

Best Value toolkit: Procurement



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Introduction

The Audit of Best Value

“Achieving Best Value is about ensuring sound governance, good management, public reporting on performance and a focus on improvement”

The duty of Best Value applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers.

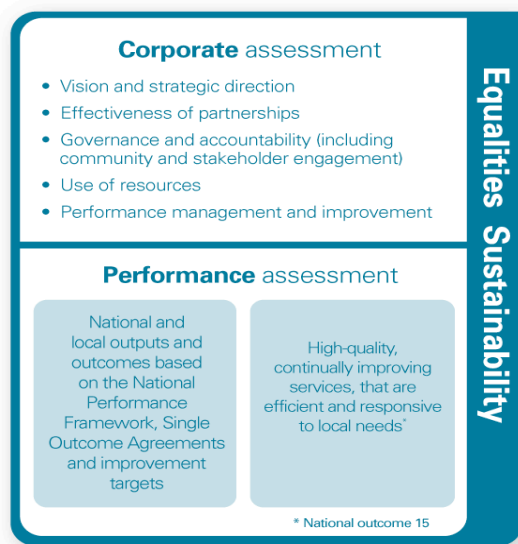
Best Value has already been a powerful force for improved performance and accountability in local government, and it will play an important role in supporting the Concordat and the development of Single Outcome Agreements between the Scottish Government, councils and their partners, and in streamlining and coordinating the scrutiny of public services. It also has the potential to underpin the National Performance Framework and the ‘management scorecard’ elements of Scotland Performs.

On behalf of the Auditor General and the Accounts Commission, Audit Scotland has identified a set of principles that form the basis for a consistent approach to the audit of Best Value across the public sector, although its application will differ to reflect factors such as the different accountability regimes and reporting arrangements in place in different sectors. This will enable us to apply a consistent set of expectations across all the bodies that we audit, and to reflect and support the reality of partnership working between organisations.

The Best Value toolkits are a key part of the practical application of the BV audit. They provide an evaluation framework that will help auditors to reach robust judgements on how public bodies are delivering Best Value. However, they cannot generate Best Value judgements on their own. They cover only part of the process. Judgements about Best Value also involve consideration of service standards and performance, outcomes and how effectively continuous improvement is being achieved. The framework through which the various elements of the Best Value audit are brought together to arrive at an overall conclusion on the extent to which an organisation is achieving Best Value is outlined below:

Exhibit 1

Framework for a BV audit of a public body



Source: Audit Scotland

As the diagram demonstrates, Audit Scotland's approach to the audit of Best Value entails both corporate assessment and performance assessment elements. The former focuses on how an organisation plans and conducts its business and manages its resources while the latter looks at the quality of those services and the outcomes for service users.

Audit Scotland is committed to ensuring that Best Value auditing across the public sector adds value to existing arrangements, is risk-based and builds on our existing knowledge of individual public bodies, and that of our scrutiny partners. Specifically we aim to:

- report on the delivery of outcomes for people who use services
- protect taxpayers' interests by examining use of resources
- put an increasing emphasis on self assessment by public bodies with audit support and validation
- work collaboratively with other scrutiny bodies to ensure our work is aligned and prevent duplication.

The Best Value toolkits

The Best Value toolkits are a series of audit diagnostics, which will help reviewers to establish the extent to which public bodies' arrangements are designed to achieve, and are actually delivering, Best Value. They have been developed to support the corporate assessment process around the five corporate assessment areas noted in Exhibit 1, and the two cross-cutting themes of equalities and sustainability. However, as each toolkit also incorporates a series of questions on the impact of the area under review, they will also provide some evidence to support the assessment of service performance and outcomes.

The Best Value toolkits have been developed as audit tools in consultation with specialist practitioners, and representatives of public bodies and professional groups.

The toolkits take the form of structured key questions, with a matrix of possible levels of performance, ranging from basic to advanced practice. The matrices cannot of course capture all of the ways in which a public body may address the requirements of Best Value, so there is clearly scope for auditors to exercise balanced judgement and for public bodies to respond flexibly in demonstrating how the key areas of challenge are addressed. Individual evaluations are made about the level a public body has attained in each question or area. However, these have not been weighted and it is not intended that these be used to determine an overall scoring for any toolkit. They are designed to contribute to sound professional judgements, not to replace them.

