

MOPACMAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

MPS-MOPAC JOINT AUDIT PANEL

5 July 2021

MPS Fleet Audit

Report by: The Chief of Corporate Services

Report Summary

Overall Summary of the Purpose of the Report

The Fleet Procurement Review identified a number of recommendations for the MPS and updates have been provided to the panel. The Chair of the Audit Panel subsequently sent a letter to the Chief of Corporate Services outlining the Panel's expectations of the July report. This paper responds to the Panel's request.

This paper provides detail about changes that have taken place in Commercial Services and with governance and assurance. It covers:

- Governance and oversight of major procurements, including key accountabilities
- The outcome of the end-to-end decision making review and improvements to the assurance framework
- Quality and transparency of Reporting to Governance Boards
- Governance board behaviours

Appendix 1 outlines full details of progress delivering audit recommendations.

Key Considerations for the Panel

The Panel is asked to note the strong progress that has been made. Major changes have taken place to governance and to the Commercial Services operating model. In particular, the panel are asked to note the significant progress made in Commercial Services on delivering the recommendations (Appendix 1).

Interdependencies/Cross Cutting Issues

Interdependencies and cross-cutting issues exist between this report and the Box Audit report.

Recommendations

The Audit Panel is recommended to note the report.

1. Introduction and context

- 1.1. The Fleet Procurement Review identified a number of recommendations for the MPS and subsequent updates have been provided to the panel. At the last Audit Panel meeting, the Chair of the Panel requested a more complete report, explaining the actions taken to address the various issues arising from the Fleet Procurement Review. The Chair subsequently sent a letter to the Chief of Corporate Services outlining the Panel's expectations of the report. This paper responds to the Panel's request.
- 1.2. Since the date of the original audit, the environment we are operating in is in a different place and we have fundamentally changed our operating model. The major investment in the capabilities of Commercial Services coupled with changes to governance and assurance aim to enhance the effectiveness of our internal controls and decision making processes. This paper provides further detail about changes that have taken place in Commercial Services, and with governance and assurance.
 - Since the original audit, we have transformed the way our Commercial function operates, with a new Director, new operating model and new standards. The function has been professionalised, and capabilities and behaviours have changed.
 - We have made significant changes to governance and assurance and in particular, there is now personal accountability from Commercial, Legal and Finance Directors over investment decisions. There is a robust assurance framework and accountability over governance and assurance from the Director of Strategy and Governance.
- 1.3. The Appendix provides a full summary of progress delivering recommendations. Resource has been dedicated to progressing work in this area and the table in the Appendix demonstrates that all recommendations have been implemented. The significant changes to the operating environment mean that on some occasions, individual recommendations have been superseded and resolved at source.
- 1.4. Each of the actions taken collectively enable us to change the culture of the organisation and reduce the likelihood of a similar situation reoccurring. In context, in the totality of the commercial decisions being made across the organisation requiring DMPC approval, Box and Fleet represent 0.003% of commercial activities. Since the start of 2018, 527 recorded decisions have been presented to the Deputy Mayor for Policing and Crime. Of the 527 decisions, only 13 have not been approved. Whilst not all 527 decisions have been flawless and there are isolated examples where in hindsight alternative approaches would have been taken, this clearly shows the underlying processes that exist, and which continue to be refined, support the successful execution of the overwhelming number of business cases. This demonstrates that overall, our approach is appropriate and professional. We believe that our systems are legal and ethical, and they are adequate for the level of decision-making and risk involved.

2. Report Detail

- 2.1. Section two of this report is split into several sub-sections. Each of these sub-sections responds to the information requested by the Chair of the Audit Panel.

Governance and Oversight of Major Procurements, including key accountabilities

- 2.2. The governance and oversight applied to major procurements follow existing and recognised pathways. These pathways are:
- Operating within the Transformation portfolio and be expected to establish Board structures that will assess the progress on a regular basis e.g. Fleet and Connect
 - Operate outside Transformation yet have Boards in place which will assess progress towards its stated objectives e.g. Pegasus
- 2.3. In both cases, procurements are expected to follow the recognised approval processes before procurement decisions are communicated to the successful supplier, specifically PIB and IAM.
- 2.4. To strengthen these pathways, there has been considerable effort invested over the last 12 months on the following areas; people, process and technology. We believe that these improvements mean that decision-making approaches have, and will, improve.
- 2.5. **People:**
- There has been a major investment in the acumen of Commercial Services staff over the last 12 months. This includes all applicable staff (Band U and above) being expected to complete an Assessment and Development Centre to attain accreditation at their relevant level against the established Government Commercial Function people standards.
 - Further initiatives have included all Commercial Services staff being accredited on Contract Management as well as the strengthening of core skills such as negotiation through recognised experts, as well as an emphasis on continued professional development.
 - Addressing the historic vacancy gap is a major priority for Commercial Services in the current performance year as we seek to remove the dependency on contract resource.
 - As part of its new operating model, Commercial Services has introduced the concept of Business Partnering. This will strengthen the connections into programmes and their related procurement activities.
 - An analysis has been undertaken to understand the strength of the commercial acumen across all programmes, providing insights into which programmes needed strengthening through increased or permanent resources.
 - A requirement has been set via the Transformation Directorate that all SROs and non-commercial staff should also be accredited on Contract Management.

