



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

INTERNAL AUDIT REPORT 2024/25 UPDATE

Report of the Chief Fire Officer

Date: 17 January 2025

Purpose of Report:

To inform Members of the outcome of the internal audit reports commissioned by Nottinghamshire Fire and Rescue Service to date for 2024/25 and to provide an update on the progress made on implementing the recommendations from the 2023/24 Contract Management Internal Audit.

Recommendations:

That Members note the contents of this report.

CONTACT OFFICER

Name : Bev Bull
Head of Finance and Treasurer to the Fire Authority

Tel : 0115 8388100

Email : bev.bull@notts-fire.gov.uk

Media Enquiries Contact : Corporate Communication Team
0115 8388100 corporatecomms@notts-fire.gov.uk

1. BACKGROUND

- 1.1 Nottinghamshire County Council has provided an Internal Audit service to the Fire and Rescue Authority since its formation in 1998. The service is provided under a Service Level Agreement with Nottinghamshire County Council and requires the Auditors to operate within the Public Sector Internal Audit Standards set down by the Chartered Institute of Public Finance and Accountancy (CIPFA). Operating to these standards will ensure that the Authority meets its obligations under statute.
- 1.2 This report provides an update on the 2024/25 Internal Audit Plan agreed at Fire Authority 26 July 2024 and presents the 2024/25 audits completed to date.
- 1.3 This report also provides an update on the progress made towards the recommendations made in relation to the Internal Audit review of Contract Management completed in 2023/24 which provided Limited Assurance. The findings and recommendations in relation to Contract Management were presented to the Fire Authority 26 July 2024. The Fire Authority requested the Finance and Resources Committee to monitor progress in this area.

2. REPORT

- 2.1 The responsibility for ensuring effective internal audit functions rests with the Authority Treasurer as part of their Section 112 obligations.
- 2.2 The Authority views Internal Audit as an integral part of the corporate governance framework, particularly in so far as it relates to the system of Internal Control. Whilst it is acknowledged that Internal Control is a managerial responsibility, it is considered that Internal Audit can provide managers with independent assurance that the system is working effectively and draw any deficiencies in the system to the attention of managers and elected members.
- 2.3 There are regular reviews of audit plans and progress by senior managers and the audit team to monitor the work being carried out.

AUDIT COVERAGE TO THE END OF DECEMBER 2024

- 2.4 Six audits were planned for completion in 2024/25. A summary of progress is shown in the table below.

Audit	Progress	Assurance Level	Appendix
Procurement	Complete	Reasonable	1
Data Protection	Draft Report	Reasonable	2
Replacement Mobilising System (RMS)	Scope agreed. Audit delayed to Q4 due to RMS Project Officer post being vacant.		
Fire Standards Board “Leading the Service” standard	Met Service Improvement Team 18 Sept 2024 to agree scope and agreed the start the audit towards the end of January 2025.		
On-Call Firefighter remuneration – rostering system.	To be started quarter 4		
Corporate Governance	To be started quarter 4		

AUDIT ASSURANCE

- 2.5 The Procurement audit was awarded reasonable assurance – risk levels are medium. There is 1 priority 1 recommendation and 6 priority 2 recommendations. All recommendations are in the process of being addressed. The report is attached at Appendix 1.
- 2.6 The Data Protection audit has been issued in draft. IT has been awarded reasonable assurance – risk levels are medium. There are 3 priority 1 recommendations and 6 priority 2 recommendations. Management responses to the recommendation are being collated. The final report will be presented with the next Internal Audit update to the Committee.

CONTRACT MANAGEMENT UPDATE

- 2.7 To aid the Contract Management recommendations a Contract Manager post has been established for an 18-month period. This has been filled by an internal member of the team leaving a vacant Procurement Officer post which is currently being recruited to. Once the team is fully in place this will enable the implementation of the recommendations to progress with greater pace.
- 2.8 An update on the progress against the recommendations for the Contract Management Audit is attached at Appendix 2. The latest updates are denoted in red.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report, although the internal audit process does form part of the Authority’s assurance that value for money and assurance that effective accounting arrangements are in place.

3.2 The fixed term Contract Manager post within the Procurement Team has been funded from in year underspend for the 2024/25 and is to be self-financing from generating procurement savings in 2025/26.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITIES AND ETHICAL IMPLICATIONS

There are no equalities or ethical implications arising from this report.

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental and sustainability impacts arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

Internal Audit forms part of the wider system of internal control which deals entirely with the Authority's exposure to financial, and to some extent non-financial risk. Presenting the reports to the Authority enables Members to see the work of internal audit and the contribution that they make to the overall system of internal control.