Using the toolkits

The toolkits are designed for application by Audit Scotland's auditors when carrying out Best Value audits of public bodies. In practice, the toolkits will be applied as part of an audit process, whereby the auditor makes enquiries, seeks supporting information and forms conclusions based on the evidence obtained.

Audit Scotland recognises that bodies may find the toolkits helpful in carrying out general organisational reviews or specific service reviews and are therefore available in the Audit Scotland website www.audit-scotland.gov.uk. It should be stressed however that public bodies using the toolkits do so at their own discretion. The toolkits are designed principally as audit tools that are part of

Audit Scotland’s overall Best Value audit methodology and are not expressly produced for self-assessment purposes.

Any organisation using the toolkits to inform their own corporate or service-based self-evaluation processes will need to consider the local context when applying them, and also the indicative rather than conclusive nature of the findings when interpreting the results. The toolkits were designed to elicit contextual information and provide evidence for arriving at professional audit judgements. They are not intended to be, and cannot be, used in a “tick-box” fashion.

The Best Value toolkits are generic in nature, in that they are not specific to any one type of public body or to any one sector and are designed so that they can be applied to all public bodies. Auditors will require to be sensitive to the differences between organisations both in terms of different sectors and varying scales of operation.

This toolkit forms part of a suite of audit products that will be applied, over time, to support a structured, evidenced based, judgment on an organisation’s approach to the use of the resources with which it has been provided and its achievement of Best Value.

Auditors’ evaluations

The toolkit takes the form of a series of questions based on identified good practice. It then offers four sets of descriptors, these being:

Does not meet basic requirements	An organisation may not yet demonstrate the basic practice level in any particular category.
Basic practices	Minimum acceptable standards, which would be sufficient to allow an organisation to demonstrate sound performance.
Better practices	As basic, with some elements of good or even best practice, but not on a consistent basis.
Advanced practices	Consistently demonstrating good or best practice and contributing to innovation.

Best Value toolkit: Procurement

Procurement

Is there clear direction from the top with clear support for getting best value in procurement?

Does the organisation provide clear leadership on procurement?

Is there a clear role focused on strategic procurement (by sourcing group) which is embedded across the organisation and aligned with the centre of expertise?

How clear is the system of delegation and authority for procurement?

Does internal audit provide assurance that the organisation's internal control systems for procurement are adequate and effective?

Is there a clear, systematic, holistic and well-researched framework to guide the organisation's purchasing decisions?

How developed is the Procurement strategy?

How well defined are the objectives & targets for Procurement?

How far does procurement strategy support and align with the overall organisation's strategy and with wider public sector strategies?

How well is Procurement strategy documented, communicated and understood by sector or individual organisation?

Can the organisation demonstrate a clear understanding of how it can best satisfy its core supply needs?

How are local Sourcing Strategies developed & reviewed?

How much of the overall spend (Category A, B & C) is covered by signed-off sourcing strategies?
Linked to BPI5

To what extent does the organisation take account of its sustainability and the current economic climate in its procurement activity?

To what extent are sourcing strategies for categories A, B & C spend based on reliable/robust internal information?

Are mechanisms in place to encourage new suppliers and ensure clear access routes?

Is the organisation moving towards advanced procurement performance in accordance with the McClelland report aim (McClelland report paragraph 9.8.1)? *Linked to BPI1*

Is the organisation increasing its collaborative procurement with other public bodies?
Linked to BPI4

Does the organisation manage its suppliers and contracts effectively?

Are there effective contract management processes in place?

How clearly defined are the Procurement policies & procedures?

To what extent does the organisation learn from its supply market?
Linked to BPI3

How reliable is the method for assessing & managing supplier performance?

Does the organisation have efficient and robust processes and systems to support advanced procurement activity?

Are suitable technology-based tools in place and used?
Linked to BPI9

Does the organisation use tools such as procurement cards and aggregate/consolidated invoices, self-billing and e-invoicing?

Does the organisation have people with sufficient capability to ensure effective performance?

How proactive is the Procurement function in terms of planning future resources?

Do procurement personnel have their competency levels assessed using the Scottish Procurement Competency Framework or a similar competency framework?
Linked to BPI7a&b

Does the organisation have a sound approach to assessing and demonstrating its procurement performance?

How well defined are the Procurement performance target & measures?

Do managers get relevant, timely and accurate procurement spend information?

Does the organisation have a clear approach to assessing/demonstrating its procurement performance?

