



Strategic Procurement and Supplier Relations Service

Audit Committee Update 22nd March 2021

Update on Contract Management



Objective:

To provide the following:

1. Summary of audit actions in relation to contract management
2. Summary of the transition of the Procurement Service into the Strategic Procurement and Supplier Relations Service
3. Development of Contract Management Framework and selection of Contract Management System
4. Promotion of our service, the new rules and implementation of the new system across the organisation

Confirm that the Committee is comfortable that the progress to date and solutions presented meet the needs of the organisation.



1. Summary of key Internal Audit actions in relation to contract management

Contract Management - Renewals and Awards

Date: 21 February 2018

‘Pro-Contract’ requires every contract to have an allocated Contract Manager and Contract Review Date. Although the allocation of Contract Managers has recently been reviewed the **information held on the system is not 100% accurate.**

Procurement ‘off contract’ spend 2019/20

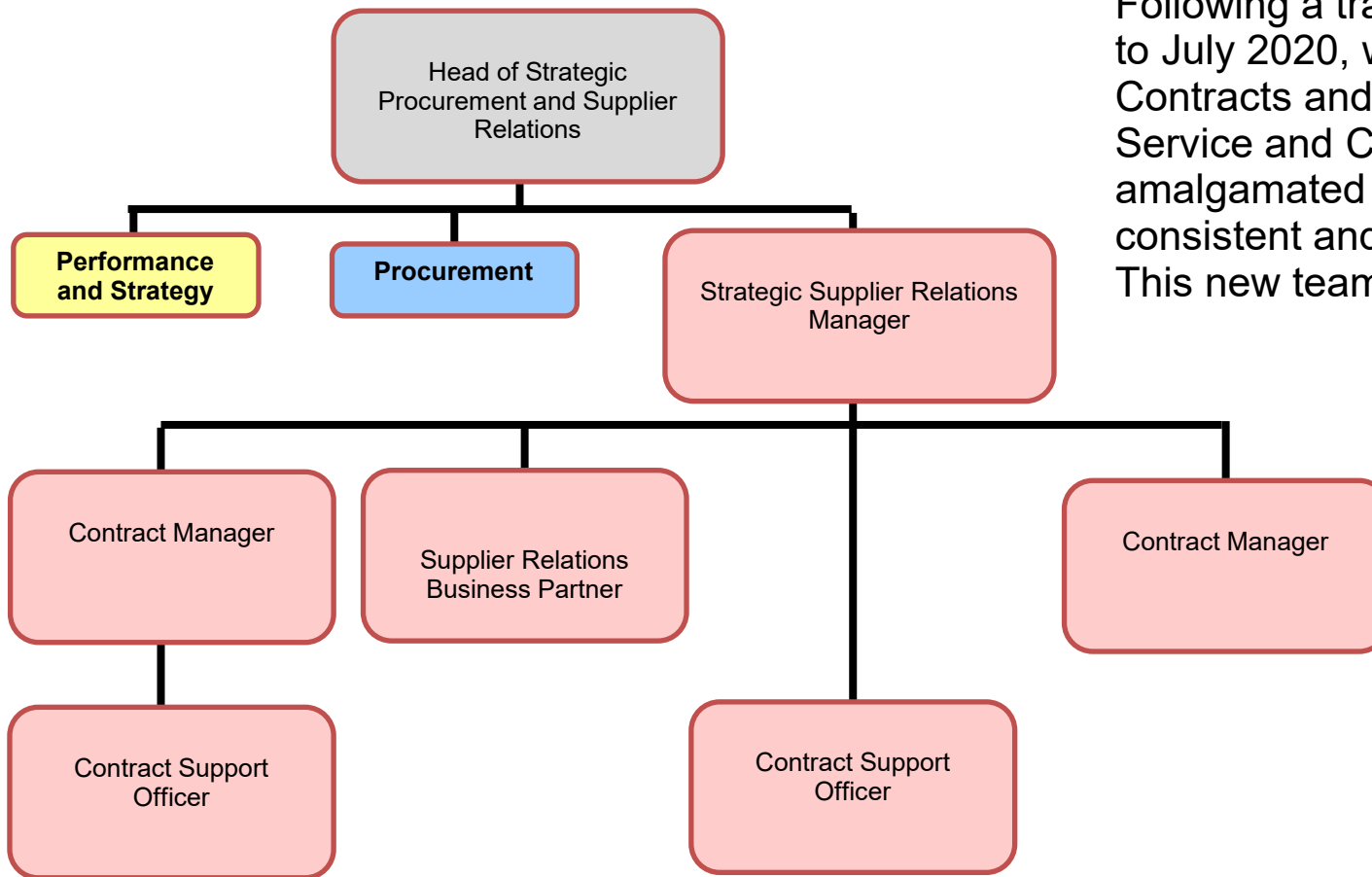
Date 30th August 2019

A process for early identification of probable “off contract” spend at the requisition stage should be set up, particularly around suppliers where there has been previous non-compliance.