9. COLLABORATION IMPLICATIONS

The Internal Audit service is provided by Nottinghamshire County Council.

10. RECOMMENDATIONS

That Members note the contents of this report.

11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Craig Parkin
CHIEF FIRE OFFICER

Internal Audit Report



Report ref: 2024-01

OFFICIAL SENSITIVE

To: Chief Fire Officer

Subject: Nottinghamshire Fire and Rescue Service - Procurement

Date: December 2024

1 Introduction

1.1 Internal Audit have reviewed the controls the Nottinghamshire Fire and Rescue Service (NFRS) have in place in relation to the procurement of goods and services. The Procurement Team have recently reviewed their Procurement Strategy and Policy to comply with the Procurement Act 2023 and Procurement Regulations 2024 which are due to come into force in February 2025.

2 Audit opinion

2.1 In the areas examined, we assessed the controls to determine to what extent the risks are being mitigated.

2.2 In our opinion the level of assurance we can provide is: -



REASONABLE ASSURANCE

Risk levels are medium

3 Risk areas examined

3.1 During this audit we looked for controls to address the following key risks: -

Risk Area	Risk Description
1. Governance, Policies & Procedures	Governance arrangements may be inadequate or there may be a lack of understanding and adherence to policies and procedures.
2. Procurement Planning	There may be a failure to plan for procurement resulting in non-compliance with tendering requirements or failure to obtain value for money.
3. Electronic Procurement	Procurement processes may be inefficient, lack fairness and transparency, be insecure or insufficient.

APPENDIX 1

Risk Area	Risk Description
4. Compliance with Financial Regulations and Procedures	Procurement may not be in line with Financial Regulations and Procedures or comply with tender thresholds and waivers or fail to obtain value for money.

3.2 The scale of the area reviewed is: -

Metrics	2021-22	2022-23	2023-24
<i>Expenditure on goods and Services</i>	£45.270m	£46.006m	£48.931m
<i>Expenditure on Capital Projects</i>	£6.499m	£2.265m	£6.626m
<i>Annual Expenditure on goods and services listed in contracts register *</i>	£19.320m	£8.352m	£9.496m
<i>Total Value of Contracts (over full term)*</i>	£31.270m	£18.559m	£33.381m

* Source: NFRS Procurement and Resources web page as at the year-end – this is a snapshot of the contract register at a point in time and does not account for contracts that have ended in the previous months, nor contracts that are about to commence.

4 Audit findings

4.1 Following our work, we consider the controls to be effective in the following risk areas:

Governance, Policies & Procedures – Policy and Guidance consist of the following documents:

- Procurement Strategy. This was updated during 2024 and summarises how decisions will be made to ensure the Procurement Team support the delivery of the Community Risk Management Plan (CRMP) and incorporate into their procurement activity a set of procurement principles.
- Policy and Procedures include a Procurement Policy and other Purchase to Pay (P2P) procedure as well as a single source supplier procedure and Contract Management policy.
- Recent guidance for staff in terms of pre-market engagement.
- Procurement Thresholds were revised and agreed at committee in July 2023.

Procurement Planning – Automated processes are in place to notify the Procurement Team when contracts recorded in the In-Tend database are approaching their re-procurement dates. There are different lead times and processes to be followed according to the type of contract and the requirements are outlined in the Procurement Strategy and Policy. However, where contracts are not recorded in the In-Tend database or are incorrectly recorded, we cannot provide assurance that there are robust procedures in place to ensure effective procurement planning takes place.

Electronic Procurement – We have confirmed that NFRS are using the In-Tend system and procuring goods and services through the Blue light e-tendering online platform. This allows suppliers to submit tenders electronically, removing the need for physical paperwork. The system ensures that all aspects of the tendering process are open and visible, speeds up procurement, and ensures tendering activities comply with relevant legislation and regulations including public sector procurement rules. This system has been in place for the last year, however, activity carried out without the involvement of the Procurement Team are not procured this way.

Compliance with Financial Regulations and Procedures – Procurement activity mostly aligns with Financial Regulations apart from some exceptions as included in the report; however the Regulations and Procedures are currently being updated in

APPENDIX 1

preparation for the Procurement Act 2023, Procurement Regulations 2024 and to incorporate revised financial thresholds.

- 4.1 There were some control weaknesses and failures to comply with the standard controls, resulting in remaining risks. The attached Action Plan sets out these weaknesses, and our recommendations to address them.
- 4.2 A summary of the recommendations made, together with brief details of the related findings, is set out below: -

<i>Priority level</i>	<i>Number of Recommendations</i>	<i>Recommended action timescales</i>
Priority 1	1	Immediate
Priority 2	6	Within two months

Priority 1 area:

- 4.3 We identified instances where contracts were awarded to a single supplier without a competitive process and where a no single-source supplier form was completed or approved. This indicates misunderstanding or non-compliance with the Procurement Policy.