2.6. Process:

- Lessons and recommendations made via the suite of published playbooks (Sourcing, Construction, Consultancy) are being embedded into the procurement process as well as the actual contract. This will involve us having regular updates on the 3 key KPIs on each contract following implementation.
- A Supplier Relationship Management programme has been launched to enhance relationships with our strategic suppliers. A consequence of this is that issues emerging during a procurement process can be highlighted and addressed.
- We will be introducing a Contract Tiering scheme during the current performance year. This will segment the contracts into 3 tiers, with expectations and requirements for operating those contracts being understood by all parties associated with its management.
- A Commercial Handbook has been developed to build consistency and capability across the function and manage and deliver commercial activities in line with best practice and commercial policies.

2.7. Technology:

- The implementation of the new Lifecycle Management system provides us a single system where all procurement activities can be recorded, providing a full audit trail on progress through the procurement process. An additional risk assess module is also being developed for implementation in Autumn 2021 providing the ability to dynamically manage supplier risk.
- The system is also now producing commercial pipelines, highlighting future commercial events over a minimum of 18 months, therefore enabling Commercial Services to understand and plan its resources to support the work required.
- The system has also become the Contract Register for the organisation, rationalising and simplifying the storage of electronic contracts.

The outcome of the end-to-end decision making review and improvements to the assurance framework

- 2.8. In the past year we have introduced and cemented a stronger MPS assurance framework for our investment decisions. The Director of Finance chairs a monthly meeting of relevant Directors and DAC Corporate Services. This considers investment decisions and other matters which are due to go to Portfolio and Investment Board or indeed to the Investment Advisory Meeting. Key considerations for this group include commercial, legal and data compliance, financial considerations, and strategic and operational fit. We have recently augmented our focus on inclusion and diversity considerations. MOPAC's Chief Finance Officer has a standing invite to these meetings which are supported by our strategic secretariat. As a result of this work, our Management Board is better able to focus on the biggest strategic considerations and has stronger assurance about proposed investment decisions, meaning that decision-making levels are appropriate for the risk involved.

- 2.9. This aligns with our wider work on decision making which aims to strengthen our assurance of key decisions whilst also enabling our Management Board to focus on strategic considerations and our big transformation programme. We are working with MOPAC to revise the Scheme of delegation and are hopeful that the approach we are now taking internally will be mirrored in an increased threshold for financial decisions. We have some positive examples of pan-Met coordination in support of MOPAC decision making, for instance the work to coral and prioritise decisions required during the pre-election period which was warmly endorsed by MOPAC's Chief Executive.
- 2.10. We are continually improving our governance approach to ensure decision-making controls continue to be sufficient. Examples of this can be seen through the current stocktake review of governance and the governance improvement plan.
- In response to recent audits, the Chief of Corporate Services appointed an independent Director to complete a stocktake review of governance. This involved reviewing whether controls currently exist within relevant Met enabling departments through interviews and document reviews. The report has now been drafted and the Chief of Corporate Services will determine what actions are taken forward.
 - The Annual Governance Statement is a statutory requirement and is included every year with our accounts. To strengthen governance and processes, a governance improvement plan is developed in the areas identified as requiring improvement. Progress updates on the plan are then tabled at Audit Panel on a quarterly basis

Quality and transparency of Reporting to Governance Boards

- 2.11. We have had considerable focus on the quality of papers which come to the Boards and the timeliness of these. We ensure our reporting is aligned to our strategy and our corporate risk, as well as other key considerations such as affordability and compliance. We have a dedicated platform (Board intelligence) which means Board members have access to a focused library of relevant documents when making considerations. We have standard reporting cycles and alignment of reporting as appropriate.

Governance Board behaviours

- 2.12. In recent years we have made a number of improvements to the functioning of our Management Board meetings. These meetings all have a standing chair – either the Commissioner, Deputy Commissioner or Chief of Corporate Services. Alignment between Board decisions and considerations is the responsibility of the Director of Strategy and Governance, supported by the strategic secretariat.
- 2.13. Our board papers are now available on a dedicated platform which allows (and indeed encourages) comments and questions to be posed (and possibly answered) before meetings. Our meeting chairs foster open discussion and comment and we have adopted new technologies (including MS Teams) which

also enable supplementary questions and discussion in the chat, as well as clear signalling of the intention to contribute.

