TORBAY COUNCIL

Contract Compliance

Compliance Tracker – Financial Standing Monitoring

Introduction

Financial failures can be discovered when completing supplier checks for a new contract/ supplier or via an alert. The lead officer is responsible for the contract and therefore will be involved as the key contact with the supplier.

Supplier checks are completed by the Data and Compliance Officer. Requests for a supplier check will come from:

- Procurement & Contracts Officers (PCOs) when appointing a successful bidder, this will be either above threshold or below threshold supplier checks (Pre-award assessment),
- Business Support Officers (BSOs) for waivers over £25k (Pre-award assessment),
- For all remaining contracts over £25k, when downloading the monthly contracts register report (Post award assessment),
- Via a D&B alert (Post award assessment).

Business Support and Corporate Contracts Officers will provide cover for leave when required.

PCOs and BSOs will inform DCO via email when a supplier check is required as soon as possible or when the preferred supplier is known to allow maximum time for check to be carried out prior to award. The following information is required via email:

- **Contract start date**
- **Contract Value. Whether contract will be above threshold or below threshold**
- **The supplier(s) name and any details or link to the SSQ**
- **The project number**
- **Name of project folder (not required if SSQ is in folder and link provided)**
- **Any deadlines that need to be adhered to**

Pre contract award checks will be completed in order of urgency and returned at the earliest opportunity. Post award checks will be completed weekly. If the requirement is urgent, please inform DCO. The requesting PCO/BSO will be informed of the result and whether a financial check is to be completed due to failure.

The Data and Compliance Officer (DCO) will complete and monitor financial checks from pre-award assessment throughout contract lifetime. This is monitored on Financial Standing Log.xlsx

Finance documents relating to the supplier will all be saved in the Project or Waiver folder the contract relates to, in a Finance sub-folder for all to access if required.
An example file path would be:

TC-Commercial Services Projects - Documents › Corporate Contracts › 2023 Cleaning Services - TJOT1823 › Contract Management › Finance

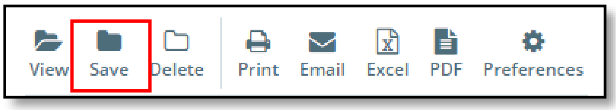
TC-Commercial Services - General › Waivers › Active › 700-799 › 732 Panoramic Associates › Finance

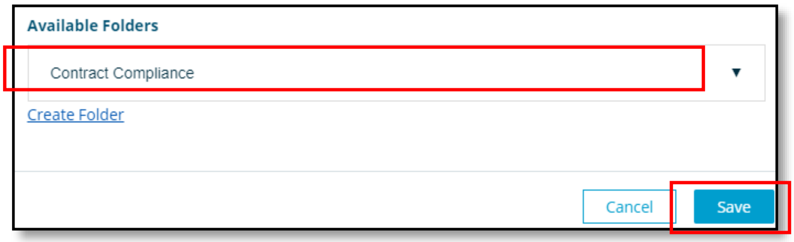
Contents

How to create a D&B Report

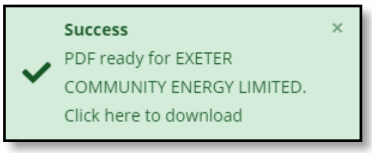
1. Log in to D&B - [dnb - Sign In]()
2. Enter the company name or reg number and select Get Report

3. To save the report in Contract Compliance Folder: Save> Contract Compliance Folder > Save. This folder provides alerts when changes occur with the supplier.

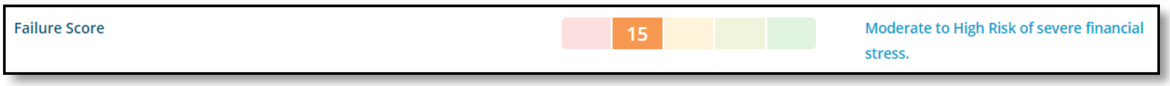


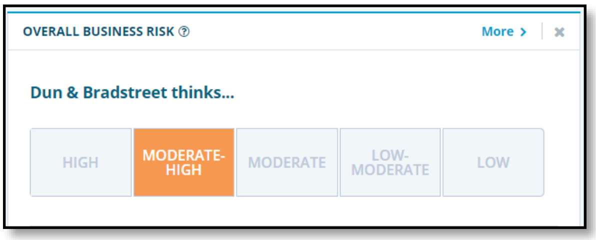


4. Download the Report: PDF> wait for PDF to render> Once complete you will see the below 'Success' pop up, click on this to download PDF. Move the downloaded report to the Projects Finance sub-folder.



5. The D&B report will show the suppliers information. Check the Failure Score and Overall Business Risk Score. See Supplier Checks Process for failure criteria.

