Cabinet Office

The Government Procurement Card

Detailed methodology

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1   This appendix describes the research methods we used for our report on *The Government Procurement Card.*

2   The main objectives of the report were to:

● set out how and where the Government Procurement Card (hereafter "the Card") is used across government;

● examine the design and implementation of departmental controls over use of the Card; and

● consider how controls could be improved, including considering the role of the Cabinet Office.

3   This report did not set out to provide an assessment of the value-for-money of procurement spending using the Card. However, where wider value-for-money issues were encountered during our review, we present them as risks to value-for-money in our report.

4   We collected evidence for the report in a number of ways:

● A data collection exercise.

● Interviews with the Cabinet Office procurement team and the cross-government Government Procurement Card Steering Group.

● A review of relevant information already held by the National Audit Office.

● A review of controls in five case study departments.

● An estimation of the cost of processing transactions through four different procurement routes.

● Interviews with a private sector company and a US Government agency.

Data collection exercise

5   The National Audit Office requested data from all 17 government departments on Government Procurement Card transactions for the financial years 2009-10 and 2010-11, and for the first half of the financial year 2011-12. We requested that figures cover the core department and executive agencies (not non-departmental public bodies) and be exclusive of VAT. The following table summarises any variation from this scope.

Department	Data coverage	VAT	Other data issues
Department for Business, Innovation and Skills	Core department, plus Insolvency Service, Companies House, Intellectual Property Office, Met Office, National Measurement Office, Ordnance Survey, Skills Funding Agency (all executive agencies except the Land Registry and the UK Space Agency).	Excluded	There is no 2009-10 data for the Skills Funding Agency (only came into existence on 1 April 2010) Companies House data starts from October 2009
Cabinet Office	Core department, plus the Government Procurement Service	Excluded	VAT Status is unknown for the 1 April 2009 to 23 June 2009
Department for Communities and Local Government	Core department only	Included	The total procurement figure includes the Rent Assessment Panel and the Residential Property Tribunal Service
Department for Culture, Media and Sport	Core department only	Excluded	N/A
Department for Education	Core department only	Excluded	The total procurement spend figure for 2010-11 is still being finalised. The figure is between £293 million and £339 million – the highest figure is used in the report
Department for Environment, Food and Rural Affairs	Core department, plus the Food and Environment Research Agency, the Veterinary Medicine Directorate, the Centre for Environment, Fisheries & Aquaculture Science, the Rural Payments Agency and the former Veterinary Laboratories and Animal Health Agencies.	Included (with the exception of the Rural Payments Agency, which has VAT excluded)	2009 data excludes spending from April and May. The transactions by value data excluded the Rural Payments Agency. August 2009 data excludes the Rural Payments Agency. The Food and Environment Research Agency data is unavailable from April – September 2009 The total procurement spend data includes credit balances
Department for International Development	Core department only	Excluded	Total procurement data only goes up until the end of October 2011 Data for April 2009 was not provided
Department for Transport	Core department, plus the Driving Standards Agency, the Vehicle and Operator Services Agency, the Government Car and Despatch Agency, the Highways Agency, the Vehicle Certification Agency, the Driver and Vehicle Licensing Agency, and the Maritime and Coastguard Agency.	Excluded	Core department, the Driving Standards Agency, the Maritime and Coastguard Agency and the Government Car and Dispatch Agency are not included in the April 2009 data. The Driver and Vehicle Licensing Agency is only included in the 2009-10 data from August 2009 onwards