- 2.14. We have dedicated time and prioritise the effective working of the Management Board and have driven two leadership programmes, first Leading for London and now Inclusive Leadership, which encourage and drive effective leadership behaviours.

3. Equality and Diversity Impact

No equality and diversity implications are noted.

4. Financial Implications

No financial implications are noted.

5. Legal Implications

No legal implications are noted.

6. Risk Implications

No additional risk implications are noted.

7. Contact Details

Report author: Robin Wilkinson, Chief of Corporate Services

8. Appendices and Background Papers

Appendix 1 – Full recommendation list, status update

Appendix 2 – Governance and assurance diagram

Appendix 1 – Full recommendation list, status update

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
PROCUREMENT FRAMEWORK				
Governance Arrangements				
2	Establish and apply corporate project management methodology and arrangements for all major procurement exercises.	<p>Partly Implemented We have been informed that it has been agreed that major procurements will be subject to Transformation Directorate Project methodologies and Transformation Commercial Leaders have been appointed (point 1 above refers).</p> <p>The Director of Commercial Operations has confirmed that an overall review of all Procurement Guidance, including the alignment with Transformation methodology is planned once the Transformation Commercial Leaders are in post.</p>	<p>Requirement to apply corporate project management methodology to procurements is defined.</p> <p>Procurement and Transformation Guidance is aligned.</p>	<p>Closed The Met does not agree that full project controls are necessary for all major procurements. Where a major procurement brings added complexity – for example in fleet with the potential for wider organisational changes – Management Board (PIB) may decide to assume the procurement activity within the wider transformation portfolio. However, we are not satisfied that it is necessary to do so routinely. However, the commercial control and oversight of all procurement activity has been strengthened through the appointment of a new Commercial Director and through the professionalisation of the Commercial function; and through the implementation of the new Commercial blueprint.</p> <p>In addition, new governance and assurance controls have been implemented at Director level to provide additional scrutiny and oversight of investment cases. The Met believes these controls are now adequate and sufficient. The arrangements will be strengthened further through the implementation that is underway of the Calam review of how the Met manages change, which will provide further discipline in the allocation of activity to a new layered change model, with proportionate oversight and governance applied.</p>
Skills and Resources				
3	Establish appropriately skilled and	Partly Implemented	Procurement guidelines specify skill sets required	Closed The key vacancies referenced in the March update have been filled:

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	<p>resourced teams to support major procurements throughout all stages of the process.</p> <p>Ensure procurements are led by appropriately skilled and qualified procurement professionals.</p>	<p>Commercial Services had several vacancies, including some at senior levels with Interim contractor support.</p> <p>The Director of Commercial Operations confirmed that one Commercial Leader to support Transformation is about to commence in post, another is undergoing vetting.</p> <p>Current procurement guidelines do not refer to skill sets required for procurements and the need for a qualified lead.</p> <p>The Commercial CRSA states that SMT receive management information on the current skill set and training delivered. Details of training undertaken by Commercial staff were requested but have not been provided.</p>	<p>and the need for qualified leads.</p> <p>Fill key vacancies.</p>	<p>-Commercial Director -E&P started on 1st April 2021</p> <p>-Commercial Director for technology started 1st June 2021</p> <p>-An interim for Head of GRC started 14th June 2021</p> <p>L&D, skill requirements and performance management have been a key priority and the following developments made:</p> <ul style="list-style-type: none"> - Newly developed Recruitment Principles outline position on accreditation at Band U (B in some cases) and above and interview approach to ensure consistency across interviews - Recruitment Principles outline approach to interims and use of LRPM to agree extensions - Track and record accreditation (ADC) and discuss at LRPM each month to ensure individuals at each level are scheduled for ADCs and/or working towards accreditation if they have not achieved it yet – on agenda to start tracking from next LRPM. - Personal development Planning session held on 17/05/21 outlining - CPD template has been designed and circulated to all of Commercial Services to evidence continuous learning

