

Appendix to Financial Appraisals for Procurement

Financial Appraisal Benchmarking Exercise

In regard to the use of a credit agency checks, of the 18 public sector bodies with information or partial information:

- 13 use a credit agency checks as part of the process
- 1 was identified not to use credit agency checks
- 4 were marked as unsure – the tender documentation was obtained but the wording was ambiguous

Of the 13 public sector bodies that use credit reference agencies:

- 5 appear to use it as the sole means of assessment
- 4 use it as an indication of a passing, but failure on a credit score leads to an in-house assessment
- 3 use it as part of the assessment
- 1 indicated a lack of clarity as to how the credit score fits into the process

Guidance for setting the risk rating with the new approach

Guidance for setting the risk rating would include:

Low:

- Low value and/or the goods/services could be transferred to another supplier with ease or within a short timescale; many alternative suppliers in the market. Impact of failure would cause minimal operational or reputational risk.

Not Low:

- High risk goods/services could be transferred to another supplier with medium difficulty due to a range of supplier in the market
- The goods or services are very complex and could not easily be transferred to another supplier either due to complexity. There are minimum/limited alternative suppliers in the market and would result in a very high cost implication or a loss of critical core services to the City.
- Impact of failure could cause operational or reputational damage.

Prior to implementation of the new system, the Procurement Policy and Compliance Team will work with the Corporate Risk Advisor to develop a risk presentation and matrix to present to Category Boards. This will provide each Category Board with a consistent framework to assess the risk to the organisation of supplier failure in the context of the specific procurement under consideration. The exercise would also help develop category specific risk ratings which could be used as a point of reference when determining the evaluation criteria for other similar procurements.