

## APPENDIX B

### Post Contract Appraisal 2016/17 Worcestershire Internal Audit Shared Service

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>Position as at 5<sup>th</sup> March 2018 1<sup>st</sup> Follow up</u>	<u>Update September 2020</u>
4.1 H	<p><b>Performance Measures</b></p> <p>All contracts must include a meaningful set of measures that will allow contract performance to be effectively monitored.</p>	<p><b>Accepted</b></p> <p>As a starting point we will review all larger contracts to provide an assurance that where performance measures are included then they are monitored</p> <p>All new contracts will include meaningful performance measures and these will be monitored in conjunction with meetings scheduled with the contractor.</p> <p><b>Responsible Manager(s):</b></p> <p>Senior Contracts Manager Housing Property Services Manager Head of Environmental Services</p> <p><b>Implementation Date</b></p>	<p><b>Implemented</b></p> <p><b>Housing</b></p> <p>The Senior Contracts Manager will act as the Contracts Administrator on all contracts to ensure that all contracts are adequately administered and managed. All procurement contracts on Housing Property Contracts will now be underlined by signed contracts from the Joint Contracts Tribunal (JCT) suite of contracts. The Senior Contracts Manager along with the Team Leader – Contracts &amp; Commercial will review all contracts before they are signed as per the delegated authorities within the Council.</p> <p>Recorded contractor monitoring meetings will be maintained along</p>	<p><b>Implemented.</b></p> <p>Senior Contracts Manager has been named as Contracts Administrator on all new contracts that have been procured for Housing Property.</p> <p>These are as follows:</p> <p>R&amp;M Contract - AXIS Voids Contract – NOVUS Voids Contract – CLC Electrical Contract – Ortons Fire Safety – Fire Safe Asbestos Removal – EAS Asbestos Surveying – TERSUS Building Consultancy – RIDGE Fire Works – VENTRO</p> <p>All contracts have key measures built in to the contract documents and all contracts are from the JCT</p>

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		31 <sup>st</sup> May 2017	<p>with post inspections, to adequately manage and review performance measures</p> <p><b>Environmental Services</b></p> <p>See comments in 4.4</p>	<p>contract suite.</p> <p>Housing can utilise the Due North system to manage contracts, at present this is not being used.</p> <p>Use of frameworks provides robust performance measure mechanisms. Checks needed to ensure these are appropriately monitored and used.</p> <p><b>COMPLETE</b></p>
4.2 H	<p><b>Works Orders</b></p> <p>Orders for work should clearly state what is required together with measurements/quantities i.e. a clear schedule of requirement in regard to the job.</p>	<p><b>Accepted</b></p> <p>Works carried out under the Roofing Renewals contract are subject to pre-measurement. A post inspection process is also in place and this will identify non adherence to the procedures.</p> <p><b>Responsible Managers:</b></p> <p>Senior Contracts Manager Housing Property Services Manager Head of Environmental Services</p> <p><b>Implementation Date:</b></p>	<p><b>In Progress</b></p> <p>All new procurement of contracts are issued from the outset with a detailed specification and general condition of works to ensure that quality is not compromised. The contracts also have schedule of rates that are broken down into quantities of measurement to ensure that the costs are better understood and can be assessed more easily on contracts.</p> <p>Pre site meetings will be held with contractors to confirm the exact measurement and quantities of works are agreed prior to any works</p>	<p><b>Implemented</b></p> <p>All major works have pre inspections which are carried out jointly with RBC and the contractor.</p> <p>Detailed works are confirmed with a list of schedule of rates for each contract.</p> <p>Pre contract meetings are held with all parties concerned including Housing locality to ensure that there is sound understanding of the project and its purpose.</p> <p>Detailed schedule of rates are used on each contract along with a</p>

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			<p>starting on site.</p> <p>The contracts also have cost performance measures built in which will allow robust monitoring</p>	<p>detailed specification and measures of works.</p> <p>In order to ensure consistency across all contract the Nat Fed Schedule of rates is used which are industry standard.</p> <p>Consideration of use of the PFH Account card to log orders against operator to provide transparency</p> <p>Housing also need to include framework details on all orders to contractors used via a framework.</p> <p><b>COMPLETE</b></p>
	4.3 H	<p><b>Variation Orders</b></p> <p>All variations to the contract must be confirmed in writing with the contractor.</p>	<p><b>Accepted</b></p> <p>All staff involved in contract management have been instructed to confirm contract variations in writing.</p> <p><b>Responsible Manager:</b></p> <p>Senior Contracts Manager Housing Property Services Manager Head of Environmental Services</p>	<p><b>In Progress</b></p> <p>The new manager now responsible for this is the Senior Contracts Manager. All works are now assessed prior to any works starting on site and detailed schedule of rates are provided by the contractor</p> <p>Joint visits are conducted prior to any works starting with the contractor and the surveyors to</p>