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
4	Maintain an appropriate segregation of duties and objectivity in allocating and discharging roles and responsibilities in the procurement and project team i.e. in defining technical requirements, tender evaluation and recommendation of award etc. If these duties cannot be separated, compensating controls are put in place.	<p>Partly Implemented The Met Procurement Instructions were updated in March 2018. These specify the separate roles of the business and Commercial Services in specification design, tender evaluation and contract award. There is no guidance around compensating controls in cases where the duties cannot be separated.</p> <p>Audit testing found that Commercial involvement in checking specifications, agreeing scoring and carrying out evaluations was not evidenced and that duties had not been properly segregated for a recent procurement.</p>	Procurement guidance is explicit of segregation of duties for the whole procurement process. There is a process to ensure that segregation of duties (or the use of compensating controls if appropriate) is evidenced.	<p>Closed The handbook has been updated to include clear guidance on the segregation of duties throughout the commercial lifecycle which covers:</p> <ul style="list-style-type: none"> - The clear separation between those that are responsible for defining technical requirements, to those that evaluate tender responses and those that make the recommendation of award (27). - The sign off of procurement evaluation is the responsibility of Commercial Services (33)
Conflicts of Interest				
6	Properly identify and effectively and consistently manage any real or perceived conflicts	<p>Partly Implemented Section 19.1 of the MOPAC Contract regulations states that officers must</p>	Met guidelines are expanded to include the need for all individuals involved in a procurement to complete a conflict of interest	<p>Closed The Handbook has been updated to include explicit guidance on managing conflicts of interest. It outlines the four stages: prevent, identify, remedy and report to Properly identify and effectively</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	impacting on objectivity at the outset and for the duration of the procurement process.	<p>give immediate written notice to the Director of Commercial Services or DMPC of any interest that they may have in any procurement activity. The Met Procurement Instructions, however, only require evaluators to complete a declaration and does not refer to the requirements for others involved in the procurement process.</p> <p>The guidance refers to a log of declarations but does not set out responsibility or a process for ensuring declarations are completed and review of logs, although the Commercial Services CRSA refers to regular review of the declarations.</p>	<p>form as appropriate and to be explicit and for this to be continually reviewed during the key stages of the procurement.</p> <p>Responsibility for review of declarations is also included in guidance.</p>	<p>and consistently manage any real or perceived conflicts.</p> <p>The guidance includes:</p> <ul style="list-style-type: none"> • The need for all relevant persons involved in a procurement or has the opportunity to influence decision-making to complete a conflict of interest form • The location for declarations to be stored (COUPA) • The responsible owner for reviewing declarations (COUPA Project Owner)
7	Remind individuals of their duty to declare in writing any potential conflict of interest in line with MOPAC	Partly Implemented Completion of Conflicts of Interest form by evaluators and updating the log is included on the Procurement Checklist within	Individuals are reminded of their duty to declare in writing any potential conflict of interest.	Closed The project owner is responsible for updating the COUPA project throughout the commercial lifecycle which includes setting up the conflict of interest task and assigning it to the relevant persons. COUPA will send notifications that a task requires completion.

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	<p>Contract Regulations.</p> <p>Review the MPS conflict of interest process and provide further guidance if necessary.</p>	<p>the Preparation of Tender Documentation Stage, which requires manager sign off.</p>		<p>NB: Completion of the form, obtaining approvals and documenting any mitigating measures happens outside of the system and a record is uploaded onto COUPA.</p>
8	<p>Exclude those with a declared conflict of interest from key roles in the procurement process, based on the risk posed.</p>	<p>Partly Implemented</p> <p>Procurement guidance sets out factors to consider when determining the impact of a conflict involving evaluators and that instances will be assessed on a case by case basis. It does not cover the whole procurement process</p>	<p>More explicit guidance is provided on the management of conflicts of interest.</p>	<p>Closed</p> <p>The handbook has been updated to include guidance on remedying and reporting if a conflict of interest is declared.</p> <p>The COUPA Project Owner role is clearly defined and is able to remove a team member from the project if required. If the Project Owner declares a conflict which requires their removal from the project the System Administrators (within the E&P team) can remove and reassign a new Project Owner. All changes are documented and noted in the history of the project on COUPA</p>
Procurement Documentation				
9	<p>Review the use of available technology, including 'e-tendering' and other repositories such as MS SharePoint, to ensure proper utilisation and adequate and accessible records are maintained to support each stage of the procurement process.</p>	<p>Not Implemented</p> <p>Market engagement with potential suppliers is expected to commence within the next six weeks. The completion date has been revised to July 2019.</p> <p>In the interim an upgrade of the Bluelight Portal has been implemented. Audit testing highlighted a</p>	<p>New procurement contract management system is introduced as planned.</p>	<p>Closed</p> <p>The COUPA system is live and is the repository for all relevant documentation throughout the commercial lifecycle and provides an auditable trail for Commercial activities.</p> <p>The E&P team are conducting end to end case studies to ensure an effective and compliant workflow.</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		<p>number of issues regarding access and ability to amend records, which have been raised with the Commercial Team.</p>		
10	<p>Define filing conventions and document retention for major procurement exercises ensuring an effective audit trail is maintained throughout.</p>	<p>Not Implemented The Procurement Instructions require a full record of the tendering process to be retained on the e-tendering system and in the contract file. Audit testing found these documents are not consistently uploaded at the correct stage of the process, as set out in the Procurement Checklist, and that in practice this will often be done once the activity has been completed.</p> <p>The Procurement Checklist should be completed by the Commercial Lead and reviewed at set stages by their line manager.</p>	<p>Line managers ensure the procurement checklist is completed for all projects at the appropriate stage.</p> <p>All relevant documentation is retained by Commercial Services.</p> <p>Met Procurement Procedures include a requirement to ensure all emails relating to procurement exercises are stored within the approved procurement folders.</p>	<p>Closed The Commercial handbook replaces all historical procurement instructions and has been updated to include the updated guidance on document retention, COUPA is the repository for all relevant documentation throughout the commercial lifecycle and provides an auditable trail for Commercial activities.</p> <p>The handbook now includes explicit guidance on the mandatory documentation required to be uploaded on to COUPA by procurement route.</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		<p>Audit testing found that the checklist is not always completed and there was, therefore, no evidence of manager review during the process.</p> <p>There is a defined filing convention in place for procurement folders stored on the Commercial shared drive. There are, however, no guidelines on storage or retention of approvals or other procurement dialogue carried out via email.</p> <p>Audit testing also found that for Fleet procurement exercises all documents are stored in a file on the Transport Services drive and that unless they are subsequently uploaded to Bluelight, copies are not held by</p>		