Priority 2 areas:

- 4.4 The revised 2023 procurement thresholds are not easy to find on the intranet. More prominence to the information along with documentation required and budget holder responsibilities is required.
- 4.5 There is no guidance on what minimum value of contract applies for inclusion in the contracts register.
- 4.6 Some procurement contracts are extended at the end of their term instead of re-procurement being planned in advance. This approach can lead to higher costs, lower quality, supplier complacency, and a lack of alternative options.
- 4.7 There are a few instances where departments procure goods and services outside the Procurement Team and the e-tendering process is not used. In such cases, it is not possible to provide assurance that these procurements are compliant with the Procurement Policy.
- 4.8 Several contracts had been uploaded to the Contracts Database without NFRS or the supplier's signature.
- 4.9 There is no specific procurement training for staff involved in the procurement process, including new employees who have purchasing responsibilities.

**Audit conducted by: Angela Wendels
Senior Auditor**

**Audit supervised by: Andrew Howarth
Audit Team Manager**

APPENDIX 1

Simon Lacey, Group Manager - Internal Audit & Risk Management

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>Priority 1 areas (Fundamental for effective governance, risk management and internal control, must implement recommendations to improve existing arrangements)</p>		
<p>1. Single Source Supplier Forms</p> <p>From the contracts register, we randomly selected 23/76 contracts (30%) to ascertain the procurement process followed and to examine what evidence had been retained in terms of procurement process, quotes, tenders and signed contracts.</p> <p>One of the sampled contracts had been awarded to a single supplier - Zoho for IT services. A competitive process had not been followed and a single-source supplier form was not completed. Total spend with this supplier in the period September 2023 to August 2024 was £39,608.</p> <p>We also examined supplier transactions not appearing to be listed on the contracts database. We identified 53/88 (60%) of these supplier transactions during the period September 2023 to August 2024 where the aggregate spend was over £20,000. We requested information on how four of these goods or services had been procured.</p> <p>For two suppliers we confirmed that the contract had been awarded to a single supplier without competition. The suppliers were Weber Rescue and Delta Fire where expenditure in the period totalled £22,593 and £46,559 respectively. Whilst the reason for using these suppliers was explained by the budget holder, these purchases were made without the completion of a single-source supplier form, and in the case of Delta, a business case.</p>	<p>a. All staff involved in procuring goods, works, and services must understand and comply with the Procurement Policy requirements in paragraph 31, as well as the tender thresholds outlined in the Financial Procedures, particularly in relation to single-source supplier engagements and business case approvals.</p> <p>b. Where exceptions to tendering apply, the written approval of the Procurement Manager must be obtained and a record of all occasions when these exemptions have been applied, should be reported annually to the Finances and Resources Committee, in line with the Financial Procedures.</p>	<p>Response</p> <p>a. The Procurement Policy is to be reissued and published on SharePoint with appropriate comms. A link to Financial Thresholds is to be put on the homepage of SharePoint.</p> <p>b. A single source supply log is being maintained and will be shared with Finance to report to F&R Committee as required.</p> <p>Date for implementation</p> <p>a. 28/02/2025 b. 31/03/2025</p> <p>Officer responsible for implementation</p> <p>a. Procurement Manager b. Head of Finance</p>

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>The Procurement Policy outlines that competitive procurement is the standard by which NFRS buys goods, works and services and a single source supplier may only be used in certain circumstances when a robust justifiable reason can be provided. In these situations the form should be completed and helps to justify the decision to award a contract without a competitive tendering process.</p> <p>Financial Procedures outline cases where an exemption applies to putting a contract out to tender. In such cases the written approval of the Procurement Manager must be obtained and a record of all occasions when these exemptions have been applied should be reported annually to the Finances and Resources Committee. We have been advised that no exemptions have been reported to the Committee in the last year.</p> <p>Risk: Lack of transparency. Accusations of favouritism and non-compliance. Value for money may not be achieved.</p>		