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		<p><b>Implementation Date:</b></p>	<p>assess the full extent of works required and confirm the rates to be applied.</p> <p>Any variances on the contract are agreed at stage of identification and signed off on site by the surveyor and then approved by the Senior Contracts Manager prior to the works being varied on the contract. This is then followed up by an email to the contractor and details recorded against the contract to allow for future auditing.</p> <p>All variances are discussed as a performance measure as part of the contract management processes and recorded.</p>	<p>submitted by the contractor prior to any invoice being received. The costs are then cross referenced against the original tender sum and site visits carried out to confirm the works that have been completed. These are signed off by the surveyor(s) and certification checked to confirm it has been received. Once this is approved then this is sent to the Senior contract manager for approval where the information is checked again. Once this process is approved then the contractor is asked to submit their invoice</p> <p><b>COMPLETE</b></p>
	4.4 H	<p><b>Contractor Meetings</b></p> <p>Whilst accepting that some contracts will lend themselves to more regularised meetings all contracts should include planned meeting frequencies (e.g. monthly, quarterly, six monthly) to ensure performance is effectively monitored.</p>	<p><b>Accepted</b></p> <p><b>Environmental Services</b></p> <p>In instances where there are no scheduled meetings e.g. Drain Clearance, there is regular contact with the contractor and a review of his work. However for all contracts there should be at least a minimum of an annual meeting to review performance and contract administrators will be asked to do</p>	<p><b>Implemented</b></p> <p><b>Environmental Services</b></p> <p>Drain Clearance contract to be re tendered mid 2018 &amp; this will be included in the contract documentation – in this case a minimum of an annual formal meeting.</p> <p>Minor Civil Engineering contract is in</p>

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	<p>All meetings should be minuted with action points agreed and, where appropriate, contractors held to account.</p>	<p>this.</p> <p>All new contracts will stipulate the meeting frequency in the documentation.</p> <p><b>Responsible Manager:</b> Senior Contracts Manager Head of Environmental Services</p> <p><b>Implementation date:</b></p>	<p>progress. The tender documents have been prepared &amp; passed to the Procurement Officer for review. Internal Audit have reviewed the documents &amp; confirm that arrangements appear to be sound with the following appearing to be well covered</p> <ul style="list-style-type: none"> <li>- Tendered rates based on measurements, quantities</li> <li>- Specifications of materials, type measurement etc.</li> <li>- Subcontracting requirements included</li> <li>- Insurance</li> <li>- Planned contractor meetings together with specimen agenda.</li> </ul> <p>Seven number specific Performance Indicators have been included within Minor Civil Engineering and Ancillary Work Contract, and similarly within all future Contracts. These Performance Indicators will be analysed on a three month basis with the Contractor.</p> <p>See also 4.7</p>	<p>contract with current contractors for 12 months up until 31/3/20</p> <p>The Senior Contracts Manager will be procuring a new contract which will be completed by the end of this financial year with a start date of the 1<sup>st</sup> April 2020.</p> <p><b>Implemented</b></p> <p>As part of better contract management regular meetings (weekly/Monthly) have been set up with the contractor.</p> <p>These are held by either the surveyors or Senior Contracts Manager.</p> <p>The meetings discuss the following</p> <p>Progress on works Variances Payments</p> <p>Health &amp; safety</p> <p>Customer satisfaction</p> <p>Project Plan</p>

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		<p><b>Housing Services</b></p> <p>Regular meetings are now held with contractors. The Housing Capital &amp; Repairs Maintenance Operations Manager is included in the circulation list for minutes and these are retained on the shared network drive.</p> <p><b>Responsible Manager:</b></p> <p>Housing Capital &amp; Repairs Maintenance Operations Manager</p> <p><b>Implementation Date:</b></p> <p><b>30<sup>th</sup> April 2017</b></p>	<p><b>Housing Services</b></p> <p><b>Housing Services (update)</b></p> <p>Regular meetings set up for any new contracts</p>	<p>All meetings are recorded and minutes circulated to all parties</p> <p>New PfH contracts with scheduled monthly/2 weekly meetings to monitor performance.</p> <p><b>COMPLETED</b></p> <p><b>COMPLETED</b></p>
4.5 H	<p><b>Contractor Payments</b></p> <p>Payment terms to be in accordance with the contract and any variation investigated prior to payment.</p>		<p><b>Implemented</b></p> <p>Contractor payments are made in accordance with the signed contracts we have with the new contractors. All costs are verified prior to payment by the relevant managers.</p> <p>See section 4.3</p>	<p><b>Implemented</b></p> <p>No variances are agreed or approved without a detailed reason and subsequent site visit or report and photographs.</p> <p>See section 4,3 of this report</p> <p><b>COMPLETE</b></p>