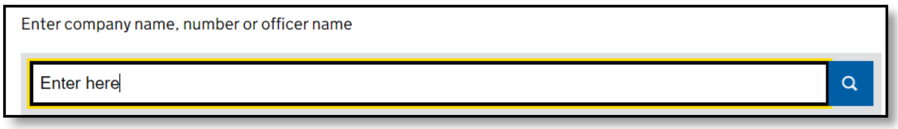




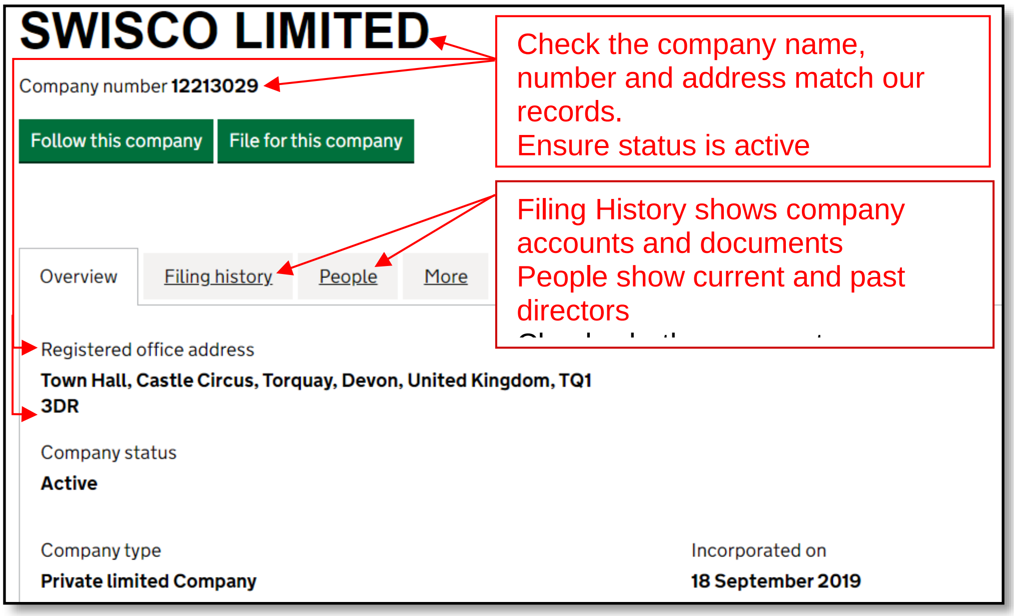
6. D&B report will be saved in the project folder> 03. Contract Management> Finance Checks sub folder each time the report is created. The latest failure score and overall business score will be noted on the Financial Standing Log.

Companies House Checks

1. Go to Companies House
   [Find and update company information - GOV.UK (company-information.service.gov.uk)]
2. In the search bar, enter company name, number or director name and search



3. Select the correct company from the list.
4. On the Overview page, check the company status to ensure company is active and ensure the details match our records.



