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AUDIT COMMITTEE REPORT

BORDERS COLLEGE REGIONAL BOARD

Subject: Procurement Practices and Value for Money	**Purpose:** **For Approval** ☐ **For Discussion** ☒ **For Information** ☐
Prepared by: Peter D Smith, Vice Principal – Finance and Corporate Services	**Date:** 25 January 2018

Purpose: To update the Committee with regard to activities in ensuring best practice and value for money in the College's Procurement function.

Linked to Strategic Goal 5: Build Sustainability.

Executive Summary:

The College's Procurement Strategy 2016-2020 is aligned to the Public Procurement Reform Agenda, focusing on five themes: -

- Sustainability
- Access
- Efficiency and Collaboration
- Savings and Benefits
- Capability

This report updates the Committee with regard to progress on these.

Sustainability

The concept of sustainable procurement is a key part of our Procurement Strategy and Policy. Use of collaborative framework agreements wherever possible helps to ensure we meet this goal.

Access

Wherever possible, we use the Scottish Governments PCS-Tender e-tendering portal to advertise tenders, ensuring as wide access as possible for suppliers.

Efficiency and Collaboration

The attached graphs show the percentages of our annual expenditure which is subject to formally agreed contracts and framework agreements, and also the percentage of our invoices which are processed via the electronic purchasing system, PECOS.

The following table breaks down the College's total year-to-date non-pay spend of £2.1M between on- and off-contract spend, and also the spend managed through the PECOS system as opposed to those placed manually and then entered directly through our SUN accounting system.

YTD SPEND	2017 YTD PERIOD 5		2018 YTD PERIOD 5	
TOTAL INVOICES	2081		1735	
TOTAL £SPEND	£1,572,515.10		£2,066,027.18	
PROCUREMENT £SPEND/INVOICES	£1,572,515.10	2081	£1,887,373.38	1558
CONTRACT INVOICES*	1299	62.4%	652	41.8%
NON CONTRACT INVOICES*	782	37.6%	906	58.2%
CONTRACT £SPEND*	£1,021,977.04	65.0%	£1,488,835.89	78.9%
NON CONTRACT £SPEND*	£550,538.06	35.0%	£398,537.49	21.1%
TOTAL SUN INVOICES	852	40.9%	573	33.0%
TOTAL PECOS INVOICES	1229	59.1%	1162	67.0%
TOTAL SUN £SPEND	£939,800.48	59.8%	£999,711.14	48.4%
TOTAL PECOS £SPEND	£632,714.62	40.2%	£1,066,316.04	51.6%
MAN/OTHER			£178,653.80	177

As can be seen above, total contracted spend, at £1,489k, has increased to 78.9% in 2017-18 compared to 65.0% for the same period in 2016-17.

Total PECOS spend, at £1,066k, has increased from 40.2% to 51.6% of the total, with PECOS invoice numbers also increasing from 59.1% to 67.0%.

Savings and Benefits

The most recent analysis of savings and benefits carried out by APUC was for the year 2016-17. This showed that total savings for the College generated by the use of collaborative agreements was £197k, being £179k generated through lower contract prices and £18k saved by not undertaking our own tendering exercise.

Capability

The College undertook the Operational Procurement Review with APUC in May 2017. This review assessed our current operational capabilities and practices and made some recommendations for improvement. These are monitored monthly as part of our Operational Procurement meetings. They also highlighted potential improvements through staff training and these are also addressed via an action plan.

Recommendation: Committee to discuss the report.