2. Summary of the transition of the Procurement Service into the Strategic Procurement and Supplier Relations Service

Following a transition period between Sep 2019 to July 2020, which merged the former IT Contracts and Supplier Relations Management Service and Corporate Procurement has seen amalgamated service was designed to ensure consistent and effective contract management. This new team is structured is as set out:

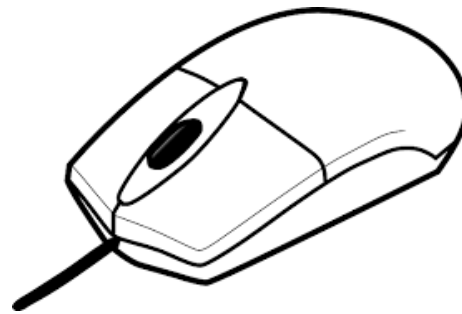


Progress since July

Stakeholder Engagement



Systems Review



Classification & Activities List



3. Development of Contract Management Framework and selection of Contract Management System

Work so far...

- Hosted a number of stakeholder engagement sessions with over 100 contract managers across the organisation, to better understand the current position on contract management and the needs of the organisation.
- Development of a contract grading tool, to ensure a proportional contract management requirement for various grades of contract.
- Development of a comprehensive task and activities list to ensure consistency in approach and robust control measures in place.
- Identification of functional system requirement, options appraisal and solution selection for new corporate contract management system.

Work supported with appointed strategic partner to assist with development of a contract management framework



Stakeholder Engagement

Engagement with over 100 internal key staff



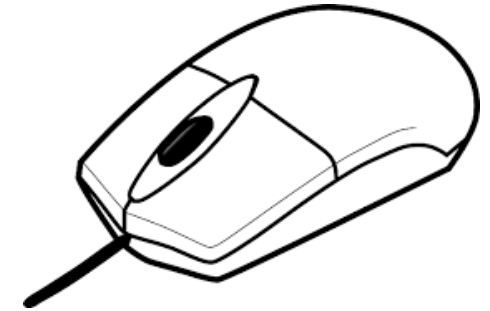
Do you use a system to manage your contracts?

Do you use a tool or method to classify your contracts?

Do you have any common activities or reporting methods?



Systems Review Requirements



Requirement	Justification	Importan
Admin		1 = Low 2 = Mediu m 3 = High
Basic contract information required by the Local Government Transparency Code E.g. Title, start date, end date and the ability to upload and store documents	The following information is required: Contract reference Repository for all contract documents	3
Automatic reminders	Triggers and alerts for key contract milestones, such as review points, break clauses, and termination	3
Provider details e.g. Supplier type		2
The ability to track contract variations	Detail of contract variations and issues	2
The ability to show Savings	Demonstrate savings achieved against a contract	2
Alert Notifications	Ability for users to be alerted to important reminders and schedule reminders and Specific reports that can be customised e.g. Contracts due to expire in 6 months, contracts by classification etc. Original estimated contract value VS final amount paid	3
Report building		3
Create a unique ID for each contract/ supplier		3
Summary page for the project and a dashboard for managers	Provide a snapshot of where the project is in terms of cost to date against a target, programme dates, etc. There's a need for a summary page for a manager's outstanding actions and their timescales to have a comprehensive overview and manage priorities	3
Notification of Compensation Events (NCE)		2
Notification of Early Warnings		2
General Communication with the supplier	Ability to direct interface with supplier representative around key contract interactions via the system	3
Read/write access permissions	Admins can set read/write access permissions	2
Authorised users	System must only allow authorised users to access data and input/amend and delete	2
Setting access permissions	System allows managers/admins to set individual access permissions on basis of need	2
Adding extension automatically updates the Contract Expiry	Adding an extension will automatically update the Contract Expiry Date field	3
Changes to Live Spend fields updates other spend field totals	Adds values input on the Live Spend Update to the Actual Contractual, Financial Year Spend and Total Value fields	2
Adding Exemption Expiry Date automatically updates Contract End Date field	The system will update Contract End Date when the Exemption Expiry Date is added.	3
Total value of exemptions	Field for Total Value of Exemptions over the life of the contract	3
Adding data to Value of Exemptions field changes Total Value of Exemptions.		3
Upload of previous records	Upload of previous excel records into the system	2
Notification of Expiry of documents and certification	Specific notifications on documents within a contract i.e insurance, SSIP, relevant	3
Archiving function	The system maintains an archive record of contracts that are no longer current.	3
Governance		
Audit Trail of decisions made and dialogue with the provider	A record of all decisions and conversations.	3
Key staff details	To ensure correct individuals can be contacted when necessary	2
Team Structures/ hierarchies	The ability to search and group by team, as well as limit view and edit rights based on an individual's role	2
Contract Payment Terms	Summarised payment terms	3
Directorate details and ultimate responsibility	A way to filter by BCC directorates e.g. Strategic Commissioning – Adult Social Care, to quickly find the contracts link to each area of the business	3
Active Status	All contracts must go through a tiering process based on risk and value, this will provide the contract with a tier or rating which will need to be captured.	3
Contract Classification	Ability to capture classification	3
Alerts for managers	If tasks are not completed, then this is escalated through a set hierarchy based on team structures	3
Ordering and Tracking	An audit trail for orders from frameworks	3
Key decision information	Custom fields required to show contract approval history e.g. Approval at boards including Commissioning, Cabinet Budget, award reports	3
Manage work orders to the suppliers on a framework	Create/Allocate/ Manage the Work Orders to suppliers on frameworks	3
Create and manage work orders with the client and the suppliers		3
Project/ Contract Managers Instructions	The ability to quickly raise and manage these forms such as Early Warnings, defect	2