Does the organisation demonstrate a focus on performance improvement year on year? Will include BPI6

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
1. Is there clear direction from the top with clear support for getting best value in procurement?			
1.1 Does the organisation provide clear leadership on procurement?	<p>A defined Procurement role exists, though it may be part of another organisational function.</p> <p>Procurement is seen as a distinct function with a Director or head of procurement leading at senior level.</p> <p>There are clearly defined roles, responsibilities and reporting lines for procurement.</p>	<p>The head of procurement is either at board level or is one level below, with a board member taking clear ownership for procurement and commercials matters. (Note: 'Board' can be board/council/corporate management team or equivalent) The head of procurement can and does access board level meetings.</p>	<p>Leadership of the function is an integral part of the head of procurement's roles and the impact of this is widely visible.</p> <p>The head of procurement - is considered part of a senior 'peer group' with other business leaders; sits on appropriate key Steering Groups, project boards etc.; plays a full role in wider Government, professional and collaborative initiatives; provides active personal leadership of wider networks.</p>
1.2 Is there a clear role focused on strategic procurement (by sourcing group) which is embedded across the organisation and aligned with the centre of expertise?	<p>Strategic Procurement role exists for limited areas of strategic spend ie classified as high value/high risk (up to 50%) but role not clear, staff are not fully trained and are not aware of or helping to deliver the organisation's objectives. Roles completely differentiated from operational buying activities.</p>	<p>Strategic Procurement role exists for most areas of strategic spend (>75%). Role is clear across organisation, and staff are trained. Roles completely differentiated from operational buying activities.</p>	<p>Highly skilled and fully trained Strategic Procurement professionals are in place and are fully integrated within organisation's decision making process.</p> <p>They are delivering significant incremental benefits across majority of purchasing spend.</p>
1.3 How clear is the system of delegation and authority for procurement?	<p>The published scheme of administration sets out high level delegations and authority levels.</p>	<p>Each department or function has a clear system of delegation for procurement (ordering and budgetary). The organisation has reviewed all procurement activity and responsibility. It has formally designated all those with procurement responsibility as procurement officers with accountability to the Head of Procurement.</p> <p>This system is subject to regular internal audit.</p>	<p>Delegated systems are embedded into IT systems to ensure compliance and appropriate authority for transactions. Separation of duties is regularly reviewed and there is accountability to the Head of Procurement.</p> <p>These systems are subject to regular internal audit.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
1.4 Does internal audit provide assurance that the organisation’s internal control systems for procurement are adequate and effective?	There is a quality assurance strategy or framework to provide assurance that basic standards of procurement practice are adequate and effective. However there are gaps in assurance or the strategy has not been fully implemented.	The internal audit service regularly assesses procurement risks and performance. It reports assurance that the organisation’s basic standards of governance and financial control for procurement are adequate and effective (in line with McClelland report section 5).	The organisation's audit committee has reviewed procurement risks and priorities. The committee has specified the degree of assurance it requires concerning the management of procurement risk. Internal audit plans and delivers its work in accordance with this requirement.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
2. Is there a clear, systematic, holistic and well-researched framework to guide the organisation's purchasing decisions			
2.1 How developed is the Procurement strategy?	Documented Procurement strategy but not communicated across all in Procurement & not signed off.	Fully documented strategy communicated across the organisation. The strategy includes well-defined objectives which demonstrate its impact on the business. The strategy includes a risk assessment and management plan.	Fully documented, well communicated strategy in place. The strategy is outward-looking & fully aligned with the sector delivery strategy, and wider public sector strategy. The strategy defines the organisation's position with regard to: Corporate Social Responsibility; Equalities; Ethical procurement; Sustainability etc.
2.2 How well defined are the objectives & targets for Procurement?	Objectives defined & understood but staff unclear about their integration and impact to wider sector deliverables.	Objectives defined, understood & documented. Staff clear as to the impact of their targets on wider organisation's deliverables.	Objectives of Procurement clearly documented, communicated across the organisation & well understood. Consistent & non-conflicting with other departments. Procurement is involved in defining all strategic external procurement relationships.
2.3 How far does Procurement strategy support and align with the overall organisation's strategy and with wider public sector strategies?	Procurement strategy is developed in support of the sector or organisation strategy with the main focus on maximising service & minimising total costs.	Procurement strategy is based on optimising the ability for sector to deliver and improve service delivery across the entire value chain. The Procurement strategy is co-developed with the other elements of wider service delivery and development.	Procurement strategy is based on optimising the ability for sector to deliver and improve service delivery across the entire value chain. Procurement strategy is co-developed with the other elements of the business strategy, and wider public sector strategies. Sourcing and supply chain improvement projects are fully aligned with Business Strategy.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
