

REPORT TO PROCEDURES COMMITTEE – 24th MAY 2019

UPDATE ON THE EXPENDITURE APPROVAL PROCESS PROJECT

1 Recommendations

The Committee is recommended to:

1.1 Acknowledge the update provided on the Expenditure Approval Process Project.

2 Background / Discussion

- 2.1 Procedures Committee received reports on the Procurement Approval process Project on January 19th 2018, May 25th 2018 and September 7th 2018.
- 2.2 Since the last update report, matters have moved on considerably. The project has been renamed the Expenditure Approval Process Project (EAPP) and it has been deemed a strategic project that requires to be managed in accordance with the Council's project management procedures. There is an allocated Change Officer to facilitate this project management. The scope of the project has also increased, as explained in this report.
- 2.3 The Project Team has an appointed Project Manager plus 12 Officers who represent the three Directorates and the Health and Social Care Partnership (HSCP).
- 2.4 The Senior Responsible Officer is the Director of Business Services and the Project Board Chair is Head of Legal and Governance. There are a further five board members, being the Head of C&PSS, Head of Roads, Waste and Landscape Services, Area Manager (Garioch), HSCP Service Manager and Finance Service Manager. This composition of senior and chief officers ensures even representation of Council Services and the HSCP.
- 2.5 The first meeting of the Project Board (the Board) was on 31st October 2018. at which the Board determined that the scope required to be expanded and the aims of the project clarified.
- 2.6 The directions from the Board included-
- That the scope of the project required to be expanded to consider all spend by Services.
 - That the technical procurement approval process (TPAP) is a part of the project but not the only focus.
 - That there is a much bigger picture to work on in terms of committee involvement, decision making, service planning, budget management setting and council policy. To be able to see this bigger picture the team needs to go back to the beginning, reimagine and create proposals for a new process.

- To charette the production of a future state.
- To storyboard the difference between the current state and a future state.
- To establish the governance requirements of the TPAP.
- To consider an electronic solution to aid compliance with Financial Regulations and the TPAP.
- To produce amended Financial Regulations and Committee and Officer Delegations to support the future state.

2.7 The measurable (qualitative or quantitative) benefits through the work of the Expenditure Approval Process Project will include -

- Reduction in number of breaches of Financial Regulations
- Improved awareness and knowledge of Financial Regulations/Scheme of Governance
- Reduction in average processing time (e.g. lead times for approvals)
- Leaner processes (reduce duplication)
- Increased process (governance of spend) user satisfaction
- Reduced reputational risk in relation to breaches of Financial Regulations and/or legislation
- Reduction in demand for L&G officer support on procurements
- Improved C&PSS oversight of all spend on goods, works and service
- Reduction in administrative workload relating to governance of spend (leaner process, reduce delays)
- Reduction in Committee Services and Elected Member workload in relation to reports to committee on Procurement Approval
- Reduction in operational/service delivery delays due to delays in process
- Improved ability to take advantage of commercial opportunities
- Minimisation of conflicts between Financial Regulations & legislation

2.8 Outcomes could include –

- Improved ability to achieve best value
- Improved commercial awareness
- Improved compliance (legislation, internal Financial Regulations)
- Elected Members have an appropriate level of input into and scrutiny of the Council's spend.
- Improved ability to support local economy (local suppliers / community benefits)
- Improved service delivery (more responsive)
- Improved efficiency of processes

2.9 The Team has met regularly since 28th November 2018. Attendance has been consistently high and the meetings have been a forum for positive, interesting and productive discussion.

2.10 The Head of C&PSS has also organised seminars for elected members. Communities Committee, along with Integration Joint Board and Culture and Sport Sub-Committee members attended a seminar on February 28th 2019, Education & Children's Services Committee members attended a seminar on March 28th 2019 and Business Services Committee members attended a seminar on April 18th 2019. There will be seminars arranged for Infrastructure Services Committee and Audit Committee members to attend, before the

summer recess. The topic of the seminars was Community Benefits but the discussions at all seminars (so far) have encompassed procurement governance and operational difficulties with work plans and business cases. There has also been a focus on how to achieve appropriate political influence and the requirement for council policy on how the council procures. The discussion and feedback from these seminars is extremely useful and is helping form the work of the Project Team.

2.11 The Project Team are working on the following matters, with the aim of being in a position to roll out informal consultation, firstly via the Area Committees at organised seminars and with officer stakeholders. The proposals for the consultation are based on the premise that there requires to be a review of the decision-making process in relation to spend from a service budget. This does include spend on external procurement but this is not the only focus. The Project Team are considering the whole cycle of reporting to policy and area committees on -

- Service Budget allocation and oversight including spend on Procurements and Grants
- Strategic Planning and Direction
- Prioritisation of Service Delivery
- Budget and Financial Monitoring
- Scrutiny opportunity for committees on outcomes, contract management and community benefits.
- Requirement for political influence via council policy on how the council procures.

2.12 Immediate operational matters that are being actioned via the Project Team as well as other officer groups and Governance Service Champions are

- Improvement of format and information provision in work plans and business cases
- Review of report templates (and update in accordance with any changes to the corporate report template)
- Improved guidance for officers
- Actions recommended by Internal Audit
- Continuing provision and promotion of the availability of procurement governance training to Services by Legal and Governance. Tailored training is available for all Services.
- Support for Chief Officers to complete their List of Sub-Delegations which supports clarity on authorisation of the TPAP which in turn supports the delivery of services.

2.13 The finer detail of the robust governance and amended delegations that are required to support any proposed changes are still to be fully explored by the Project Team. What has been agreed by the Board is that there is a requirement for an electronic solution to support the governance of procurement and grants. Indeed, whether major changes are made or a more limited approach is taken to changes to Financial Regulations, an electronic solution will be required. This would support Services to comply with Financial Regulations. In this regard, ICT has allocated a Business Support Analyst and the Project Team will get technical support later in the project.

ICT has indicated that it will explore internal software functionality, the scope of Office 365 and also what is available externally to procure.

- 2.14 Due to the scope of the project being expanded, the increase in workload, and the requirement for full and thorough consultation, the proposed timescale is yet to be considered by the Board. However, there is a need for some initial changes to be made to the Scheme of Governance to facilitate a phasing of improvements and this Committee will receive a report if at its meeting on September 7th 2019 with a further project update and detail of any proposed changes.
- 2.15 The Board met on March 18th 2019 and the next meeting is May 31st 2019. The Project Team is continuing to meet once a fortnight and is driving this essential project forward.
- 2.16 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

The Committee is able to consider this item in terms of Section R of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to matters arising from the Scheme of Governance.

4. Implications and Risk

- 4.1 An equality impact assessment is not required because the recommendations in this report do not have a differential impact on any of the protected characteristics at this time.
- 4.2 At this time there are no staffing or financial implications. There will be budget required for the electronic solution and this will be reported when cost of the electronic solution have been established.
- 4.3 The following Risks have been identified as relevant to this matter on a Strategic Level BSSR003 Future Governance. The Council needs to be assured that it has the best fit of decision making so as to make it an agile and efficient body and a governance structure that reflects and serves well the communities whose priorities it is here to deliver. The link is [here](#) to the Directorate Risk Registers.

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May 14th 2019