that the main risks considered are being effectively managed; action may still enhance the management of risk in a small number of areas. In addition Internal Audit has identified that the approach taken to address risk as representing good practice in this area.
2	Reasonable assurance can be provided that the main risks considered are being effectively managed. Limited management action may be required to address a small number of significant issues.
3	Limited assurance can be provided that the main risks considered are all being effectively managed. Significant management action is required to address some important weaknesses.
4	Inadequate assurance can be provided that the risks identified are being effectively managed. Significant weaknesses have been identified in the risk management action, these are likely to involve major and prolonged intervention by management. These weaknesses are such that the objectives in this area are unlikely to be met.

6 Appendix: Overall Assessment Criteria

Risks in this report have been assessed using the following criteria. It is the same criteria as that used by North Yorkshire Police to assess risk for the Risk Register.

Probability	Highly Probable	Nil	5:7	4:12	2:14	1:16
	Probable	Nil	5:4	5:8	3:13	2:15
	Unlikely	Nil	6:2	5:5	5:10	4:11
	Highly Improbable	Nil	6:1	6:3	5:6	5:9
	Nil	Nil	Nil	Nil	Nil	Nil
		Nil	Negligible	Minor	Significant	Catastrophic
		Impact				

Probability	Nil	< 20% Highly Improbable (HI)	20% – 40% Unlikely (UL)	40% - 60% Probable (P)	> 60% Highly probable (HP)
Impact	Nil	Negligible	Minor	Significant	Catastrophic
Financial (£)	Nil	< 10K Minimal impact upon either devolved budget or the Police fund	10 – 30K Minor impact upon either devolved budget or the Police fund	30 - 75K Significant impact upon either devolved budget or the Police fund	>75K Catastrophic impact upon either devolved budget or the Police fund
Reputation	Nil	Negligible adverse publicity. Minimal impact upon public perception	Localised adverse publicity. Minor/transient impact upon public perception of Force or Authority	Criticism at local Government level. Lasting impact upon public perception of Force or Authority	Intense national media. Criticism at national government level.
Operational	Nil	Negligible impact upon ability to deliver service and meet Force targets	Minor impact upon ability to deliver service and meet Force targets	Significant impact upon ability to deliver service and meet Force targets	Catastrophic impact upon ability to deliver service and meet Force targets
Legal Compliance	Nil	Negligible prospect of legal challenge	Minor/Transient prospect of legal challenge	Serious non compliance. Litigation/challenge	National legal issue