2.4 How well is Procurement strategy documented, communicated and understood by sector or individual organisation?	A procurement strategy exists and is updated infrequently. Updates driven by the need (for example, audit requirements) to complete this. Not all senior management understand or sign up to the strategy.	Updated on a regular basis. Senior management understanding and agreement to strategy. Procurement personnel familiar with the implications of the strategy.	A fully documented strategy has been agreed business-wide and cascaded to all key areas. Key messages, actions and measures are highlighted in an executive summary. All areas are clear about the implications of the strategy and the expected changes.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
3. Can the organisation demonstrate a clear understanding of how it can best satisfy its core supply needs?			
3.1 How are local Sourcing Strategies developed & reviewed?	<p>Sourcing options are developed & reviewed but is variable in depth between sourcing groups, & the transition process to new suppliers is managed carefully by the procurement team.</p> <p>Some elements of the SPD toolkit (or the Centre of Expertise branded version of the SPD toolkit) are used.</p>	<p>There are regular, planned and diarised reviews of sourcing options within the immediate procurement team with little interaction with other departments - each review is conducted independently & methods are applied on an individual basis.</p> <p>The SPD toolkit (or the Centre of Expertise branded version) is used as a matter of course.</p>	<p>There are regular, planned and diarised reviews of sourcing options using a formal methodology. Cross-functional/geographical teams are used where appropriate, with a carefully managed transition process to new suppliers.</p> <p>The SPD toolkit (or the Centre of Expertise branded version) is used as a matter of course.</p>
3.2. How much of the overall spend (Category A, B & C) is covered by signed-off sourcing strategies? <i>Linked to BPI5</i>	<p>Many sourcing groups have sourcing strategies, but they are not fully signed off. Where available, Category A and B collaborative contracts are being used.</p>	<p>Over 75% of spend covered by strategy, which is signed-off by appropriate organisation stakeholders. Where available, Category A and B collaborative contracts are being used.</p>	<p>The entire spend is covered by sourcing strategies which are signed-off by senior management. Where available, Category A and B collaborative contracts are being used.</p>
3.3 To what extent does the organisation take account of its sustainability and the current economic climate in its procurement activity?	<p>The Scottish Sustainable Procurement Action Plan is being adopted. Suppliers are checked for financial stability at tender stage only.</p>	<p>An organisation specific delivery plan which addresses how procurement can help the organisation deliver sustainability objectives has been produced. Incumbent key suppliers are checked for financial stability on an ongoing basis.</p>	<p>Sustainability is embedded into all procurement activity. Incumbent key suppliers are checked for financial stability on an ongoing basis.</p>
3.4 To what extent are sourcing strategies for categories A, B & C spend based on reliable/robust internal information?	<p>Detailed information is available, however it is not used to develop recommendations that can be incorporated within the strategy.</p> <p>Only some spend data is available at commodity group level - by supplier (i.e. from accounts payable). Little line item (detailed commodity) level info available.</p>	<p>Historic spend data is available, at supplier and sourcing group level.</p> <p>Some data is available at line item (detailed commodity) level. Some forecast data is available. Information informs sourcing strategy.</p>	<p>Detailed and accurate information exists on both current and future demand, supplier and market changes; current process and performance; Information is easily formatted and accessed. Procurement regarded as key source of information intelligence for supplier spend.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
<p>3.5 Are mechanisms in place to encourage new suppliers and ensure clear access routes?</p>	<p>Little variation in supply base. Potential new suppliers are referred to standard documentation or information.</p> <p>Buyer Profile has been set up on Public Contracts Scotland portal.</p>	<p>Meet the Buyer events are being held.</p> <p>Web information for new suppliers with genuine positive response to queries.</p> <p>Suppliers are sounded out in early discussions or involved in market testing.</p> <p>Prior Information Notices are used to assess market interest.</p> <p>Positive action compliant with procurement law is taken to increase opportunities for smaller and medium sized enterprises (SMEs) to provide diversity and responsiveness.</p>	<p>Seeks out VFM and innovation through open supplier events and attending trade exhibitions.</p> <p>There is a clear process for introduction of new suppliers.</p> <p>Contract awards are on Public Contracts Scotland portal. Trade fairs are being attended by procurement staff.</p>
<p>3.6 Is the organisation moving towards advanced procurement performance in accordance with the McClelland report aim (McClelland report paragraph 9.8.1)?</p> <p><i>Linked to BPI1</i></p>	<p>Action plan is in place though progress may not be well measured. Benefits and savings are being achieved, a number of ongoing organisational changes implemented although not consistently tracked with some slippage.</p>	<p>Action plan and performance measurement mechanisms are in place.</p> <p>Benefits and savings and organisational changes are being achieved according to the plan.</p>	<p>Detailed action plan and performance measurement mechanisms are in place tracking organisational, benefit and savings changes. A process for handling 'slippage' is in place. The changes are reported through-out the organisation.</p> <p>Significant benefits and savings / changes are being achieved internally and across wider public sector.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
<p>3.7 Is the organisation increasing its collaborative procurement with other public bodies?</p> <p><i>Linked to BPI4</i></p>	<p>Sourcing strategies are defined for all major spend areas, which recognise opportunities for joint procurement work with other public bodies. The organisation has not actively followed up these opportunities</p>	<p>The organisation is actively pursuing joint procurement with other public bodies, to get procurement efficiencies. It has analysed its procurement spend and contracts and identified other public sector organisations with which it can collaborate.</p> <p>There are clear implementation plans with targeted efficiency savings.</p> <p>The organisation can show innovation in its approach to joint commissioning of procurement of services.</p>	<p>As well as actively seeking new and innovative partnerships, the organisation can show it is increasing the number, scope and share of spending on collaborative contracts.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