Evaluated Existing Systems

- Salesforce
- CX
- Confirm
- Firefly

Evaluated New Systems

- Proactis
- Atamis

Identified 75 must have features & functional requirements for our system of choice

3. Development of Contract Management Framework and selection of Contract Management System

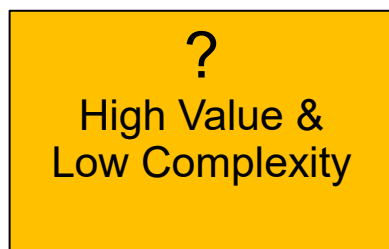
Work still to be completed

- Sign off and implementation of contract management system at Corporate Leadership Board
- Sign off and implementation of contract management framework, incorporating rules and procedures at Corporate Leadership Board and Project Board
- Development of communications and training plan, to ensure those responsible for management of outside suppliers have the knowledge, skill and experience to manage contracts
- Implementation of contract management newsletters, drop-in sessions, escalation procedures and point of contact meetings
- Agree automated reporting regime on contract status, for heads of service, directors and whole organisation levels

Indicative timeframe May 2021 for full launch of Contract Management System – subject to confirming final decision on systems equality access requirements



Emerging Contract Classification



- **Routine** – Supply of non critical goods
- **Operational** – Non critical system contracts or services contracts
- **Critical** – Unique suppliers or sensitive or statutory services
- **Strategic** – Suppliers of statutory services in high value agreements in excess of £3m pa

- Proposal to classify and place all our contracts into 4 main groups
- Each group will be subject to a different level of tasks and activities, proportionate to that contract
- Contract management performance will be measured and reported



Classification



Risk Factors

Completed By:	Jack Smith
Supplier Name:	Framework
Directorate / Service Area:	Resources
Contract for:	Print
Annual Contract Value:	£500,000
Overall Risk %	44%

How critical are these goods / services?	Factors							Care Factors			Result	Risk %
	Statutory / Discretionary	Customer Facing	Political Impact	In the Service Plan / Business Plan	On the Corporate Risk Register	Operational Impact	% of Population Affected	Is the Contract for Placements with a Safeguarding risk?	Number of Placements	Approving Body Reports (CQC / Ofsted)		
	Statutory	Yes	Medium	Yes	Yes	Medium	>25%	No	0	N/A	Important	63%
How easy would it be to swap supplier?	Factors							Result	Risk %			
	Dependency on Supplier	TUPE Considerations	Termination Clause in Contract	Cost of Change	Resources Available to Manage Change	Process Required	Market Saturation					
	High	No	Yes	Low	Yes	Tender	Low	Moderately Easy	36%			
What is the size of the supply market?	Factors	Result	Risk %									
	Market Size											
	21-50	Large	33%									