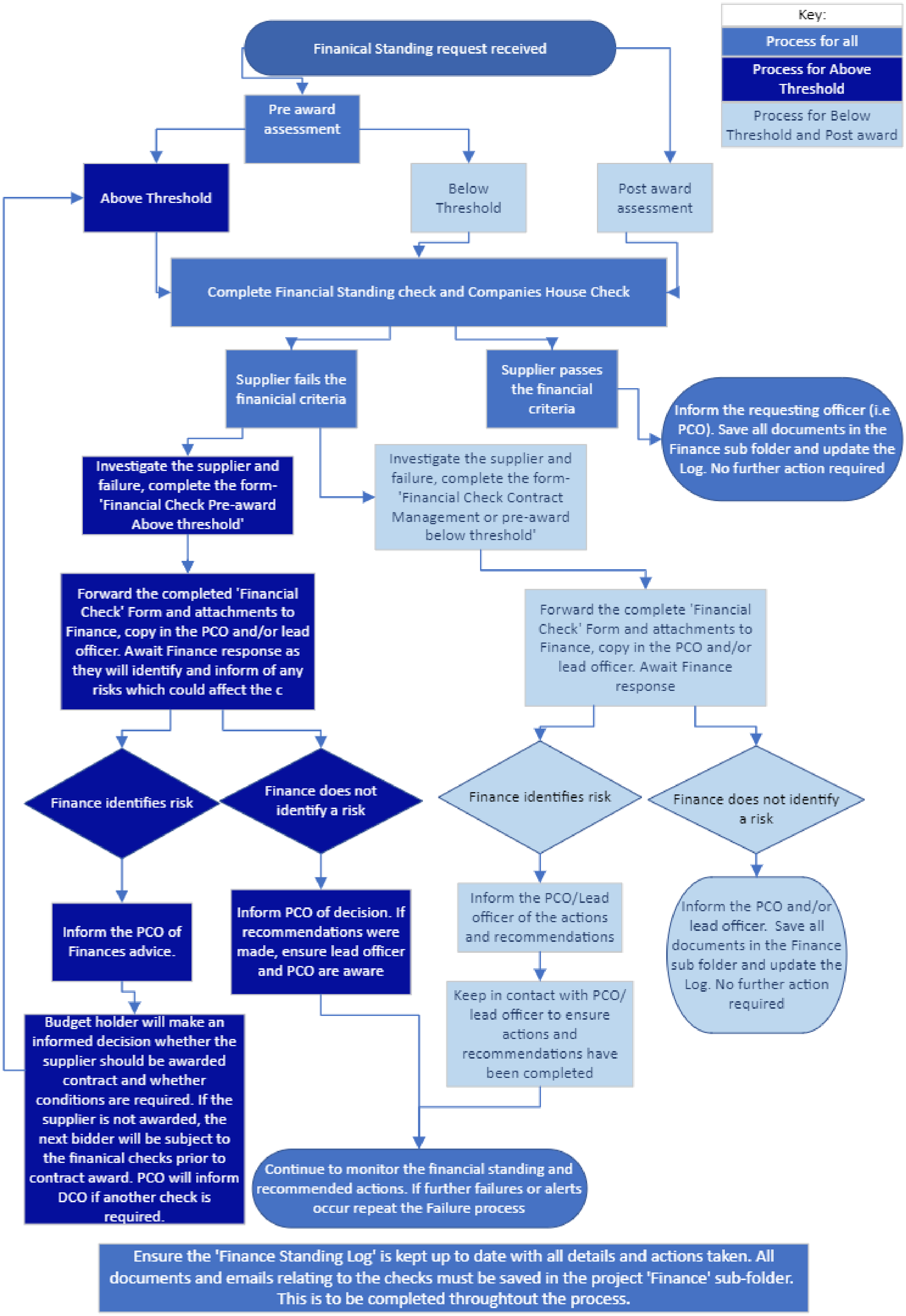
5. In the Filing History tab, obtain the previous 2 years of accounts and save in the project Finance subfolder. (Select View PDF on the Company Accounts, this will open a new PDF tab which can be saved to the relevant folder).
6. In the People tab, perform an audit on each active director, look out for:
   a. Other companies they are appointed too
   b. The status of the other companies the director is appointed too (i.e whether the company is active, overdue accounts, any issues or red flags within filing history such as voluntary or mandatory striking off.
7. If any issues are revealed, evidence the findings by saving the pages (Print to PDF and save in finance subfolder).
8. Make a note of the issues on the Log and inform the PCO and/or lead officer. Add details of any failure to the Finance Check Form.

Central Digital Platform

Supplier details will all be held on the CPD

Guide on how to access will be updated once platform has been released and is in use.

Supplier Checks and Financial Failures



Supplier Checks Process

Supplier checks include financial standing via a D&B report and companies house checks. Note, supplier checks are not required for below threshold pre award and post award if the check has been completed within the past 12 months. (exceptions are if there is a concern or failure within past 12 months) Previous checks are logged on the Financial Standing Log.

1. Receive a request for a Supplier check.
2. Complete a Companies House check on the company and directors. (See Companies House Checks for steps)
3. Obtain a D&B report for supplier(s) (see How to Create a D&B Report for steps)
4. Review the D&B report and Companies House report to compare against the failure criteria. The failure process is triggered if the supplier meets the below failure criteria:

> Failure criteria:
> - Failure Score of 50 or below
> - Overall Business Risk Score of High-Moderate or High
> - Supplier has not met the turnover requirement (for pre-award assessments)
> - Failure within the company's house check

5. Add the suppliers' details, contract details and financial standing findings to the Financial Standing Log.
6. If the supplier passes the failure criteria above, they have passed the finance checks. Save the report (and alert if applicable) in the relevant Finance folder and inform the requesting officer or PCO. No further action required.
7. If the supplier fails on any of the above criteria, this will trigger a Financial Check. See below 'Failure Process' for steps

Failure Process

1. In the event the supplier has failed any of the failure criteria, either during the pre-award assessment, during contract lifetime, or we have received a D&B alert, the supplier will need to be investigated and Finance and lead officer involved.
2. Complete the Financial Check Form for the supplier- Under the Procurement Act 2023, we cannot use these checks to exclude a potential supplier for below threshold contracts, but we still carry out checks as part of our risk assessment. Due to this, we have two Financial Check forms in the event of a financial failure-
    a. For below threshold pre-award assessment or during contract lifetime use the below: Financial Check Contract Management or pre-award below threshold.docx
    b. For Pre-award Assessment above threshold use this form: Financial Check Pre-award Above threshold.docx

   Folder Link: Financial Guide
3. Investigate the potential reasons for failure. Check D&B and Companies House to look for obvious reasons for failure such as overdue accounts, director turnover, financial losses, mergers & acquisitions.
4. Download the last 2 years Company Accounts from Companies House and save in the projects Finance subfolder.
5. Email the Finance Dept, forward the completed Finance Check Form along with the company accounts and D&B report. Copy in the PCO if relating to a successful

bidder or lead officer if relating to post award. See email templates below, use the relevant template for either the pre-award above threshold or below threshold/post award financial checks.