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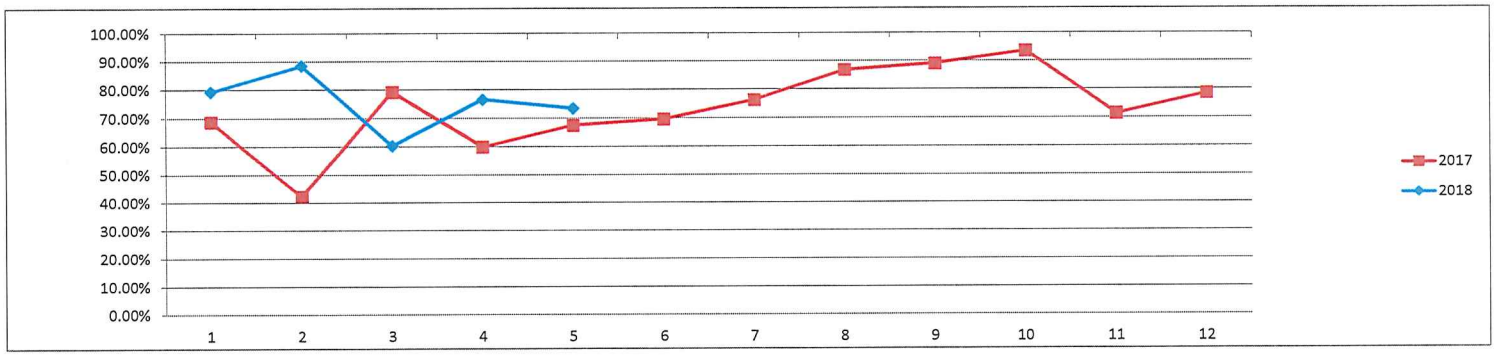
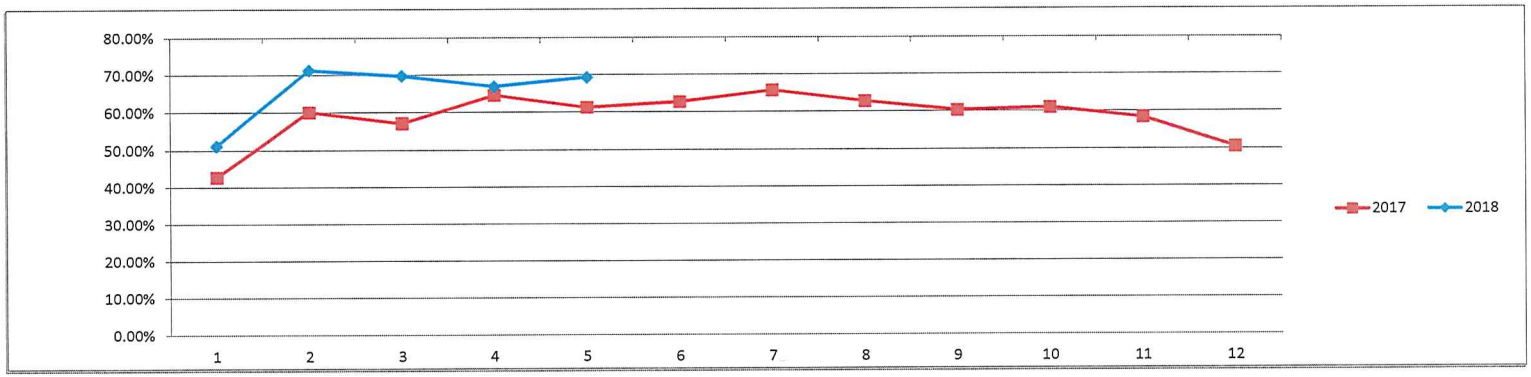
Previous Committee Approvals: n/a

For publication ☒	For publication with redactions ☐	Not for publication ☐

	2018	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PERIOD 6	PERIOD 7	PERIOD 8	PERIOD 9	PERIOD 10	PERIOD 11	PERIOD 12
2017	CONTRACT £SPEND	68.9%	42.4%	79.2%	60.0%	67.5%	69.6%	76.3%	86.9%	89.1%	93.6%	71.4%	78.5%
2018	CONTRACT £SPEND	79.3%	88.6%	60.4%	76.5%	73.4%							
2017	PECOS INVOICES	42.8%	60.1%	57.1%	64.6%	61.3%	62.7%	65.8%	62.8%	60.3%	61.0%	58.4%	50.6%
2018	PECOS INVOICES	51.2%	71.3%	69.8%	66.9%	69.3%							

Contracted Spend % Current Year vs Last Year By Period



PECOS Invoices % Current Year vs Last Year