

AGENDA ITEM

2.1.4

AUDIT & RISK COMMITTEE

PROCUREMENT & SCHEME OF DELEGATION REPORT

Date of meeting

17/08/2021

FOI Status

Open/Public

If closed please indicate reason

Not Applicable - Public Report

Prepared by

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Presented by

Steve Webster, Executive Director Finance & Procurement

Approving Executive Sponsor

Executive Director of Finance & Procurement

Report purpose

FOR APPROVAL

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals

Date

Outcome

Choose an item.

ACRONYMS

OJEU

Official Journal of the European Union

FCPs

Financial Control Procedures

SoD

Scheme of Delegation

1. SITUATION/BACKGROUND

1.1 Procurement Matters

The following areas within the Scheme of Delegation (SoD) are reported to the Audit & Risk Committee so that members of the Committee have the opportunity to ask questions or request further information:

- a) Engagement off contract of non-medical staff not paid via the payroll. The Director of People and the Head of Procurement would need to confirm agreement prior to any commitment.
- b) Waiver of competitive tenders, as authorised by the Director of Finance and Procurement.
- c) Contracts requiring Ministerial approval (over £1m)

This report provides details of any such transactions within the period 01.05.21 to 30.06.21.

1.2 Purchase to Pay

In order to comply with the Public Sector Payment Policy, 95% of the number of non-NHS invoices must be paid within 30 days. This report provides an update on the Prompt Payment compliance for 2021-22.

1.3 Scheme of Delegation and Financial Control Procedures

There are number of proposed changes to the Scheme of Delegation which are highlighted in the report which require approval.

Financial Control Procedures (FCPs) should be reviewed periodically (at least every 3 years) to ensure they are up to date.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

2.1 Procurement Matters

a) Engagement off contract of non-medical staff not paid via the payroll

There were no engagements or contracts entered into during the period 01.05.21 to 30.06.21.

b) Waiver of competitive tenders, as authorised by the Director of Finance.

Standing Financial Instructions require 4 competitive tenders for supplies of goods and services over £25,000 up to the prevailing OJEU threshold and 5 competitive tenders above OJEU. Purchases over £1m require Ministerial approval.

The Scheme of Delegation allows the Director of Finance and Procurement to approve a waiver of the requirement for competitive tenders up to OJEU or other exceptions to tender rules. **Table A** below provides details of such actions during the period 01.05.21 to 30.06.21

Table A – Single Tender Actions 01.05.21 to 30.06.21

STA	Revenue/Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
STA1457	Revenue	Estates	Fire Alarm Maintenance	Morris Churchfield	£57,266	a)	16/03/2021
STA1459	Revenue	Cellular Pathology	Outsourcing; reporting of backlog cases as and when needed by Cellular Pathology	LD Path Ltd	£100,000	a) d)	02/03/2021
STA1468	Revenue	Cardiology	Rental of Vivid S70 Ultrasound system	GE Healthcare	£116,250	d)	04/03/2021

Reasons for approval:

a) service/work is follow-up, supplier has already undertaken initial work in same area (work undertaken via open competition)

b) Compatibility issue

c) Genuine 1 provider

d) need to retain particular contractor for real business continuity issues not preferences

STA1459 – LD Path LTD, Outsourcing reporting of backlog of cases for Cellular Pathology

To support the demand in reporting backlog cases within Cellular Pathology a decision was made to outsource, the position was also compounded with the clinical staff shortages. Procurement supported the service in undertaking an EOI (Expression of Interest) through the All Wales (AW) Framework, LD Pathology (non-framework) were also invited as they work extensively in English NHS Trusts. LD Path LTD were successful within the EOI rounds, as they provide a robust governance structure for Clinical staff, no RCPATH (Royal College of Pathologist) points, advanced model for digital pathology and provided the best testimonials.

d) Contracts requiring Ministerial approval (over £1m)

Contracting briefing paper for the provision of Endoscopy Procedures via a Mobile unit, was submitted into WG during June 2021. This paper is predicated on the Funding for the mobile unit being made available via WG. To date no update on either funding or feedback on Contract Briefing paper.

2.2 Purchase to Pay (P2P)

The Health Board has failed to meet its 95% target of paying non-NHS invoices within 30 days for the first quarter of 2021-22, achieving only 92.7% (value 90.8%). This compares to 89.4% (value 94.3%) for quarter 1 of 2020-21. The position has improved month on month since Month 1, however, the achievement of the 95% target by the end of the financial year is highly unlikely.

	0 - 30 Days		Total		%	
	Number	Value	Number	Value	Number	Value
Apr-21	16,593	45,374,647	18,650	50,046,234	89.0%	90.7%
May-21	17,534	32,541,376	18,718	34,390,498	93.7%	94.6%
Jun-21	19,614	38,406,424	20,587	43,616,332	95.3%	88.1%
YTD	53,741	116,322,447	57,955	128,053,064	92.7%	90.8%

The main reason for the underachievement of the target is largely due to Nurse Agency invoices paid outside of the 30 days. This has been identified as due to reduced resource in the department from the beginning of April. It is anticipated a new system for the payment of Nurse Agency invoices will be in place from the autumn, which should improve the payments made within 30 days.

The NHS invoice position shows that 74% (number) and 94.5% (value) of invoices were paid within 30 days for the first quarter of 2021-22. (61.5% (number) and 93.4% (value) for the same period in 2020-21).

Scheme of Delegation and Financial Control Procedures

There have been a number of requests for amendments to the Scheme of Delegation, these are shown in detail in Appendix 1 with changes highlighted in red.

In relation to the amendments of Scheme of Delegation ref 14 B2 - Approve compensation payments made under legal obligation, the changes will affect the job titles within the relevant FCP Losses and Special Payment FP 15. If the proposed amendments are approved these will be updated to reflect the new Scheme of Delegation.

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

3.1 None

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability
	If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below)
	If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below.
	If no, please provide reasons why an EIA was not considered to be required in the box below.
	n/a
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.



Resource (Capital/Revenue £/Workforce) implications / Impact	There is no direct impact on resources as a result of the activity outlined in this report.
Link to Strategic Well-being Objectives	Ensure sustainability in all that we do, economically, environmentally and socially

5. RECOMMENDATION

The Audit & Risk Committee is asked to:

- a) **NOTE** the position on procurement matters for the period 01.05.21 to 30.06.21;
- b) **NOTE** the update regarding Purchase to Pay;
- c) **APPROVE** the amendments to the Scheme of Delegation in Appendix 1.
- d) **APPROVE** (if applicable) update to relevant FCP and SFI to reflect changes to the Scheme of Delegation.