4. Does the organisation manage its suppliers and contracts effectively?			
4.1 Are there effective contract management processes in place?	There is ad hoc, mainly qualitative measurement of contract Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) and mainly conducted by the business.	There is a structured and formal review of contracts and their KPIs, and SLAs where appropriate. Contracts and their KPIs/SLAs are quantitative and regularly measured with supplier data and own data, with action planning implemented.	Contract management information is obtained, analysed and actioned by the organisation as part of continuous improvement. Mechanisms are in place to motivate suppliers to perform, whilst continually improving service delivery. Risk and change management are undertaken systematically and exit strategies are in place which can be implemented.
4.2 How clearly defined are the procurement policies & procedures?	Procedures in place but not applied consistently or across all supply areas.	Comprehensive procedures in place & understood. Subject to regular internal audit. (q.v. question 3).	Comprehensive, documented, well understood procedures which are implemented consistently throughout the organisation. Practices allow flexibility to suit local/specific variations. Subject to rigorous internal/external audit (q.v. question 3). Reviewed regularly.
4.3 To what extent does the organisation learn from its supply market? <i>Linked to BPI3</i>	Suppliers have opportunity to feedback on the organisation's supply management performance as part of formal review process. Information gathered is collated and acted upon as key objective. However feedback may be patchy.	Formal feedback process in addition to review of supplier technological capabilities & core competencies which are recognised & utilised where feasible. Feedback information has reasonable coverage of main spending.	The organisation utilises supplier expertise in re-engineering in Procurement processes as well as product development. Joint knowledge sharing objectives are in place with key suppliers. Feedback information is highly systematic with good coverage of spending.
4.4 How reliable is the method for assessing & managing supplier performance?	Performance is assessed & action taken on a reactive basis.	Formal assessment programs are in place & used to drive supplier development program.	A continuous supplier assessment process is used to identify supplier development opportunities & requirements and how these can be met.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
5. Does the organisation have efficient and robust processes and systems to support advanced procurement activity?			
<p>5.1 Are suitable technology-based tools in place and used?</p> <p><i>Linked to BPI9</i></p>	<p>Management information is mainly derived from the Finance System's Accounts Payable (creditors) module.</p> <p>There are local / home-grown databases which hold information on the organisation's procurement activity.</p> <p>Central ordering - mainly manual process.</p>	<p>The organisation uses an e-procurement solution (either integrated or stand-alone).</p> <p>Information from this system is used periodically to analyse spending and identify where improvements in procurement practice can be made.</p> <p>It has reduced manual processes but overall technological solutions are only in limited use.</p> <p>The procurement team understands which spend data is captured by which system for at least the last year. It can structure that data by geography, business unit and supplier.</p> <p>There are reports that show the spend evolution over time. The system also allows users to quickly view top suppliers and all contracts with them.</p>	<p>The minimum of manual processes remain.</p> <p>The organisation uses a variety of IT tools to actively control and manage the procurement function, eg: Requisitioning and ordering; Enterprise resource planning; Contract databases; eProcurement / eMarketPlace; eSourcing; eAuctions.</p> <p>Supplier information is regularly analysed for savings and efficiencies, as well as benchmarked against prior year expenditure.</p> <p>Automated ordering process with commitment accounting in place.</p> <p>Management Information is used from the system in daily work.</p>
<p>5.2 Does the organisation use tools such as procurement cards and aggregate/ consolidated invoices, self-billing and e-invoicing?</p>	<p>Some tools such as procurement cards and aggregate/consolidated invoices, self-billing and e-invoicing is used.</p>	<p>There is a strategy in place on what technology is in place on when different types of technology should be used for specific purchases.</p>	<p>A full technology strategy is in place and has been implemented and embedded in the organisation.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
6. Does the organisation have people with sufficient capability to ensure effective performance?			
6.1 How proactive is the Procurement function in terms of planning future resources?	A clear & comprehensive plan is in place for location/team. Linked to recruitment, promotion development & training. There may be key skills/ resource gaps but there are clear plans to address these.	Procurement staffing plan integrated with business planning process. Linked to recruitment, promotion development & training. There are no key skills/resource gaps, or any gaps will be filled within the next three months.	Procurement staffing plan also linked to recruitment, promotion development & training. The plan is regularly reviewed against Procurement needs across the service and wider public sector.
6.2 Do procurement personnel have their competency levels assessed using the Scottish Procurement Competency Framework or a similar competency framework? <i>Linked to BPI7a&b</i>	Awareness of the procurement competency frameworks or similar frameworks. They are used on an ad-hoc basis with procurement personnel, to assess some procurement related competency levels.	The procurement competency framework (or similar) is used to assess procurement personnel competency levels as part of the regular performance review/management process and is used to identify future development and training requirements.	The procurement competency framework (or similar) is used to identify competency profiles for procurement posts and for assessing procurement personnel competency levels. Skills gaps are identified for individuals and the procurement organisation using the framework, which informs strategic training and development plans.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PROCUREMENT LEADERSHIP & GOVERNANCE

