

# AUDIT COMMITTEE

## Minutes of the extraordinary meeting held on 30 April 2014

- PRESENT:** Councillor Robert Llewelyn Jones (Chair)
- Councillors Jim Evans, John Griffith, Raymond Jones,  
Richard Owain Jones
- Lay Members: Mr Richard Barker, Mrs Sharon Warnes
- IN ATTENDANCE:** Chief Executive  
Deputy Chief Executive  
Interim Head of Procurement  
Committee Officer (ATH)
- APOLOGIES:** Councillors Trefor Lloyd Hughes, Dafydd Rhys Thomas
- ALSO PRESENT:** Councillor Ieuan Williams (Leader of the Council)
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### 1 DECLARATION OF INTEREST

No declaration of interest was received.

### 2 KPMG PROCUREMENT FITNESS CHECK FOR THE ISLE OF ANGLESEY

In accordance with the resolution of the Audit Committee at its 10th April meeting, the Interim Head of Procurement provided the Committee with a presentation on the principal findings of the KPMG Fitness check of procurement arrangements at the Isle of Anglesey County Council along with the planned improvement actions to address the areas where shortcomings had been identified as part of a comprehensive procurement improvement programme.

*(The KPMG report was made available to the Committee's Members as background documentation)*

The Interim Head of Procurement elaborated on the following issues as part of the presentation:

- The methodology used by KPMG to undertake the fitness check which is a standard procurement maturity assessment model deployed across the public and private sectors to evaluate efficiency. The approach included an on-line questionnaire which relevant staff were asked to complete and based on which KPMG prepared an initial assessment of the Authority's procurement capability in accordance with the Welsh Government's maturity model. This assessment was then tested and moderated in face to face interviews conducted on site at the Authority with key procurement managers and stakeholders from across the Authority.
- The model dimensions that were assessed which comprised the following, and for which the Isle of Anglesey was given a maturity grade on a scale ranging from non-conforming as the lowest rating to advanced as the highest, with performance for each dimension benchmarked against the average of Welsh authorities and the UK public sector benchmark:
  - Procurement leadership and governance
  - Procurement strategy and objectives
  - Defining the supply need
  - Commodity/project strategies and collaborative procurement
  - Contract and supplier management
  - Key purchasing processes and systems

- People
- Performance management
- The summary of KPMG's recommended actions against each model dimension.
- KPMG's detailed overview of the results per dimension including an explanatory commentary in support of the findings and the opportunities for improvement.
- The Authority's Programme for improving procurement and the aspects of the KPMG assessment which the programme will address and how.
- Savings capability in terms of the influencable spend; estimated overall savings and the means by which these will be delivered via the Procurement Improvement Programme including the identification of efficiency savings of £2m to £4m over a 2 year period with a £98k investment in the Procurement Function.
- An example profile of current spend by category for General Maintenance Services and the potential for savings (subject to an in-depth analysis) under this heading which a more systematic approach might yield including actions that can lead to immediate "quick wins."
- Key procurement savings areas across the Council and the potential savings to be realised. There followed a question and answer session in which Members were afforded the opportunity to obtain clarifying information about areas regarding which they were unclear or more detailed explanation of how certain aspects would be addressed including the following –
- The methodology and the robustness of the evaluation
- Differences in the fundamental approach to procurement in the private and public sectors and how the requirements for inclusivity, transparency and equity in the public regime might make it a more complicated process.
- A historical lack of investment in the area of procurement as a contributory factor to the immaturity of the function within the Authority.
- Upskilling key staff as an essential ingredient of the Improvement Programme. It was suggested that the Improvement Plan should identify the relevant personnel and the timescale for action in this respect.
- It was suggested that contingency resources within the corporate budget be used to support the Improvement Programme.
- It was suggested that the development of the procurement function and the actioning of the KPMG report be monitored by the SLT. The Chief Executive said that procurement as a risk area will be included on the Corporate Risk Register and thereby will be tracked and monitored.
- The actions that need to be taken in the here and now to enable "quick wins."
- How adopting a more planned approach to procurement can potentially reduce the need to impose cuts by the salami slicing method by enabling the Authority to focus on areas of spend and to reduce that spend through a deliberate process.

The Deputy Chief Executive said that the proposed £98k investment in the Procurement Function on a spend to save basis will have to be supported by a Business Case setting out the rationale for additional expenditure against the savings to be made, and will have to subsequently be approved by the Executive. The Interim Head of Procurement confirmed that the Business Case is in the process of being formulated.

The Audit Committee's Members whilst recognising that they would be able to monitor the status of Procurement within the Authority via the Corporate Risk Register indicated that they would like to be kept informed about the savings made on an ongoing basis. The Interim Head of Procurement said that the proposed Benefits Realisation Model will show the areas covered and the savings generated.

**It was resolved to accept the information and to acknowledge the contribution made by the Interim Head of Procurement.**

**ACTION ARISING: Head of Function (Resources) to update the Audit Committee regularly on progress on realising savings linked to developing and improving corporate procurement arrangements.**

**Councillor R. Llewelyn Jones  
Chair**