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4.6 H	<p><b>Tender Evaluation</b></p> <p>Tender evaluation processes should be observed to maintain transparency in the process</p>	<p><b>Accepted</b></p> <p>Tender evaluation matrices must be completed to confirm that the contract award has been made in accordance with the award criteria.</p> <p>All officers involved with contract evaluation will be reminded of the need to follow this process.</p> <p><b>Responsible Manager:</b></p> <p>Head of Environmental Services</p> <p><b>Implementation Date</b></p>	<p><b>Implemented</b></p> <p>Confirmed that no further contracts relating to Stores &amp; Supplies have been let &amp; so this situation has not arising.</p> <p>The situation is the same within Stores, no contracts have been let however discussions are underway with Procurement to look at suitable frameworks for up and coming contracts. Stores Team Leader is aware of the need to undertake a full tender evaluation.</p>	<p>Procurement monitoring / checking scoring prior to award.</p> <p>No Tendered Contracts relating to Stores have been let in the last year, however there are some due this financial year.</p> <p>Update</p> <p>Contract relating to the supply of Stores Stock is currently being procured via a frame work agreement with the assistance of the procurement team.</p> <p>New stores contracts signed and will be fully implemented by 1<sup>st</sup> February 2020.</p> <p><b>Complete</b></p>

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4.7 M	<p><b>Contractors Insurance</b></p> <p>A checklist is devised for each contract to ensure the contract monitoring covers all aspects when it relates to renewables e.g. insurance and that products remain up to specification and standard.</p>	<p><b>Accepted</b></p> <p><b>Housing Services</b></p> <p>This is now in place for our Capital contracts and reviews are scheduled to be carried out as part of the frequent meetings with the contractors. Evidence is retained on the shared network drive.</p> <p><b>Responsible Manager:</b></p> <p>Senior Contracts Manager</p> <p><b>Implementation date:</b></p> <p><b>30<sup>th</sup> April 2018</b></p> <p><b>Environmental Services</b></p> <p>Contract Administrators will be asked to set up diary dates to review insurance and to retain</p>	<p><b>Implemented</b></p> <p><b>Housing Services</b> Implemented on 30<sup>th</sup> April 2018</p> <p>There is a procurement checklist that has been devised by the Procurement Officer which ensures that all contractors who are awarded contracts have the necessary pre qualification information current and relevant.</p> <p>All contracts awarded through frameworks have this information for all contractors on the framework and this is managed and collected by the relevant framework providers. Furthermore this information is also detailed in the JCT contracts and copies are stored on the server for future auditing purposes.</p> <p>This process is the responsibility of the Senior Contracts Manager and managed by the relevant Managers and Surveyors</p> <p><b>Environmental Services</b> 16 April 2018</p>	<p>Contractors asked to confirm that required insurances in place – checking documents is contract manager function.</p> <p>Use of frameworks provides means of standard insurance requirements pre checked by framework provider.</p> <p>IMPLEMENTED</p> <p><b>Complete</b></p>



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		<p>evidence.</p> <p><b>Responsible Manger:</b> Head of Environmental Services</p> <p><b>Implementation Date:</b> 31<sup>st</sup> May 2017</p>	<p>Contract documents now include this item as one of the specific Performance Indicators reviewed every three months.</p> <p>The revised Contract Procedure Rules also include a requirement to confirm that insurance remains in place throughout the life of the contract. Both Training on the revised CPR's &amp; contract management have been delivered with mop up sessions available</p>	
4.8 M	<p><b>Contract Documents</b></p> <p>The Contract Procedure Rules should be followed regarding the retention of signed contracts.</p>	<p><b>Accepted</b></p> <p>All staff will be advised to ensure that signed contract documents meeting this criterion will be passed to Legal Services for safe keeping.</p> <p>However to assist in this process, it is important that all procedures relating to contracts are readily and easily available to staff</p> <p><b>Responsible Manager:</b></p> <p>Head of Environmental Services Senior Contracts Manager Housing Property Services Manager</p>	<p><b>In progress</b></p> <p>All new contracts will be advertised using DUENORTH. This application will also be used for Contracts Management and the retention of all related document.</p> <p>Tracking &amp; tracing 'old' documents remains in progress and this is reported in the Housing Capital Programme audit follow up.</p>	<p><b>Implemented and Ongoing</b></p> <p>All contracts within the Capital and Compliance Team have been drawn up and signed as per the council's standing orders.</p> <p>Original copies are sent to legal and a scanned copy is sent to the team members.</p> <p>Contract management area of Due North not fully utilised.</p> <p>Tracking and tracing of old documents less relevant as contracts re-procured.</p> <p><b>Complete</b></p>

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		Implementation date: 31 <sup>st</sup> May 2017		

## APPENDIX A

### Definition of Priority of Recommendations

<b>Priority</b>	<b>Definition</b>
<b>H</b>	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.  Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
<b>M</b>	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.  Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
<b>L</b>	Control weakness that has a low impact upon the achievement of key system, function or process objectives.  Implementation of the agreed recommendation is desirable as it will improve overall control within the system.