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>Priority 2 areas (Desirable for effective governance, risk management and internal control, should implement recommendations to improve existing arrangements)</p>		
<p>2. Financial Regulations and Procedures NFRS procurement activity should be undertaken in compliance with the NFRS Financial Regulations, Financial Procedures and current legislation. The financial thresholds, contract award and documentation requirements were revised in July 2023, along with the Procurement Strategy and Policy in 2024. However, the thresholds and other tender requirements set out in the Financial Procedures have not been updated since 2011 and do not reflect current practises and changes in legislation.</p> <p>Management have recognised this and are currently in the process of updating the Financial Regulations and Procedures. Meanwhile, however, the revised thresholds are not very prominently publicised on the intranet or in SharePoint, so could be overlooked.</p> <p>Risk: Misunderstanding and non-compliance with procurement regulations, policies and procedures.</p>	<p>Until the revised Financial Procedures are finalised, the approved 2023 procurement thresholds and requirements, should be highlighted for all budget holders and purchasing staff to ensure compliance. One effective way to do this could be by placing them in a prominent location, such as a tile on SharePoint, where they are more likely to be noticed.</p>	<p>Response A link to Financial Regulations and thresholds to be added to SharePoint home page.</p> <p>Date for implementation 31/03/2025</p> <p>Officer responsible for implementation Assistant Head of Finance</p>

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>3. Contract Register In accordance with the Local Government Transparency Code 2014, there is a requirement to publish details of every invitation to tender for contracts where the value exceeds £5,000.</p> <p>The Procurement Strategy, Section 6 outlines the need to maintain and publish the NFRS Contracts Register. The Financial Procedures outline procurement thresholds and the form of contract required. However, there is no guidance within these documents on what minimum value applies for inclusion in the contracts register.</p> <p>As previously identified as part of the Contract Management Audit, as well as our analysis of expenditure for this audit, many contracts entered into outside of the Procurement Team are not listed on the Contract Register. This includes many suppliers where the annual spend is in excess of £20,000.</p> <p>Risk: Non-compliance with the Transparency Code, procurement legislation, regulations and policy.</p>	<p>The Procurement Policy and Financial Procedures should clearly specify that contracts valued over £5,000 must be notified to the Procurement Team for inclusion on the Contracts Register.</p> <p>It is noted that the prior audit action in relation to the updating of the Contract Register is in progress so no further recommendation is made.</p>	<p>Response Procurement Policy is to be reviewed and updated to reflect this.</p> <p>Date for implementation 31/03/2025</p> <p>Officer responsible for implementation Procurement Manager</p>

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>4. Procurement Planning for New and Expiring Contracts The Procurement Act 2023 will require organisations to maintain up-to-date contract registers and conduct reviews to identify planned procurement activities for the next 18 months, ensuring appropriate supply arrangements are in place. It is understood that NFRS plans to manage its procurement activities using the Pipeline module in In-Tend. At present, contracts set to expire are listed on a spreadsheet, but the information recorded is limited.</p> <p>We examined the contracts database (September 2024) and identified 20/76 contracts which were due to expire in the period October 2024 - March 2025.</p> <p>We also note that there are nine contracts which had been extended rather than re-procured. The annual spend on these contracts was just under £1m.</p> <p>Forward tender planning is crucial for a number of reasons, and it often offers significant advantages over the practice of continuously extending procurement contracts when they come to an end.</p> <p>We recognise that training on the In-Tend module is underway and will enable the effective use of the Pipeline module.</p> <p>Risk: Higher cost and missed opportunity to explore better alternatives.</p>	<p>As the contracts database is updated and Procurement staff receive the Pipeline module training, all expiring contracts should be identified to facilitate proper forward planning.</p>	<p>Response</p> <p>The pipeline spreadsheet is being developed and a Pipeline module has been procured through In-Tend to ensure the process is as efficient as possible. This will be an on-going task.</p> <p>Date for implementation Ongoing</p> <p>Officer responsible for implementation Procurement Manager</p>

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>5. Electronic Procurement</p> <p>The Procurement Policy states that e-procurement software be used as a method of procurement except where:</p> <ul style="list-style-type: none"> - It is one-off or infrequent purchase of low value, including procurement card purchases and petty cash - Where a single source supply has been approved - Where other e-procurements are used such as frameworks <p>Although there are mechanisms in place to facilitate a compliant e-tendering process to be followed, there is significant procurement activity which is undertaken outside of the Procurement Team and it is not possible to provide assurance that these procurements are compliant with the Procurement Policy.</p> <p>When non-compliance is identified, such as purchases made without obtaining quotes, we are informed that a record is kept within Finance. While we have not reviewed this record, it suggests that advice from the Procurement Team is not always sought for major purchases.</p> <p>Under UK Public Procurement Regulations, purchases over £25,000 generally require the contracting authority to publish details of the contract opportunity on Contracts Finder.</p> <p>Risk: Lack of transparency and value for money being achieved.</p>	<ol style="list-style-type: none"> a. In accordance with section 32 of the Procurement Policy, staff need to use e-procurement software as a method of procurement unless an exception outlined in the policy applies. b. Consideration should be given to establishing a procurement limit above which consultation with the Procurement Team is required to ensure compliance with the Procurement Policy. In alignment with the Public Procurement Regulations, it is recommended that a threshold of £25,000 be implemented. 	<p>Response</p> <ol style="list-style-type: none"> a. We will issue comms to promote the Procurement Policy to staff and highlight the need to use In-Tend/electronic procurement. b. Agreed, the Procurement Team should be involved in all aggregated spend over £25,000. The requirement for staff to engage with the Procurement Team will be communicated to staff through comms and training. <p>Date for implementation</p> <ol style="list-style-type: none"> a. 31/03/2025 b. 31/03/2025 <p>Officer responsible for implementation</p> <ol style="list-style-type: none"> a. Procurement Manager b. Procurement Manager