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		Commercial Services.		
Market Engagement and Operating Model				
11	Review approach to market engagement in support of major procurement exercises, ensuring outcomes are objectively evaluated and reported to appropriate governance boards.	Partly Implemented There is guidance in the Procurement Instructions covering methodology and approach to market engagement. This includes a requirement to keep a comprehensive record on file of all engagement with the market. The guidance does not cover evaluation and reporting of outcomes from market engagement activity.	Appropriate guidance on evaluating and reporting outcomes from market engagement is incorporated in Met Procurement Procedures/ Instructions.	Closed The handbook has been updated to include guidance on the evaluation and reporting of the outcomes from market engagement. The procurement route decision tree should be adopted when considering the appropriate procurement route, if approval is required this should be sought in line with MOPAC Regulations and PIB2 assurance processes requirements. The justification for the route selected should be included in the business case and uploaded on to COUPA.
12	Consider and properly evaluate significant factors that may influence the potential number of viable bidders in establishing service models and tender specifications (e.g. central London location).	Partly Implemented Procurement evaluation of alternative models of service delivery should be explicitly detailed in the OBC and it is expected this would include consideration of factors impacting the potential number of bidders. This is not specifically	More explicit guidance on consideration and evaluation of factors influencing the potential number of bidders.	Closed The Handbook includes explicit guidance on the evaluation of options that are clearly defined within the Business Case / Justification Paper.

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		documented in guidance.		
Procurement Approach - Use of Competitive Dialogue				
15	Properly evaluate, justify and document, in line with Public Contract Regulations, the use of Competitive Dialogue, if it is to be used in any future procurement.	<p>Partly Implemented The route to market is included in the OBC/SOC.</p> <p>Section 11.2 of the MOPAC Contract Regulations state that for above £500k procurements the business case to MOPAC must include specific recommendations and justification for use of Competitive Dialogue. For below £500k procurements approval of the Director of Commercial Services must be obtained.</p> <p>These requirements are not reflected in Met procurement guidance.</p>	Met guidance on the use of Competitive Dialogue is aligned to MOPAC Contract Regulations.	<p>Closed The handbook guidance has been updated to include a section on the use of Competitive Dialogue which covers:</p> <ul style="list-style-type: none"> - The circumstances CD may be used (15) - The approval required for use of CD (16) - The CD procurement process including closure of dialogue (17 & 22) -The requirement for a suitably qualified and experienced procurement professional to lead the Dialogue (18) - The requirement to retain documentation (21) <p>Links to the following sources of information are also included and referenced:</p> <ul style="list-style-type: none"> - Sourcing Playbook (Chapter 6) - Competitive dialogue and competitive procedure with negotiation guidance note - May 2021 <p>Handbook guidance is aligned to MOPAC Contract Regulations</p>
16	Document and seek DMPC approval for the exceptional circumstances supporting any use of	<p>Not Implemented The revised MOPAC Contract regulations do not include an explicit</p>	The requirement for DMPC approval for the use of Competitive Dialogue is clearly stipulated in MOPAC	As per 15