	Basic practice	Better practice	Advanced practice
7. Does the organisation have a sound approach to assessing and demonstrating its procurement performance?			
7.1 How well defined are the Procurement performance target & measures?	Good set of performance measures with some gap areas (ie BPI Profile information updated regularly). Basic Price and delivery measures in place and monitored internally. Some conflicting measures with other parts of the business.	Strong set of performance measures with small gaps (ie full BPI Reporting). Full life-cycle measures are in place but not fully measured. Understood by staff. Well communicated. Regular monitoring and review. Some trend monitoring. Some measures developed independently.	Clear measures are in place, developed with key stakeholders across the business. Performance measures well defined and agreed and non-conflicting (ie full BPI Reporting plus additional comprehensive measures covering the service provided). Takes account of: Cost, performance, risk and service continuity and sector reputation.
7.2 Do managers get relevant, timely and accurate procurement spend information?	As part of standard financial reporting, managers routinely get relevant, timely and accurate statements of procurement spend against budgets. Managers receive reports on variances over a specified amount.	Spend information includes spend against budget and variance analysis. Areas of high costs are scrutinised and reviewed on a regular basis. Budget holders report unusual patterns or variances.	Management information includes comparison of spend against budget, performance targets and identified areas of high spend. Adverse variances are acted visible to relevant parties.
7.3 Does the organisation have a clear approach to assessing/demonstrating its procurement performance?	Procurement reports use a number of indicators to demonstrate procurement performance.	The procurement function feeds appropriate information into the corporate performance framework.	Procurement savings are separately identified in discussions and reports on the organisation's overall financial strategy and performance.
7.4 Does the organisation demonstrate a focus on performance improvement year on year? Will include BPI6	The organisation's procurement targets seek year on year improvement. The auditor should record the targets and reported performance]	The organisation reports its key performance indicators and these indicate performance improvement. [The auditor should record the targets that indicate performance improvement]	The organisation undertakes analysis of BPI 6 across its organisation, within sector and between sectors. The organisation includes performance benchmarking information in its reports to management.

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