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>6. Signed Contracts From our sampling of the contracts database outlined above, we also identified three contracts that had been uploaded but only included the signature of NFRS or the contractor. These included PRN004167, PRN004288 and PRN004306. The Procurement Manager was addressing these concerns to identify whether signed copies could be located and uploaded.</p> <p>Risk: There may be legal, financial or operational risks without a signed copy of the contract.</p>	<p>Checks for authorising signatures from both parties should ideally be made prior to the commencement of the contract.</p>	<p>Response It is the responsibility of the buying department to ensure the Procurement Team are engaged with, and have a contract signed appropriately and prior to the contract starting. Comms to be issued to align to the Procurement Policy.</p> <p>Date for implementation 31/03/2025</p> <p>Officer responsible for implementation Procurement Manager</p>

APPENDIX 1

Audit Finding	Recommendation	Management Response
<p>7. Staff Procurement Training</p> <p>Financial Procedures require that budget holders must record all actions taken to achieve best value, justify single source supply, ensure any framework conditions are complied with and take advice from the Procurement Department in relation to procurement activity.</p> <p>The Procurement Strategy section 6 states that NFRS will provide guidance and support to colleagues to ensure compliance.</p> <p>Whilst the Procurement Policy and Strategy are available for reference, there is no specific procurement training for staff involved in the procurement process, including new employees who have purchasing or budget management responsibilities.</p> <p>Risk: There may be a lack of understanding and non-adherence to Financial Procedures and the Procurement Policy. Best value may not be obtained and Financial Regulations may not be complied with.</p>	<p>Procurement training should be mandatory for new and existing budget holders and purchasing staff, particularly those that consistently fail to comply with procurement rules.</p>	<p>Response</p> <p>Targeted training for specific teams, tailored to the types of goods and services they purchase will be given to appropriate staff.</p> <p>Date for implementation 01/08/2025</p> <p>Officer responsible for implementation Procurement Manager</p>

APPENDIX 2

Contract Management Update

Priority 1 areas (Fundamental for effective governance, risk management and internal control, must implement recommendations to improve existing arrangements)		

APPENDIX 2

Contract Management Update

<p>1. Contract Register - Contract Managers</p> <p>It was identified that two of the contract managers listed in In-Tend for the three contracts examined no longer work for the Fire Service. However their names still appear on nine contracts on the register as the current contract manager.</p> <p>We were also advised that the OHU Manager was not aware that she was the contract manager for the OHU system until the audit and had not seen the business case put forward by previous colleagues.</p> <p>Neither the IT Manager nor the OHU Manager had seen the contract documentation until the time of the audit, and the OHU Manager has not seen a copy of the contract management policy.</p> <p>Risk: Lack of contract management and poor records maintenance.</p>	<ul style="list-style-type: none">a. A review of the Contract Register should be undertaken and where staff have left the organisation or are no longer working in their previous role, the Register should be amended to reflect the current contract manager.b. The Procurement Manager should have appropriate processes in place to identify when someone leaves or takes on the role as contract manager so that the database can be promptly updated.c. Newly assigned staff should receive a copy of any contracts which they are responsible for together with access to the contract management policy.	<p>Response</p> <p>Agreed</p> <p>Date for implementation</p> <p>April 2024</p> <p>Officer responsible for implementation</p> <p>Procurement Manager</p> <p>Update on recommendation</p> <p>Contract Register review has been completed and amendments made to remove persons no longer in service from said contracts. There are two contracts where confirmation is being sought to identify the correct responsible officer this is due to changes in staffing structures. - complete</p> <ul style="list-style-type: none">a. Leavers are identified when someone leaves the service via the Staters & Leavers on the informative. Reminders are then put into the Procurement Calendar to check for new contract ownership. - ongoingb. Procurement training is scheduled for the next Middle Managers session. This will include training
--	--	---

