



Cumbria Shared Internal Audit Service

Internal Audit report for

Cumbria Office of the Police & Crime Commissioner

Audit of Contract Management

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Audit Report Distribution

For Action:	Stephanie Stables (Partnership & Strategy Manager)
For Information:	Vivian Stafford (Chief Executive of the OPCC / Head of Partnerships & Commissioning)
Audit Committee:	The Joint Audit Committee which is due to be held on 23rd June 2021 will receive the report.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

Background

This report summarises the findings from the audit of **Contract Management**. This was a planned audit assignment which was undertaken in accordance with the 2020/21 Audit Plan.

Contract management is important to the Cumbria Office of the Police and Crime Commissioner (OPCC) because it contributes to the efficient use of resources to support delivery of the objectives in the Police and Crime Plan for Cumbria 2016-20 and operational policing needs. Effective contract management is necessary for the OPCC to be able to demonstrate that funds are used and managed in a manner that is accountable and displays both probity and value for money. This report relates to the arrangements for the OPCC. A separate report has been prepared for the Constabulary's arrangements.

The Police and Crime Commissioner has a statutory responsibility for holding the Chief Constable to account. This includes overseeing how the budget is spent and ensuring the Constabulary maximises value for money.

Audit Approach

Audit Objectives and Methodology

Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk-based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are set out within the Management Action Plan.

Audit Scope and Limitations

The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Vivian Stafford (Chief Executive of the OPCC / Head of Partnerships & Commissioning). The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas: -

- Governance
- Managing contract performance
- Supplier relationship management
- People - Acting with Professionalism

The review included detailed testing of a significant contract on behalf of the Cumbria Office of the Police and Crime Commissioner.

There were no instances whereby the audit work undertaken was impaired by the availability of information.

Assurance Opinion

Each audit review is given an assurance opinion, and this provides Joint Audit Committee and Officers with an independent assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

From the areas examined and tested as part of this audit review, we consider the current controls operating around Contract Management within the OPCC provide **Substantial Assurance**. The contract management arrangements within the OPCC demonstrate the commitment and progress within the team to develop and document a standard contract management approach and ensure staff have the necessary training and commercial skills to manage contracts to a consistently high standard. There are strong support links in place with the Constabulary's commercial team for advice and guidance

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

Summary of Audit Findings and Recommendations

Controls were operating effectively in the following areas:

- Roles and responsibilities for contract management are clearly defined within the OPCC. The responsibilities of each key role in contract management (Contract Owner, Contract Manager, Contract Officer and Victims Advocate) are set out in Contract Management Guidance

with a structure chart highlighting lines of responsibility and the flow of authority. Job profiles provide further clarification around expectations and reporting lines.

- Two members of staff from the OPCC (Partnership & Strategy Manager and Policy Officer) received specific training in January 2021 to develop a standard approach to the management of contracts and grants within the OPCC (including guidance and a checklist). An approach was drafted and presented to the OPCC Extended Management Team in February 2021 and has now been finalised. It will be piloted with two key contracts before being rolled out.
- The governance structure provides for reporting on contract management issues and performance, with appropriate escalation routes. Examples include the Custody Medical / Bridgeway Forensic Medical Contract being escalated to the OPCC's operational risk register for senior management attention. The new Contract Management Guidance covers escalation arrangements.
- Representatives from the Constabulary's Commercial, Finance and Legal teams are invited to attend Partnership and Commissioning Team meetings to provide contract management support and guidance to the OPCC. These meetings are held every three weeks and alternate between a Full Team Meeting where Commercial, Legal and Finance representatives attend and an Interim Team Meeting which is the OPCC Partnerships & Commissioning Team only.
- OPCC members of the Partnership and Commissioning Team meet on a three-weekly basis to raise issues, consider risks, share good practice and discuss future projects. Notes are taken at each meeting to record discussions and capture agreed actions.
- The OPCC is committed to further developing staff knowledge and skills around contract management. Staff often join training events organised for the Commercial Team including a contract management training event delivered by CIPFA in 2020. Learning is shared with the wider team at OPCC meetings.
- Arrangements are in place to ensure staff involved in contract management are aware of and understand expectations regarding standards of professional behaviour and integrity. Regular reminders around ethical behaviour expectations are delivered by the Governance Manager at OPCC staff meetings.
- There is a clear and demonstrable commitment to collaborative working with suppliers. Feedback received from the Victim Support contractor reflects this approach and so does the new standardised approach to contract management that focusses on behaviours that encourage professional, collaborative and constructive relationships with suppliers. There are examples of Victim Support approaching the OPCC for assistance such as raising awareness of the service amongst officers to encourage further referrals. The OPCC responded by arranging for marketing material to be shared across the constabulary.
- Arrangements are in place for risks around contract management to be captured, managed, addressed and reported. The arrangements are set out in new Contract Management Guidance and contract risks were covered in a contract management presentation during a recent staff meeting. There are examples of contract management risks featuring in OPCC risk registers.

- The Victim Support contract provides a good example of contract performance management within the OPCC. Performance measures have been incorporated into the contract to ensure there is clarity around objectives and service standards. The contractor provides timely information on contract operations for performance to be assessed and regular contract review meetings are held with suppliers to discuss contract operation and performance levels. A review is currently underway to determine if the Victim Support contract KPIs remain fit for purpose which demonstrates good practice in contract management.
- It is standard practice within the OPCC to evaluate all contracts that are coming to end. The evaluations include the identification of good practice and lessons learnt that can be taken forward to strengthen future contract management activity. An evaluation of the Turning the Spotlight Programme provided by Victim Support was undertaken in 2019 to review the reach and impact of the service and understand the value for money provided to inform future commissioning decisions.

There are no audit recommendations arising from this audit review.

OPCC Chief Executive / Partnerships & Commissioning Comments

I am pleased to see that the outcome of this audit report provides substantial assurance over management's arrangements for contract management in the areas outlined and that the report can now be finalised and signed off.

Vivian Stafford
CEO Partnerships and Commissioning



2 June 2021

Appendix A

Audit Assurance Opinions

There are four levels of assurance used, these are defined as follows:

Assurance Level	Definition
Substantial	Sound frameworks of governance, risk management and internal control are in place and are operating effectively. Recommendations, if any, will typically be no greater than advisory.
Reasonable	Frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them. Recommendations will typically be no greater than medium priority.
Partial	Weaknesses in the frameworks of governance, risk management and/or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk. Recommendations will typically include high and medium priority issues.
Limited	There are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk. Recommendations will include high priority issues.

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below:

Grading	Definition
High	A recommendation to address a significant gap in governance, risk management or internal control frameworks or to address significant non-compliance with controls in place.
Medium	A recommendation to address a gap in governance, risk management or internal control frameworks or to address aspects of non-compliance with controls in place.
Advisory	A recommendation to further strengthen governance, risk management or internal control frameworks or to improve compliance with existing controls.

