



For discussion

Title: Procurement Approaches: Lessons Learned

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Purpose

This paper draws together reflections on the lessons learned in identifying and taking steps to rectify the control improvements required in the Park Authority's procurement controls. The paper is presented at the request of the Committee and following reflection by officers involved in the development and implementation of the procurement action plan which followed the internal audit review of the Park Authority's procurement controls.

Recommendations

The Board is asked to:

- a) Discuss and comment on the lessons learned from collective handling of the Park Authority's approach to developing internal controls on procurement as set out in this paper.

Strategic context

1. Our recent focus on urgent need for improvement in formal procurement controls comes in the midst of a time of significant expansion in the scale and breadth the Park Authority's operations. Our ranger service, peatland action delivery team, nature recovery funding and Cairngorms 2030 programme among other areas of development have brought the Park Authority to a position of total funds under management in excess of £16 million in 2024/25, which is more than double the total income in 2020/21. The increasing organisational scale brought increases in procurement activity in terms of both volume of activity and breadth in the range of procurement requirements.
2. This significant increase in activity came at a time when the Park Authority's corporate teams were also heavily involved in managing business continuity processes, our organisational responses to the impacts of the COVID19 pandemic,



and our organisational transitioning to hybrid working from an entirely dispersed workforce during the pandemic.

3. Recognising this position and the potential issues created by organisational growth for procurement, an internal audit was commissioned to support board and management to understand the position and help provide focus for expected improvements in the control environment.
4. While several urgent recommendations were identified and acted on, there were no specific instances of procurement activities having caused any significant issues for the Park Authority: there were no allegations of breach of procurement requirements and officer advice had been sufficient to cover the organisation's activities in the absence of more formal control systems.

Strategic policy consideration

5. The following reflections and lessons learned are drawn from our work on procurement over the course of the last two years:
 - a) There is significant benefit to ensuring that internal audit resources are directed appropriately toward areas of highest risk. In taking this approach, there needs to be a considered approach when dealing with audit reports which may contain urgent recommendations for action.
 - b) In developing new areas of delivery, consideration should be given to wider organisational consequences in terms of the resource and development of skills needed to support those delivery areas. This is an ongoing process, as sometimes consequences of new delivery are only fully understood after delivery commences.
 - c) The commitment, knowledge and goodwill of staff remains a key element of successful delivery by the Park Authority. Professional engagement of all staff ensured that appropriate actions were taken to safeguard the organisation and meet requirements until the design of control procedures could catch up with service delivery.
 - d) While there is an appropriate focus across government on the size of the public sector workforce, and in particular the levels of corporate support services, there is a need to also consider the staff resourcing required by organisations to discharge their legal responsibilities and wider expectations



of government. Procurement regulations present complex legal requirements and require specialist, qualified, knowledgeable staff. There is a difficult balance to be struck in managing workforce size and appropriately covering legislative requirements such as employment law, financial regulations, Freedom of Information and procurement.

- e) Development of shared services between public bodies has been an effective and efficient contributor to addressing service requirements, both in terms of delivering procurement activities and also in providing professional mentoring and support for specialist staff who would otherwise be in a 'team of one' in terms of knowledge and experience groups.
- f) The quantum of time and resources required in development and management of shared services should not be underestimated. Many organisations in the current funding climate do not carry surplus capacity and indeed are typically carrying more workloads than they are able to service. Considerable management time can be consumed in searching and negotiating viable shared services options. Reliance on a shared service delivered by a third party may also result in a dependency which can restrict control over project timetables.
- g) Professional mentoring of staff through third party organisations offers an excellent route to ensure professional staff who are in single member or small teams have wider support from knowledgeable professionals in their own field of expertise.
- h) Effective management and delivery of functions through shared services also requires a sufficiently informed and experienced 'client management' function. There needs to be adequate time and experience of procurement within the Park Authority to ensure effective oversight of procurement activity being delivered on our behalf by other third parties, and ensure questions and commissions are appropriately drawn up.
- i) There is an effective governance system in place within the Park Authority covering terms of reference for committees which set out those committees' delegated responsibilities, with the option to escalate issues by exception to the full board.
- j) As with any policy environment, procurement and any other internal control element needs to be worked on and embedded as part of the organisation's culture rather than simply seen as an isolated process or control system, in



order to ensure adequate internal communication takes place and that procurement is considered by all staff at the right time in their work.

- k) Significant procurement exercises are likely to have a sizeable, demand-led call on budgets for professional advice, such as legal support and wider professional input. Project budgets and / or central budget provisions need to be adjusted to reflect the scale of procurement pipelines in any year.
- l) The wider investment in and development of improved information management systems has been a crucial underpinning in improving our capacity to implement effective procurement controls, enabling an understanding of procurement pipeline and also establishing a contract register to enhance subsequent contract management.
- m) The collective work between the Audit and Risk Committee and senior officers established an appropriate and constructive governance, scrutiny and delivery dynamic and reporting process.

- 6. A significant and wider development within the Park Authority as a 'lesson learned' from experience in handling procurement is our new approach to project initiation. This approach requires all project ideas to be logged in a central system and an appraisal undertaken to establish what wider professional support and expertise a project may require, whether procurement, community engagement, legal advice etc. The approach in turn encourages early engagement between project managers and professional advisers to inform everyone of potential pipeline workloads and take early advice on project design to ensure compliance.
- 7. The Park Authority has also been using 'trial and test' approaches to learn from early experience how best to design internal control systems on the basis of preliminary evidence from a small number of pilot exercises.
- 8. Both these wider developments seek to allow service developments to progress without significant delay, while preventing significant organisational exposure to unmanaged risks or to unexpected wider liabilities.

Strategic risk management

- 9. The Park Authority is a dynamic, responsive organisation which has had great success over recent years in securing additional funding for investment in the



Cairngorms and delivery of the National Park Partnership Plan (NPPP) objectives. As noted in the strategic context section of this paper, our ranger service, peatland action delivery team, nature recovery funding and Cairngorms 2030 programme has brought the Park Authority to a position of total funds under management in excess of £16 million in 2024/25, which is 110% of the total income in 2020/21. Growth at this scale and pace, while in keeping with the Park Authority's objectives of income diversification, and a relatively open risk appetite for expansion supporting delivery of NPPP priorities, will inevitably put significant pressure on the capacity of relatively fixed central support services and their capacity to build control frameworks in advance of taking on some commitments.

10. Overall, the risk approach appears to remain appropriate. However, as significant organisational change is recognised, a fuller risk assessment of consequent impacts and support requirements is warranted.

Implications

11. There are no new strategic resource implications suggested by this paper.
12. The paper does highlight the requirement for adequate resource to be allocated to essential corporate support functions and this may have implications for future consideration of budget development or in responding to consideration of potential for future efficiency saving.