Total Risk Score	44%
Contract Type	Routine



Activities List

Contract Management Tasks				
	<u>Routine</u>	<u>Operational</u>	<u>Critical</u>	<u>Strategic</u>
Contract Start Up	Mandatory	Mandatory	Mandatory	Mandatory
Agree Contract Classification	Mandatory	Mandatory	Mandatory	Mandatory
Create Contract Record and provide Access to Contract Documentation	Mandatory	Mandatory	Mandatory	Mandatory
Contract Hand-Over	Mandatory	Mandatory	Mandatory	Mandatory
Ensure contract manager and relevant stakeholders have access to contract on CMS	Mandatory	Mandatory	Mandatory	Mandatory
Additional Contract Data to be updated by Contract Manager	Mandatory	Mandatory	Mandatory	Mandatory
Contract Manager to read through and familiarise with contract incl. KPIs	Optional	Recommended	Mandatory	Mandatory
Develop Contract Management Plan, Risk Management Plan and Communications Plan (if applicable)	Mandatory	Mandatory	Mandatory	Mandatory
Set-Up Contract Administration	Mandatory	Mandatory	Mandatory	Mandatory
Set-Up Performance Management Reporting Requirements	Optional	Recommended	Mandatory	Mandatory
Review Contract Performance KPIs in line with Tender Documents and Successful Submission and establish arrangements to capture information from supplier(s)	Optional	Recommended	Mandatory	Mandatory
Review Social Value Reporting Requirements & Link to Social Value Portal	Mandatory	Mandatory	Mandatory	Mandatory
Identify and share in advance a schedule of meetings for parties to the contract, end-users and stakeholders, giving the time, place and purpose of the meeting	Desirable	Recommended	Mandatory	Mandatory
Consider and Manage Contract Transition Issues	Desirable	Recommended	Mandatory	Mandatory
Facilitate Transition from incumbent to new provider (if applicable)	Desirable	Recommended	Mandatory	Mandatory
Facilitate TUPE Transfer (if applicable). Consider reminding incoming provider of TUPE obligations	Optional	Recommended	Recommended	Mandatory
Inform key stakeholders of changes to previous contract and process for utilising new contract arrangements	Desirable	Recommended	Mandatory	Mandatory
Conduct Contract Start up Meeting	Optional	Recommended	Mandatory	Mandatory
Introduce key people & Agree stakeholder engagement plan (if applicable)	Optional	Recommended	Mandatory	Mandatory
Develop a shared understanding of the contract - commercial, operational and performance	Optional	Recommended	Mandatory	Mandatory

- Up to 98 tasks for Strategic Contracts
- Ability to move between classification should the risk level change
- All tasks will be demonstrable
- Reporting regime to be developed on contract management performance



3. Development of Contract Management Framework and selection of Contract Management System

Target completions date **May 2021** (indicative)

	04-Jan	11-Jan	18-Jan	25-Jan	01-Feb	08-Feb	15-Feb	22-Feb	01-Mar	08-Mar	15-Mar	22-Mar	29-Mar	05-Apr	12-Apr	19-Apr	26-Apr	03-May	
WS 1 - Contract Management Approach																			
Finalise & Agree Contract Management Playbook		█	█																
Finalise & Agree Contract Management Handbook		█	█	█	█	█	█	█	█	█	█	█							
Finalise & Agree Supporting Tools and Documents		█	█	█	█	█	█	█	█	█	█	█							
Finalise & Agree Guidance and Instructions		█	█	█	█	█	█	█	█	█	█	█							
WS 2 - eContract Management System																			
Award of Contract				█															
Configuration and Implementation				█	█	█	█	█	█	█	█	█	█	█					
Data Cleanse & Migration				█	█	█	█	█	█	█	█	█	█						
Soft Launch of System													█	█	█	█			
Full launch of System																		█	
WS 3 - Engagement, Education & Training																			
Engagement activities with key stakeholders								█					█						
Training Material																			
Contract Management Approach					█	█	█	█											
eCM System					█	█	█	█											
Training Delivery – Train the Trainer										█	█	█	█	█	█	█	█	█	█



4. Promotion of our service, the new rules and implementation of the new system across the organisation

We aim to make the project a success by continuing to include stakeholders in the development of the framework, in addition to using several platforms to promote the existence of the new team, introduction of the new rules and need to adopt this new way of working, which include...



- Promotion via a session at the February leadership forum
- Two lunchtime learning sessions throughout Feb & March to familiarise colleagues with the new rules and what this will mean for their way of working
- Regular updates via the source and internal communications so the whole organisation are aware of the countdown to our new way of working
- Continuous review with ongoing engagement sessions with Contract Management Champions



We'd hoped to have achieved the following...

Confirm that the committee is comfortable that the progress to date and solutions presented meet the needs of the organisation.

We look forward to providing a further update beyond May to confirm solutions have been implemented and share the outcomes of successful contract management

Any Questions?

