

## Audit, Standards and Risk Committee

Tuesday, 24 September 2024

### Contract Procedure Rules Breach & Suspected Instances of Fraud Report

---

<b>Is the paper exempt from the press and public?</b>	No
<b>Reason why exempt:</b>	Not applicable
<b>Purpose of this report:</b>	Discussion
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan of Key Decisions?</b>	Not a Key Decision

---

**Director Approving Submission of the Report:**  
Gareth Sutton, Chief Finance Officer/s73 Officer

**Report Author(s):**  
Gareth Sutton, Chief Finance Officer/s73 Officer

---

#### Executive Summary

This report provides details on occasions where the Contract Procedure Rules (CPRs) or the Financial Regulations have been breached and on any suspected or actual instances of fraud.

One issue associated with the procurement of services is brought to the Committee's attention.

#### What does this mean for businesses, people and places in South Yorkshire?

The CPRs and Fraud Response Protocol are a key internal control, designed to maximise the value of MCA expenditure and mitigate inherent risk to public funds.

#### Recommendations

Members are asked to note the report.

## **1. Background**

### **1.1 Contract Procedure Rules & Financial Regulations**

How the MCA procures activity and manages contracts is governed by the Contract Procedure Rules (CPRs). The Financial Regulations set out the financial management policies of the MCA and are a key part of the Authority's financial governance arrangements. The CPRs and Financial Regulations are a Constitutional document and must be adhered to by all officers. The Executive Director Resources and Investment is responsible for the content and application of these rules through Finance, Procurement and Contracting teams.

### **1.2 Fraud Response Protocol**

How the MCA manages the risk of fraud is set out in the Anti-Fraud and Corruption Policy (Part 6F of the Constitution). The policy is applicable to Members, Chief Officers and employees of the Authority and its committees, as well as all individuals, organisations, contractors, consultants and partners associated with the Authority, including customers and stakeholders.

The MCA's Fraud Response Plan can be found at appendix 2 of the Anti-Fraud and Corruption Policy. The Plan provides direction and guidance in dealing with suspected cases of theft, fraud and corruption. In accordance with the Plan, all instances of suspected fraud must be reported to the Head of Internal Audit at the earliest opportunity.

## **2. Key Issues**

### **2.1 Breaches**

The breach report is designed to provide oversight for the Committee on where breaches are occurring and how the MCA is responding. This process will support review of potential systemic internal control weakness and inform learning. No instances of procurement breaches have been noted since the last reporting date.

### **2.2 Commissioning of Activity for the Police and Reform Directorate**

Following the integration of the former Office of the Police and Crime Commissioner into the MCA in May 2024, the MCA is responsible for the commissioning of all activity delivered through the new Police and Reform directorate. This activity is differentiated from the Force level activity commissioned by the Chief Constable.

How activity is to be commissioned is set out in the MCA's Constitution through the Joint Corporate Governance Framework and the Contract Procedure Rules.

In August of this year an issue was identified whereby a supplier had been approached to deliver a piece of work (c. £70k) without clear evidence of a procurement exercise and appropriate market-testing being undertaken.

Whilst controls identified this issue ahead of work being undertaken time pressures for the delivery of activity meant that there was little choice but to pursue an engagement with the identified supplier.

Ahead of formal contracting a compliant route to engaging the supplier was identified via a public-sector framework.

Accordingly, whilst this engagement was ultimately procured in a compliant manner and does not represent a technical breach of the rules, its starting point was not appropriate. The ultimate route to contracting was secured only after the intervention of corporate teams and the good fortune that a route to compliant engagement existed and could be accessed in a timely manner.

A thorough review of the issue has been undertaken with senior officers within the directorate and a series of measures have been implemented to better link corporate teams to the new teams, ensuring that planning and awareness across the business is strengthened. Officers have also been reminded of processes and the need for better engagement.

A review of broader activity has not identified any other issues across the directorate, whilst an internal audit review of the wider integration process is planned for later in the year.

### **3. Options Considered and Recommended Proposal**

#### **3.1 Option 1**

Not applicable.

### **4. Consultation on Proposal**

4.1 Not applicable.

### **5. Timetable and Accountability for Implementing this Decision**

5.1 Not applicable.

### **6. Financial and Procurement Implications and Advice**

6.1 This report provides an update on breaches of the CPRs, Financial Regulations and any fraud investigations.

### **7. Legal Implications and Advice**

7.1 None

### **8. Human Resources Implications and Advice**

8.1 None

### **9. Equality and Diversity Implications and Advice**

9.1 None

### **10. Climate Change Implications and Advice**

10.1 None

**11. Information and Communication Technology Implications and Advice**

11.1 None

**12. Communications and Marketing Implications and Advice**

12.1 None

**List of Appendices Included:**

None.

**Background Papers**

[SYMCA Constitution](#)