

Regulatory and Audit Committee

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| Title: | Contract Management Application (CMA) |
| Date: | 2 nd June 2015 |
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| Local members affected: | N/A |

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This report provides an updated summary in relation to compliance with the use of the Council's Contract Management Application (CMA).

Summary

Background

An earlier report was brought to this Committee in January 2015, following the Contract Management Application (CMA) going live in September 2014.

The intention is that the CMA will provide the Council with a complete contract register of all the current arrangements with suppliers. This in turn will allow greater visibility for both Members and Officers of contractual relationships, and how those contracts are performing against agreed key performance indicators (KPI's).

The CMA supports the Council's Contract Management Framework (CMF) which provides guidance and structure to create a consistent approach to Contract Management across Buckinghamshire County Council, improving the management of our contracts and supporting strategic outcomes and decisions.

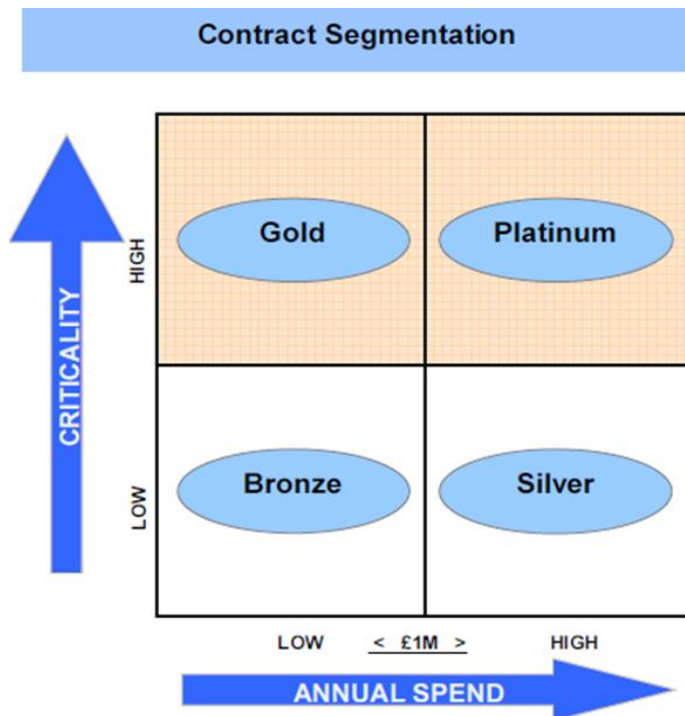
The system acts as a central repository for all of the information relating to a contract including the contract documentation, start and end dates, provision for contract extensions, records of management activity, meeting agendas and notes.

Contracts are segmented according to value and risk into Platinum, Gold, Silver and Bronze.



INVESTOR IN PEOPLE





The CMA is used in the following ways:

- Contract Managers – to help them do their jobs and effectively manage their contracts on a day to day basis
- Business Unit Boards – to understand how well their contracts are being managed and to maximise performance through visibility of contract values and expiry dates
- One Council Board – to have a holistic overview of contract performance across the organisation aligned to the strategic direction of the Council

Many of the colleagues from Commercial Services who had been accountable and responsible for supplier relationships, contract management and the CMA are no longer employees of Buckinghamshire County Council. This has left a significant gap in terms of knowledge share and handover.

Current Status and Activity

In April 2015 the licence for the CMA was renewed for a further period of 12 months.

An internal audit report published in April 2015 identified some gaps in the system and significant action required to effectively manage the risks and improve management

controls to monitor service area compliance in uploading contracts and information onto the CMA.

The recommendations in the audit report will form part of the scope for a wider strategic review of the Contract Management Framework and Contract Management Application.

In line with Future Shape organisational changes, accountability for the CMA was transferred to the Innovation and Commercialisation (I&C) team in HQ. A full-time Supplier Relationship Management (SRM) Lead is in the process of being appointed to undertake:

- A strategic review of the Contract Management Framework
- A strategic review of the Contract Management Application
- Training and development of contract and supplier relationship activity
- Member involvement in contract and supplier relationships to enable effective knowledge share, support and challenge
- A detailed action plan to address the specific areas of concern identified in the audit report

It is essential that all recommendations made by the SRM Lead provides Members, the Council and suppliers with robust commercial assurance and protects the interests of all parties.

A technical review of the CMA was undertaken in May 2015 to determine whether CMA is fit for purpose from an operational perspective. As a result of the review, One Council Board has given its ongoing support to the continued use of the CMA, while recognising the work that needs to be done to improve compliance.

There is an express desire to use the CMA to drive and report on contract performance, which will be looked at closely in the next phase of development to exploit the enhanced functionality.