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	Competitive Dialogue in line with MOPAC Contract Regulations.	<p>requirement to obtain DMPC approval for use of Competitive Dialogue. There is, however, a requirement for the business case to MOPAC to include recommendations and justification for its use as noted above.</p> <p>This requirement is not reflected in Met Procurement Procedures.</p>	Contract Regulations and Met Procurement Procedures.	
Conduct of Competitive Dialogue - Standards				
17	Define and document appropriate corporate standards and guidance (aligned to best practice) to support the conduct of Competitive Dialogue.	<p>Not Implemented</p> <p>A PowerPoint presentation on Competitive Dialogue, used to support training, is available on Commercial Services shared drive. It provides some key issues and points to consider in conducting dialogue but does not, however, provide sufficient guidance and has not been incorporated in Met procurement procedures to set the expected standards.</p>	Appropriate guidance on the use of Competitive Dialogue is incorporated in the Met's Procurement Procedures.	As per 15

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
18	Suitably qualified and experienced procurement professionals lead the Dialogue phase.	<p>Partly Implemented The requirement for suitably qualified and experienced procurement professionals to lead the Dialogue phase is not stipulated in the Met procurement procedures.</p> <p>An external consultant has, however, been appointed to support the recent major MiPS procurement, which followed a dialogue approach.</p>	The requirement for a suitably qualified and experienced procurement professional to lead the Dialogue phase is incorporated in Met Procurement guidance.	As per 15
19	Introduce a quality assurance process to confirm standards are maintained for all stages of major procurements. Consider aligning with Programme Gateway Assurance process.	<p>Partly Implemented The Gateway Assurance process is to be used in future to provide assurance on major procurements.</p> <p>Two Commercial Professionals have recently been appointed to work alongside the Transformation Team and will be tasked with aligning key stages and elements of the procurement process with the Gateway</p>	The Programme Gateway Assurance process is aligned with key stages and elements of the procurement process and applied for major procurement exercises	<p>Closed The Met has addressed the quality assurance risk which was based on a historic issue to the most appropriate level this stands while awaiting reform of the public contract regulations. In addition, Commercial Services have formalised the approach to reviewing and updating the handbook to ensure standards are maintained.</p> <p>Where a major procurement brings added complexity – for example in fleet with the potential for wider organisational changes – Management Board (PIB) may decide to assume the procurement activity within the wider transformation portfolio. However, we are not satisfied that it is necessary to do so routinely. However, the commercial control and oversight of all procurement activity has been strengthened</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		Assurance process.		<p>through the appointment of a new Commercial Director and through the professionalisation of the Commercial function; and through the implementation of the new Commercial blueprint.</p> <p>In addition, new governance and assurance controls have been implemented at Director level to provide additional scrutiny and oversight of investment cases. The Met believes these controls are now adequate and sufficient. The arrangements will be strengthened further through the implementation that is underway of the Calum review of how the Met manages change, which will provide further discipline in the allocation of activity to a new layered change model, with proportionate oversight and governance applied.</p>
20	Confirm MOPAC Contract Regulations are followed at key stages e.g. include in sign-off key decisions.	<p>Partly Implemented The Procurement Checklist does not include a requirement for the Commercial Lead to confirm that MOPAC Contract Regulations have been followed.</p> <p>There are examples of where a declaration has been made in papers submitted to PIB and for DMPC decision. This, is not, however, consistent and explicit.</p>	<p>The Procurement Checklist includes confirmation that MOPAC Contract Regulations have been complied with.</p> <p>Papers for PIB and DMPC decision include a specific declaration that the MOPAC Contract Regulations and Procurement Regulations have been followed.</p>	<p>Closed The Director of Legal is now a member of the Level 2 PIB assurance panel and is personally assuring all cases, before onward submission to Management Board.</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
21	Maintain complete records of dialogue discussions and outcomes.	Partly Implemented The need to retain documentation is highlighted as a bullet point in PowerPoint guidance. The requirements are not, however, clearly defined and are not incorporated in Met Procurement Procedures.	Sufficient guidance is incorporated in the Met's Procurement Procedures to cover the conduct of Competitive Dialogue in line with best practice, including guidance on the maintenance and retention of dialogue documentation.	As per 15
22	Apply best practice in conducting and closing dialogue as per approved guidance.	Not Implemented The process supporting the close of dialogue is not covered in the Met procurement procedures.	Action 21 Applies	As per 15
25	Any variations that modify tender criteria are; properly evaluated and approved, promptly communicated to all potential suppliers and appropriately reflected in procurement and corporate financial plans.	Not Implemented There is currently no documented guidance on the approach and approval needed should tender criteria need to be modified.	MOPAC, Legal and Procurement agree an approach to deal with tender criteria modifications. This will be incorporated into procurement guidance.	Closed The Handbook has been updated to include clear guidance on variation to tender criteria. Once the sourcing strategy has been created, the tender criteria should not be modified under any circumstances.
Lack of Competition – Decisions to Proceed				
26	If there is a lack of competition early on in the process, halt the procurement and conduct a robust assessment in	Not Implemented The MOPAC Contract Regulations and Met Procurement Instructions set out	Competitive Dialogue guidance, in the event of a lack of competition, clearly stipulates the need to halt a procurement exercise and	Closed The handbook has been updated to include clear guidance on the action to take in the event of limited competition at the different stages in the commercial lifecycle with particular focus on if there is a lack of competition early on in the process.

