

Committee Procurement Sub Committee	Dated: 24 March 2020
Subject: City Procurement Risk Management – Quarterly Report	Public
Report of: Chamberlain	For Information
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Summary

This report has been produced to provide Procurement Sub Committee with an overview of the management of risks faced by City Procurement. Risk is reviewed regularly by the Senior Management Team within City Procurement as part of the ongoing management of the service.

The City Procurement team currently has one department-level risk and three service-level risks on its risk register. There are currently no RED or GREEN risks. All AMBER risks are summarised in the report below.

The Senior Management Team continues to monitor closely the progress being made to mitigate these risks.

Recommendation

Members are asked to note the report and the actions taken by the City Procurement team to monitor and manage risks arising from our operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Departmental risks from City Procurement are included in a quarterly report to Finance Committee.
2. This paper is a summary of all risks identified by City Procurement including service level risks that are not typically reported to Finance Committee as part of the required departmental risk report.
3. City Procurement’s risk management is reviewed on a monthly basis at Senior Management Team (SMT) meetings. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within each section within City Procurement and updates on key issues from each of the Assistant Directors, ensuring that adequate consideration is given to each risk.

4. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly.

Summary of Risks

5. City Procurement currently has one department-level risk and five service-level risks on its risk register, attached as Appendix 1 to this report, assessed as 4 AMBER risks. There are currently no RED risks. City Procurement's risk register includes:

CHB CP001 – Brexit risk to City Corporation procurement and supply chains (Departmental Level - Current Risk: Amber)

6. City Procurement have been working closely with the City Corporation's Brexit Planning Group. As part of the communications plan, signed off by the Brexit Planning Group, letters were sent to all key suppliers requesting information about their Brexit planning including both the supply and cost risks, to their organisation/business and their supply chain and how they plan to mitigate the risk to our contract if any risk exists. Of the suppliers contacted, 64% responded. The Commercial Contract Management team are analysing the responses and will report to the Brexit Planning Group. No significant risks were identified in the initial sift. Some suppliers have highlighted that there will be some cost pressures post transition, but these are considered low risk.
7. During the transition period there are no identified supply or cost pressures.

CHB CP004 – City accelerate delays and impact on income levels (Current Risk: Amber)

8. In June 2019 the evaluation of City Accelerate changed and uptake increased but use of the scheme remains low with no new registrations in quarter three of this financial year. Our commercial partner assigned a dedicated account manager, but they have not provided the spend analysis or recommendations to engage our tier one contractors.

CHB CP009 – Monitoring Corporate Contract Spend (Current Risk: Amber)

9. The Commercial Contract Management team identified a weakness with our current Enterprise Resource Planning (ERP) system to set up and track contract level expenditure. The Assistant Director of the Commercial Contract Management team, working closely with the Chamberlain's Oracle team, identified a systems-based solution that will allow contract managers and City Procurement to track contract spend accurately reducing the process to a single point failure at requisitioner level. This should be implemented in the new financial year for all category A contracts.
10. In addition to the use of the ERP system, SMT will review the system and process around modifications to contracts during their term to make sure

CHB CP003 – VAT loss through use of Purchase Cards (Current Risk: Amber)

11. City Procurement have long monitored VAT recovery as part of our duties administering purchase cards (P-cards). It is also part of each Chief Officer's quarterly P-card report of which results are reported to Procurement Sub Committee. Previous reporting showed a number of VAT being lost each quarter. City Procurement, along with Lloyds Bank (our P-card supplier), are reviewing potential to import data for Level 2 and Level 3 suppliers which would negate the need for a VAT receipt. The requirement to import VAT data will be included as a KPI in the new P-card contract which is due to go live in June 2020.

Conclusion

12. Members are asked to note the actions taken to manage risks in relation to the operations of City Procurement.

Appendices

- Appendix 1 City Procurement Service Detailed Risk Register Feb 2020

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