In response to the areas highlighted in the audit report, monthly compliance reports will be produced and reported to the Commissioning & Supplier Management Group to discuss areas of concern and drive forward actions to encourage and support compliance. The group consists of key stakeholders from each of the respective Business Units and HQ.

Enhanced reporting capability, combined with data from other systems e.g. SAP will become available with the new Business Intelligence tool in Q4 2015. This will enable more accurate comparisons of recorded contract values with actual spend.

In the meantime, Business Unit representatives have begun reviewing contracts to address non-compliance and/or population in certain areas. If there are areas that require technical changes to be made to the CMA to enhance compliance then these will be implemented with the support of Arcus Global, our technology partner for the CMA.

In addition, work is underway to fully align the contracts in the CMA to our new organisational structures, as a result of Future Shape go live.

The new changes will provide the audit committee with assurance over the robustness of the solution to meet the outcomes expected from using the CMA.

Data

Despite some of the negativity surrounding the findings in the internal audit, contract managers are still actively using the CMA to record details of contracts. To date:

- A total of 1605 'live' contracts have been entered onto the CMA. **Figure (i)** below provides a breakdown of these by segment.
- 277 of these do not have an annual contract value assigned to the contract. Of these 73% relate to Bronze contracts.
- The total annual contract value of the remaining 1328 contracts is £289,908,172. **Figure (ii)** below provides a breakdown of this by segment.
- There are 56 suppliers with an annual contract value of £750,000 or more.

Figure (i)

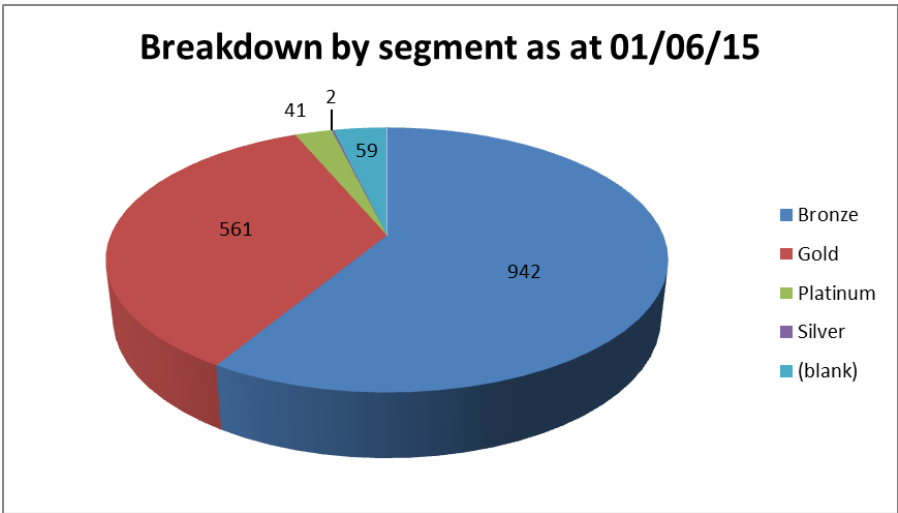
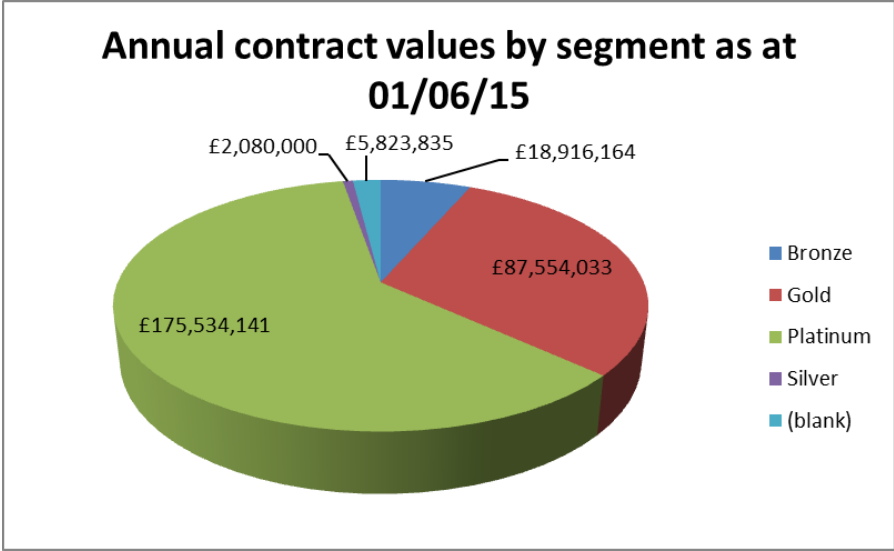


Figure (ii)



Platinum contracts account for over 60% of the total annual contract value.

Gold contracts account for a further 30%.

Other implications/issues

None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

None