6. Save all reports, forms and emails in the projects Finance Checks sub folder. Update the Financial Checks Log with actions taken.
7. Once finance return the form, ensure the PCO and requesting officer receive a copy:
    a. For a Pre-award Assessment above threshold, Finance will advise whether the contract should be awarded or not awarded, note the response on the Log and ensure Procurement officer received the completed form so they can action. If finance advised the supplier should not be awarded, the next bidder on the list will require a supplier check, the PCO will advise on this.
    b. For approved Pre-award Assessments above threshold, finance may provide conditions, this must be noted on the log and lead officer/PCOs aware of the actions required.
    c. For pre-award below threshold and post contract, finance cannot make recommendations whether to award contract or not however they can provide advice and recommendations. Discuss the findings with the PCO/Lead officer to ensure any risks are mitigated effectively and all involved are aware of the actions required.
8. Financial standing scores are to be monitored closely and any actions or recommendations should be noted on the Log and progress monitored.
9. If an action or recommendation has been made by finance, monitor the progress with the lead officer and ensure the Log is updated. Keep in contact with the lead supplier to ensure this is completed.
10. Update the Financial Checks Log with the required details, new scores and D&B report download date.

Ongoing monitoring

- Using the Financial Standing Log, monitor the Financial Failures to ensure lead officers are managing the contract effectively. Complete regular check-ins with lead officers to ensure they are managing the risks and any finance recommendations have been completed.
- In the event the supplier failure worsens i.e. Failure score drops further below the criteria or Overall Business Risk score changes to a higher risk level, D&B will issue an alert via email. The Failure Process should be repeated to make the lead officer aware and to allow Finance the opportunity to give current advice or recommendations.
- Ensure any actions or recommendations made by finance are being processed and managed by lead officers.
- Ensure the Financial Checks Log is kept up to date with new suppliers, current scores and actions taken.
- On the Financial Standing Log, expired contracts can be archived. Before archiving expired contracts, ensure the expiry date is current by comparing to the contracts register. If the contract has been extended, update the logs expiry date. If the contract has expired, move the line to the Archive tab.

Insolvency or Administration

In the event a supplier goes into administration or insolvency, D&B will issue an alert.

Due to our current checks, the suppliers’ financial difficulties should be known and previously dealt with therefore all involved parties would be aware and actions taken to mitigate risks.

- Inform the lead officer and procurement officer (where applicable) immediately.
- Update the contracts register with a note of the insolvency.

In the event we did not have any indication of the supplier's financial issues prior to insolvency, inform the lead officer and procurement officer (where applicable) immediately and update the contracts register with a note of the insolvency. Investigate thoroughly. Involve Finance and investigate whether there was an indication which was missed. Amend the process and failure criteria accordingly to avoid this happening in the future.

Email Templates

Email to Finance officer for pre-award below threshold and Post award assessments

Send to Joe While/Paul Matravers CC in the contract manager

Forward the D&B report, Financial Check form and company accounts

*SUBJECT Financial Standing Check *Supplier* *CR Number**

Good afternoon,

*We have discovered a financial risk alert regarding the supplier *supplier name*.*

You will see from the attached that their financial scores are:

*Failure Score currently at ***. The pass score for tender purposes would be 50*
*The Overall Business Risk Score is ****

Although there may be a simple and understandable reason for this, it is important we understand the potential risk and mitigating actions required.

*Could you kindly complete a financial check on the supplier and let myself and the contract manager, *CM Name* know the outcome and any recommendations or requirements.*

Thank you

Email to Finance officer for pre-award above threshold

Forward the D&B report, Financial Check form and company accounts

*SUBJECT Financial Standing Approval *Supplier* *CR Number**

Good afternoon,

*We have completed a financial standing check for the successful bidder *supplier name*.*

You will see from the attached that their financial scores are:

*Failure Score currently at ***. The pass score for tender purposes would be 50*
*The Overall Business Score is ****

*Could you kindly complete a financial check on the supplier and let myself and the procurement officer, *CM Name* know the recommendations regarding awarding the contract and any conditions or requirements at your earliest convenience.*

Thank you