

Internal Audit Services News

Welcome to the latest newsletter from South Gloucestershire Council Internal Audit Services. In this edition we provide an important update on some significant procurement changes being introduced from October 2024. The changes to Procurement Law are the biggest for a generation and we will signpost you to some important guidance. We will also update on recent issued controls/ financial guidance for schools.

Your internal audit team are based at the Council Offices, Badminton Road. If you need to contact us, please use the internal audit mailbox and we will get back to you as soon as possible.

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TRANSFORMING PUBLIC PROCUREMENT (TPP) – THE NEW PROCUREMENT ACT

In October this year, we will see the biggest change in Procurement Regulation for a generation. The new Procurement Act will become live, and all future procurements will need to comply.

The intention of the new Act is to improve value for money, public benefit, transparency and integrity. The reforms will get tough on underperforming suppliers and exclude those who pose an unacceptable risk.

The transformation of public procurement will have implications for school buyers. Here are some key areas that schools should familiarize themselves with:

Understanding the new procurement rules: school buyers should familiarize themselves with the new rules, including new tendering processes, evaluation criteria and contract management processes.

Taking a Strategic approach: Buyers are encouraged to develop clear strategies aligned with school and Trust objectives and include social value.

Engaging with suppliers: School buyers should encourage open dialogue, provide clear procurement information and encourage feedback from suppliers.

Continuous learning: School buyers are encouraged to undertake any training available and engage with your professional peer networks to discuss how to be ready. Internal Audit and Schools Finance intend to offer some drop-in online sessions for Business Managers in the Autumn, **please watch out for dates.**

We would encourage you to familiarize yourself with the Cabinet Office Knowledge Drops, more information overleaf on what each drop covers.

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Where you can find out more:

[Knowledge Drop 1](#)

[Knowledge drop 2](#)

[Knowledge drop 3](#)

[Knowledge drop 4](#)

[Knowledge drop 5](#)

[Knowledge drop 6](#)

[Factsheet: Schools](#)

[Factsheet: Light Touch](#)



The Cabinet Office Knowledge Drops – what do they cover?

The Cabinet Office has launched the first official training resources to support the introduction of the new Procurement Act. These are known as Knowledge Drops. The Knowledge Drops are designed to provide a high-level overview of the changes to the procurement regulations. In total they should take no more than an hour to watch and provide bite-size information on the key changes.

Supporting factsheets are also available to accompany Knowledge Drops. They are designed to inform you of any key exemptions. Schools and Trusts undertaking procurements are contracting authorities and are advised to review the training materials. We would also encourage you to inform your Governors of these changes.

The government's Buying for Schools service will support schools and have confirmed that any procurements undertaken on your behalf by them will be compliant.

Access [Buying for school's guidance](#) here

Please find a summary of the key topics covered in each Knowledge Drop:

- **Knowledge Drop 1** – Key changes, Benefits, Working Collaboratively, further resources and signposting.
- **Knowledge Drop 2** – Pipeline, supplier engagement, value for money and conflict of interest.
- **Knowledge Drop 3** – Competitive Flexible, Open Frameworks, Dynamic Markets, Direct Award
- **Knowledge Drop 4** – Supplier exclusion, Debarment, prior to award and Publishing post award.
- **Knowledge Drop 5** – Governance, Modification, Performance, termination, Transparency, Notices, Procurement Review Unit.
- **Knowledge Drop 6** – Next Steps, Implementation, Collaboration and Benefits.

Fact sheet: Schools – providing schools specific guidance on exemptions

Payment Diversion Fraud – Know the Risks

Payment diversion fraud includes fraudsters creating false invoices or false requests for payment, diverting funds to defraud your school. Social engineering is a significant part of the payment diversion fraud process where criminals pose as trusted and recognized entities and use a sense of authority and urgency to manipulate individuals into making a bank transfer or provide confidential information.

Fraudsters will often target staff who are known to process invoices. The email will request for future payments for goods/services are made to a new bank account. Sometimes they give a reason for the change. That bank account will be under the control of the fraudster and any funds paid over will be lost.

How to protect your school or Trust:

Stop and Think – could this be payment diversion fraud? Be suspicious and curious.

Independently check any requests (use your own contact information to reach the company and verify)

Don't be pressured by urgent requests - look out for suspicious links, spelling mistakes, poor grammar (but not always an indication, fraudsters are becoming more sophisticated)



New Financial Regulations for Schools

The council will be refreshing the financial regulations for schools. The reason for the change is:

- To review and refresh the regulations and ensure they are user friendly
- To bring them up to date with any changes in process because of the new Access system
- To reflect the changes introduced by the new Procurement Act.

Internal Audit are planning to undertake an audit of the introduction of the Access system in September 2024. Our auditors may be in touch with your school to ask for a visit. The purpose of this visit is to:

- Examine how schools are using the new system to ensure there are sound controls operating
- Review the arrangements in place for Administration of the system (by school's finance) and ensure this is operating appropriately
- Identify any emerging risks which may need to be considered.

If you are invited to participate in this audit, we look forward to meeting with you. We anticipate the school time commitment will be no more than two to three hours per school (maximum and in most cases much less). The work is intended to be supportive, and we hope to identify examples of good practice which can be shared with all schools. We will use any learning from this exercise to inform the new financial regulations. It is important that we conduct this work in September so that we can make the necessary updates to the financial regulations timely, thank you for your understanding.

If you have any concerns or comments, please do contact the internal audit mail box:

internalauditmail@southglos.gov.uk