APPENDIX 2

Contract Management Update

		<p>on the contract management policy and will include a reminder to Mangers that contract owners should transfer & explain contracts to newly assigned staff. Meetings arranged in early 2025 with current and new NFRS budget holders to offer help / guidance and tools for contract management.</p> <p>Meetings have been booked in by the NFRS Contract Manager with NFRS Budget holders to highlight the importance of keeping the In-tend contract register up to date. Whilst offering help, support and tools to ensure they can manage their contract effectively and efficiently. NFRS Contract Manager has identified relevant contract management training (free via the Government commercial college) which could be rolled out to all NFRS budget holders and NFRS contract administrators. This will help with contract management and ensure that contracts deliver value for money to NFRS – this proposal will be submitted to Head of</p>
--	--	---

APPENDIX 2

Contract Management Update

		People and Organisational Development for consideration.

APPENDIX 2

Contract Management Update

<p>2. Maintaining Contract Information and Documentation in the In-Tend Database</p> <p>We were advised that the Procurement Team are not always consulted concerning goods and services being procured, potentially resulting in non-compliant routes of procurement, value for money not being achieved and incomplete data in the procurement database. Whilst we are advised that Managers are periodically asked to notify the Procurement Team of any contracts which are not listed in the database, we could not be assured that every contract is included.</p> <p>The Contract Management Policy section 27 stipulates that ' In all instances, electronic versions of contracts should be stored on the NFRS contract management database to ensure relevant ongoing contract management information and documentation is retained and managed.'</p> <p>The contract database was examined in relation to the three contracts being tested and we ascertained that only the OHU Software documentation was held in In-Tend, although we were advised that documentation for all three was available in SharePoint. The OHU Manager was not aware of the location of the contract prior to the audit.</p> <p>Risk: Best value may not be achieved due to inadequate oversight of contracts. Non-compliance with the Contract Management Policy concerning retention of data.</p>	<p>a. Procurement Team should carry out a review of transaction listings for expenditure to identify any large or repeat payments to the same supplier which indicate a potential contract may have been entered into. Following this, any contracts identified should be added to the database so that future procurements of these goods or service is done in a compliant way.</p> <p>b. A review of contracts held in SharePoint and other locations is undertaken and any contracts missing from the In-Tend database be uploaded.</p>	<p>Response Agreed</p> <p>Date for implementation April 2024</p> <p>Officer responsible for implementation Procurement Manager in consultation with SLT</p> <p>Update on recommendation Data sourcing & sorting has been performed to highlight areas of repetitive costs. This has then been issued to senior department heads/ budget holders in May 2024 for them to review and advise Procurement accordingly via Contract Summary Detail Forms. – This information has been updated and will be discussed with budget holders in meetings to see if repetitive spend can be aggregated into a contract rather than small spend</p> <p>a. To be actioned. – as above, this will be discussed at meetings now booked with</p>
--	---	--

APPENDIX 2

Contract Management Update

		<p>budget holders. Once contracts held by individuals are identified they will be added to In-tend as the central contracts register</p> <p>NFRS Contract Manager is working with NRS budget holders to get up to date, complete and signed copies of all the current contracts. These documents will be uploaded to In-tend (contract register) when received. Budget holders will also be given extra tools to ensure contract amendments are captured and uploaded to the register.</p>

APPENDIX 2

Contract Management Update

3. Contracts Register - Dates

(a) Sample of 3 contracts

A sample of three contracts (tabulated below) was reviewed as part of the audit. Several instances of inconsistencies between the dates shown on the contract and the dates held in the database were identified as indicated below:

Details	Per Contract	Per In-Tend	Errors found on In-Tend
Bristol Uniform Supply and Laundry Service PRN004108			
Start	17/2/20	1/2/20	Slight variance in date
End/contract length	16/1/28	31/1/28	As above
Expiry	16/1/28	31/1/28	As above
Extension end	16/1/28	31/1/20	Pre-dates contract
Re-tender Reminder	N/a	17/1/19	Pre-dates contract
Bytes Software Services (Microsoft Framework) PRN004375			
Start	1/4/20	1/4/20	
End/contract length	31/3/23	31/3/24	Shows contract period correctly as 36 months, but end date after 48 months
Expiry	31/3/23	31/3/24	Variance of one year
Extension end	Unknown	18/8/20	Extension date should be after expiry
Re-tender Reminder	N/a	18/8/21	This is 3 years before contract ends
Civica Occupational Health Software PRN004398			
Start	Started Nov	2/1/22	2 months variance in

a. Contract dates for the three contracts sampled should be checked and amended in the contract register to ensure they are consistent with the dates set out and agreed in the contract. This applies to:

- start date
- end/contract length
- expiry date
- extension end date
- re-tender reminder dates.

b. A review of all current contracts on the contracts register should be undertaken with checks made to ensure that all have the correct start and end dates and contract period.