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	line with best practice to inform the way forward.	circumstances when it is acceptable to proceed when the number of bids is less than required, however, there is insufficient guidance stipulating the action to be taken if there is a lack of competition early on in the competitive dialogue process i.e. halt the procurement and conduct a robust assessment in line with best practice to inform the way forward.	conduct a robust evaluation prior to determining the way forward.	Guidance is provided for the following lifecycle stages: <ul style="list-style-type: none"> - Develop a Clear Definition of Business Need - Conduct External & Internal Market Analysis and Early Market Engagement - Identify Route to Market - Create Sourcing Strategy - Evaluating Supplier Response
27	Following consideration of the assessment by the accountable officer and/or relevant Board properly document key decisions to proceed. Amend the regularity framework to define accountabilities to support decisions to proceed with procurements with limited competition	Not Implemented As above	Met Guidelines clearly define the accountabilities for approving procurement decisions. MOPAC Financial Regulations reflect DMPC approval as appropriate Action 26 refers	As per 4

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	e.g. MOPAC Contract Regulations reflect the need for DMPC approval.			
28	<p>Take additional measures as described by best practice (OGC guidance) to mitigate any lack of competition and preserve VfM</p> <p>Document and review the measures with an appropriate level of transparency to secure an audit trail as required under the Regulations.</p>	<p>Not Implemented</p> <p>Insufficient guidance is in place to ensure the requirements laid down in best practice, regarding the need for additional measures to preserve competition in a dialogue process.</p>	<p>Met guidance on competitive dialogue stipulates the need to take additional measures to preserve an element of competition and vfm.</p>	<p>As per 26</p> <p>The handbook has been updated to include the additional measures required in the event of limited competition at the different stages of the commercial lifecycle.</p>
Bid Evaluation				
30	<p>Define, approve and document a minimum score/standard for bid evaluation at the outset and communicate to all those involved in the tender evaluation process and bidders.</p>	<p>Partly Implemented</p> <p>Procurement Instructions cover preparation of evaluation criteria but this does not include an explicit requirement to define, approve and document a minimum score/standard for bid evaluation, nor how this should be communicated.</p>	<p>Procurement Procedures are updated to include a requirement to define, approve and document a minimum standard for bid evaluation along with how this should be communicated.</p>	<p>Closed</p> <p>The handbook has been updated to include guidance on the use of COUPA when conducting a sourcing event. In summary, the evaluation team, timescales, weightings and the criteria along with any changes and the relevant justification and approvals; including clear comments on the bids is all captured in COUPA. If required, a final evaluation report can be downloaded from COUPA as an Evaluation Summary. The handbook update includes:</p> <ul style="list-style-type: none"> - The requirement to define, approve, document and communicate a minimum score/standard for bid evaluation. <p>(30)</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
				<ul style="list-style-type: none"> - The requirement for sign-off of evaluations using the COUPA approval to award form (31) - Clarification that COUPA retains all information relating to the sourcing event including approvals and provides a summary of the evaluation results as well as all individual responses from those evaluators (32)
31	Complete bid evaluation documentation to the required standard in line with pre-defined criteria, signed off by the officer accountable.	<p>Partly Implemented</p> <p>Procurement Instruction 5.39 includes the requirement to record comments on bids and retain a copy of the marking sheet. There is no explicit requirement for sign-off by the accountable officer.</p>	Procurement Instructions include an explicit requirement for sign-off of evaluations.	As per 30
32	Securely retain evaluation documentation and produce report on the outcome, approved in line with the defined governance arrangements.	<p>Not Implemented</p> <p>See point 10. There is no explicit requirement within the Procurement Checklist or Instructions to upload evaluations to Blue Light.</p> <p>Procurement guidance is not clear on the need to produce an evaluation report and testing found that reports are not produced on the outcome of</p>	<p>Procurement Instructions and Checklist are updated to clarify arrangements for retaining appropriate records of evaluations.</p> <p>Procurement Instructions are explicit around completion of evaluation reports.</p>	As per 30