Department	Data coverage	VAT	Other data issues
Department for Work and Pensions	Core department, plus Job Centre Plus and the Disability and Carers Service.	Excluded	Figure for total procurement includes VAT
Department of Energy and Climate Change	Core department only	Excluded	Data not available for 2009-10
Department of Health	Core department only	Included	Total procurement spend data includes credit balances
Foreign and Commonwealth Office	Core department only	Included	Does not include Corporate Credit Cards
Her Majesty's Treasury	Core department, plus the Debt Management Office and the Asset Protection Agency.	Excluded	Total procurement spending data for 2011-12 is based on provisional numbers
HM Revenue & Customs	Core department only	Excluded	Total procurement spend data includes rents and rates but not to other government departments
Home Office	Core department plus the UK Border Agency	Excluded	N/A
Ministry of Defence	Core department, plus Defence Science and Technology Laboratories and the Defence Support Group.	Included	Unable to provide breakdown of transactions by value
Ministry of Justice	Core department, plus the National Offender Management Service, Her Majesty's Court Service and HMCS Estates, the Tribunals Service, the Wales Office, the Judicial Appointments Committee and the Office of the Public Guardian.	Excluded	Tot al procurement includes all arm's-length bodies

Central government interviews

6 We carried out interviews with the Cabinet Office procurement team, who have overall responsibility for improving the efficiency of government's procurement, including through use of the Card. We also met with individuals involved with creating the cross-government policy on the Government Procurement Card Steering Group. These interviews enabled us to obtain an understanding of the Cabinet Office's role in relation to the Card, and of the new cross-government policy for use of the Card.

Document review

7   We reviewed relevant information already held by the NAO, which had been collected as part of our regular financial audit work. This documentation included Card policies, results of transaction testing, and internal audit reports relating to ten departments.

8   We chose the ten departments with the highest level of Card use based on Cabinet Office data. The Cabinet Office data identified the following departments as the highest spenders: Ministry of Defence; Ministry of Justice; Foreign and Commonwealth Office; Home Office; Department for Work and Pensions; Department for Business, Innovation and Skills; Department for Environment, Food and Rural Affairs; Her Majesty's Treasury; Department of Health; and the Department for Transport. In 2010-11, spending in these ten departments accounted for 97 per cent of the total. Due to differences in scope between the Cabinet Office's and our own data collection exercises, there are slight differences between our assessments of the ten highest spenders.

Departmental case studies

9   To understand the departmental controls, and to test how consistently they were operating, we picked a sample of five departments for further case study work. The five departments were the Department of Health, the Department for Work and Pensions, the Foreign and Commonwealth Office, the Ministry of Defence, and the Ministry of Justice. We picked this sample to ensure we included the three largest spenders, according to Cabinet Office data, as well as two smaller spenders, in order to give us a more representative range.

10   Our case study work consisted of the following:

● Interviews with procurement teams in those departments.

● Documenting the design of the controls at those departments.

● Testing a sample of transactions in each department to check how those controls were operating in practice.

11   For the Department of Health, the Department for Work and Pensions, and the Ministry of Justice we chose an initial sample of 30 transactions. The Ministry of Defence had an initial sample of 35 items, to cover five items in each of their seven top level budgets. For the Foreign and Commonwealth Office, we sampled a subset of 15 Card transactions from a wider selection of card transactions. For three departments, we chose an additional sample of five transactions above their standard transaction limits (the Ministry of Justice, the Ministry of Defence and the Department for Work and Pensions).

Cost estimation exercise

12   We worked with the Ministry of Justice's central procurement team to estimate the cost of processing 'typical' transactions through four different procurement routes: purchasing card, lodge card, catalogue purchase and non-catalogue purchase. This enabled us to compare the cost of using the Card against non-card procurement routes. This was an illustrative costing exercise and is not meant for wider extrapolation across government.

13   For each transaction, the Ministry of Justice estimated the time involved and the typical grades of staff. Using average salaries in given bands, we calculated the cost in staff time of each transaction, and added these to any direct costs. The mid-point of best- and worst-case scenarios was used to estimate the time a transaction would take.

Private sector and international interviews

14   We interviewed staff from the finance team at a professional services firm. This enabled us to provide an illustrative example of a different card programme which is being used in the private sector.

15   We also interviewed staff from two suppliers to government: Banner (stationery) and Crown (flooring). We did this in order to be able to provide a supplier perspective on the use of the Card when working with departments, particularly on the benefits of the Card to them.

16   We interviewed a representative of the General Services Administration (GSA), a US government agency responsible for managing card programmes in the United States. This provided a wider perspective on the benefits of increased use of the card, particularly as the US Government operates the largest card programme in the world.