Response

Agreed

Date for implementation

April 2024

Officer responsible for implementation

Procurement Manager

Update on recommendation

a. and b.

This has been undertaken and errors removed. - **complete**

Numerous contracts on the register that have been extended (in line with the initial procurement) and needed the dates to be altered, this has been completed. Going forward NFRS are looking to give budget holders more access to update the In-tend system (this could be contract extension dates, contract amendments etc), to ensure there is no bottleneck within the Procurement team who currently do this.

APPENDIX 2

Contract Management Update

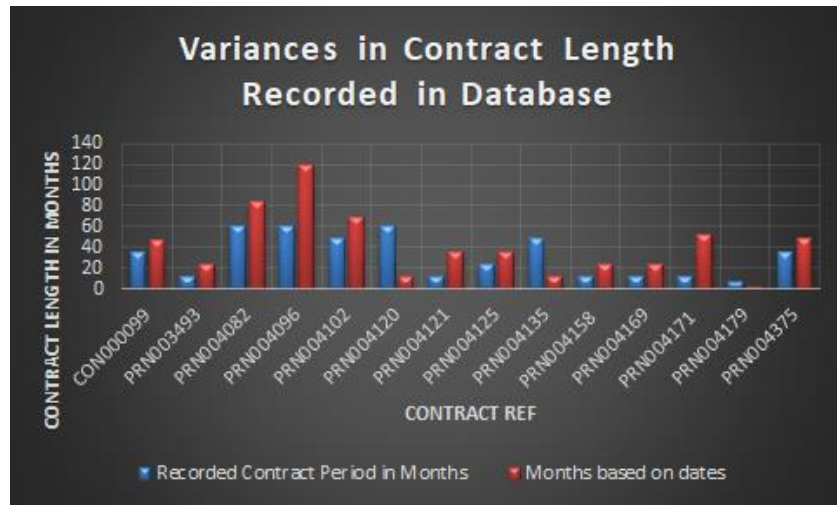
	2022		start date		
End/contract length	31/3/23	11/1/24	Variance of one year		
Expiry	31/3/23	31/3/24	As above		
Extension end	Nov 2026	15/6/25	Incorrect date		
Re-tender Reminder	N/a	18/8/21	Pre-dates the contract start date		

APPENDIX 2

Contract Management Update

(b) All contracts - Start and End Dates

For the 77 contracts listed on the contract register, 22 had variances in terms of the start and end date compared to the contract length recorded. For example, a difference between the start and end date of 24 months but a contract length of 36 months. 14 of these had a variance of more than 6 months in contract length. One of the contracts had a listed length of 6,000 months. Excluding this and any contracts with less than 6 months difference, the following 14 variances were identified:



Risk: Contracts may expire with insufficient notice to re-tender which may lead to unscheduled contract extension and poor value for money.

APPENDIX 2

Contract Management Update

<p>4. Managing Relationships and Performance with Suppliers – Occupational Health Unit Software</p> <p>The Contract Management Policy section 36 says that contract managers should ensure that there are regular communication routes open with the supplier, to highlight any failings or exceptional performance with the delivery of the contract.</p> <p>The OHU Manager has advised that although she has found a key person who she contacts with issues, no regular performance meetings are taking place. Also, the supplier contact is only familiar with the generic system. As the system has been customised to the Fire Service’s specific requirements, and the project developer is no longer available, the bespoke elements are unsupported.</p> <p>The business case reasoning put forward for the development of the OHU software system included:</p> <ul style="list-style-type: none">• The old system being difficult to navigate• The old cohort records uploaded not being searchable• The system not being compatible with the current medical equipment in use at NFRS• Inability to report on service usage to identify trends or highlight areas of concern (e.g. mental health cases) <p>Since the installation, it has become evident that there are functionality issues, particularly with bespoke elements. The system is difficult to navigate, 3 out of 4 current staff have received no training, the old cohort records were scanned and attached as opposed to being uploaded and searchable, the added functionality in relation to compatibility with medical equipment is not operating and the reporting facility is inadequate.</p>	<p>a. All Contract Managers should be reminded that regular contract management meetings should be held with their contractor.</p> <p>b. A review of deliverables as per the agreed project scope for the OHU software should be undertaken by Management, including those originally involved in the procurement and those currently responsible for the contract.</p> <p>c. Regular meetings should be established between OHU management and Civica management to agree actions required and discuss progress against agreed deliverables and full functionality of the system against the specification.</p>	<p>Response Agreed</p> <p>Date for implementation April 2024</p> <p>Officer responsible for implementation Procurement Manager & Head of People and Organisational Development</p> <p>Update on recommendation a. and c. Procurement training is scheduled for the next Middle Managers session. This will include training on the contract management policy.</p> <p>Further contract management training will be rolled out to contract managers – this has been identified and will be submitted to relevant SLT member for consideration</p> <p>NFRS Contract Manager is working with OHU, and part of this will be a</p>
--	--	---