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		evaluations where the award is considered to be low risk.		
33	Apply appropriate segregation between sign-off of procurement evaluation and process and production of the Final Business Case.	Partly Implemented Guidance states that it is the responsibility of the business to produce the final business case. It is not clearly set out, however, that sign off of procurement evaluation is the responsibility of Commercial Services. Audit testing found an example of an evaluation carried out by the same person preparing the PIB and IAM papers for decisions and there was no evidence of Commercial sign-off of the evaluation.	Guidance explicitly states that sign off of procurement evaluation is the responsibility of Commercial Services.	As per 4
OVERSIGHT				
MPS Oversight				
35	Governance requirements for the review and monitoring of major procurements considered as 'run' projects	Partly Implemented Finding 1 refers IAM Terms of Reference now reflect relevant assurance processes, and IAM has received briefings and updates on	Action 1 refers i.e. Requirement to apply corporate project management methodology to procurements is defined. Procurement and Transformation Guidance is aligned.	Closed Not agreed. See response to recommendation 2. Alternative controls introduced through strengthening commercial capability and enhancing Management Board governance and assurance, which collectively provide sufficient mitigation to the risk.

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
	mirror the discipline and rigour applied to 'change projects' to ensure consistency in oversight.	<p>assurance from the OMM team in the last three months; Met have advised MOPAC that major procurements outside OMM will follow the same process.</p> <p>The DMPC is to receive updates and assurance from the Met on the governance improvements in this area, including through IAM, bilaterals and Oversight Board.</p>		
36	Clearly define the role of governance boards in exercising oversight and agree and manage interdependencies between boards.	<p>Partly Implemented</p> <p>Whilst the role of PIB has not changed, the role of the Portfolio Management Group (PMG) has expanded more into portfolio monitoring and outputs from this group direct the focus of the PIB, which is not captured in their latest terms of reference. The sub-PIB level Procurement Board has been disbanded to reduce the lead time in approvals. This</p>	Following the completion of the Met Executive Redesign and subsequent 'End to End' governance roles and arrangements for managing the interdependencies between governance boards will be clearly defined.	<p>Closed</p> <p>The role for PIB Level 2, PIB and IAM have been clearly defined.</p> <p>In addition, to manage the governance roles and interdependencies between governance boards, the secretariat work directly with the Director of Strategy to ensure good coordination across Boards and follow up.</p> <p>We now have regular documentation to Management Board which brings together all decisions at Corporate Boards. Work done to improve governance and control in this area is sufficient to mitigate the risk.</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		<p>has resulted in a more informal and leaner approach to approving tendering and contract award activities, though such activities remain subject to consultation and oversight by the Director of Commercial Services, PIB and IAM approval where contract values will exceed the £0.5M threshold. These interdependencies and accountability for oversight have yet to be fully reflected in the suite of Board terms of reference. The recently renamed Investment Advisory and Monitoring meeting retains responsibility to oversee investments and offer opportunities for scrutiny/report prior to decisions being taken by the DMPC in line with the Scheme of Delegation and Consent.</p>		

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
37	<p>Subject 'run' projects involving major procurements to the recently introduced Programme Assurance 'Gateway' regime to;</p> <ul style="list-style-type: none"> • Support continuous evaluation of procurement approach. • Review progress against defined objectives. • Test the validity of key assumptions made at the outset. • Evaluate and respond to the market response. • Inform key decisions at key stages in the procurement cycle. 	<p>Partly Implemented Action 1 refers to decision re: major procurements and programme assurance.</p> <p>The Commercial Leads appointed to support the Transformation Directorate will advise on the steps that need to be taken to provide assurance on the key stages of a major procurement under the Gateway approach.</p>	<p>The Commercial Leads appointed to support the Transformation Directorate advise on the steps that need to be taken to provide assurance on the key stages of a major procurement and incorporate in documented approach.</p>	<p>Closed The handbook has been updated to include guidance of the key roles and responsibilities involved in a major procurement including detailing the role of the Commercial Business Partner.</p> <p>The assurance measures put in place by the Met (outline in response to audit action #2) have been utilised by in-flight projects over the last 12-18 months. As an example, Dara reported on the Pegasus project and it has been approved at PIB. Once completed, Phase 1 of the Pegasus project will be documented and included in the handbook as best practice for future major procurements.</p>
BUSINESS CASES GOVERNANCE				
MPS - Business Case Production and Review				
48	<p>Include appropriate legal advice in Final Business Cases to support decision making.</p>	<p>Partly Implemented The requirement and criteria for obtaining legal advice is not documented.</p> <p>The DMPC outlined expectations at the June 2018 IAM for Part 1 papers to include</p>	<p>The requirement and criteria for obtaining legal advice is clearly defined in documented guidance.</p>	<p>Closed The Director of Legal is now a member of the Level 2 PIB assurance panel and is personally assuring all cases, before onward submission to Management Board.</p>

Rec	Original Recommendation	Previous DARA Follow-Up Finding	Further Agreed Action	Position July 2021
		confirmation that commercial legal requirements have been met.		

Appendix 2 – Governance and assurance diagram