APPENDIX 2

Contract Management Update

<p>Risk: Inadequate arrangements in place to enable contract performance issues to be addressed.</p>		<p>contract management pack (also being issued to other NFRS budget holders) complete with contract management tools to guarantee future contracts achieve value for money and adhere to regulations.</p>

APPENDIX 2

Contract Management Update

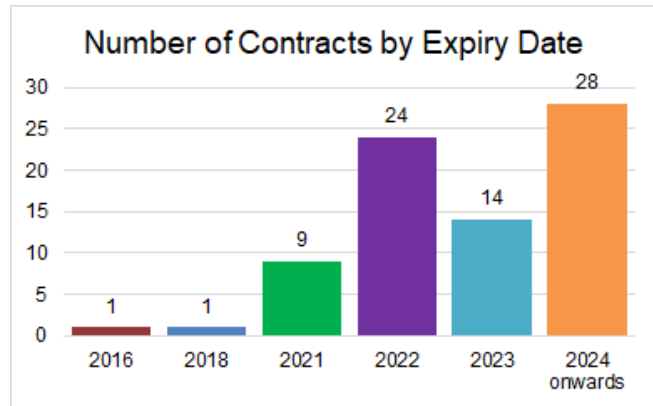
Priority 2 areas (Desirable for effective governance, risk management and internal control, should implement recommendations to improve existing arrangements)		

APPENDIX 2

Contract Management Update

5. Contracts Register - Out of Date Contracts

It was observed that the Contracts Register as at the end of June 2023 and also the transparency data published on the Fire Authority's website, which should show all current contracts, includes a large number of contracts that appear to have expired between 2016 and 2022. See table below. Also, 9 of the 14 contracts with an expiry date in 2023 had expired prior to the end of June 2023 when the transparency data was published.



Risk: The published transparency data may be out of date or the dates recorded in the contract register are incorrect or elements of both.

In accordance with the Transparency Code, the transparency report should be amended to only include contracts which are applicable for the period being reported upon.

Response

Agreed

Date for implementation

April 2024

Officer responsible for implementation

Procurement Manager

Update on recommendation

The report that generates the transparency data has now been amended to ensure only current contracts are shown. - **complete**

NFRS Contract Manager has completed this action and will carry out and check on a regular basis going forward. All expired contracts have been 'archived' and new contracts added within the contract register, including dates and spend information.

APPENDIX 2

Contract Management Update

<p>6. Lessons Learnt Log</p> <p>Para 18 of Contract Management Policy says: 'Knowledge management, key capturing of data and lessons learnt should be embedded within the contract management process.'</p> <p>Whilst we confirmed that records and correspondence are maintained for all contracts sampled, a lessons learnt log is only maintained for the Bristol Uniforms contract. This shows the issues and what actions have been taken or need to be taken to prevent a recurrence. This process allows remedial action to be taken during the life of a contract and also when the contract comes up for re-tendering. However, a log is not maintained for the OHU and Microsoft contracts.</p> <p>Risk: Appropriate remedial actions are not taken during the course of the contract or issues may not be flagged and remain unresolved.</p>	<p>Contract Managers should be encouraged to maintain a log to capture any issues identified during the contract.</p>	<p>Response Agreed</p> <p>Date for implementation April 2024</p> <p>Officer responsible for implementation Procurement Manager</p> <p>Update on recommendation a. b. and c. Procurement training is scheduled for the next Middle Managers session. This will include training on the contract management policy.</p> <p>Further contract management training will be rolled out to contract managers. – this has been identified and will be submitted to relevant SLT member for consideration</p> <p>This will be reiterated through the NFRS Contract Manager meeting with budget holders and is part of the contract management pack (these will</p>
---	---	---

APPENDIX 2

Contract Management Update

		also include tools for contract admins to use), by using a standard log NFRS will be able to use the information gathered to improve future contracts.