



AGENDA ITEM

2.1.4

AUDIT & RISK COMMITTEE

PROCUREMENT & SCHEME OF DELEGATION REPORT

Date of meeting

04/10/2021

FOI Status

Open/Public

If closed please indicate reason

Not Applicable - Public Report

Prepared by

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Presented by

Sally May, Executive Director Finance & Procurement

Approving Executive Sponsor

Executive Director of Finance & Procurement

Report purpose

FOR NOTING

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 for 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 01.07.21 to 31.08.21.

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 no changes to the Scheme of Delegations (SoDs) or Financial Control Procedures (FCPs) reported. However, the Health Board will adopt, following approval by the Board, the recently updated model Standing Financial Instructions (SFIs). SoDs and FCPs will be subsequently reviewed and amended in line with any updates to the SFIs.

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 01.07.21 to 31.08.21.



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 01.07.21 to 31.08.21

Table A – Single Tender Actions 01.07.21 to 31.08.21

STA	Revenue/Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
STA1471 *Not supported by Procurement	Revenue	Primary Care Mental Health & Community	Creation of bilingual dementia film production content to support better living with dementia	eHealth Digital Media Ltd	£48,510	c)	31/08/2021
STA1485	Revenue	Workforce	Subscription facilitating job posting	BMJ Careers	£54,361	b), c) & d)	06/08/2021

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

STA1471 – e-health Digital Media Ltd, Creation of Bilingual dementia film production content to support better living with dementia. **Not supported by Procurement**

The Mental Health Directorate had submitted a Single Tender Action form into the Procurement Department for the development of bi-lingual dementia training films with e-Health Digital Media Ltd to cover a period of 12 months from 01.04.21 – 31.03.22, citing the justification as c) there is genuinely only one provider. Procurement could not support the Single Tender Action request due to

- 1) During 2019 Procurement met with Mental Health to discuss this very requirement and a competitive exercise was undertaken, it was during this exercise that a competitor to e-Health Digital Media Ltd challenged the specification along with procurement process undertaken, feedback was given to the competitor at the time and no further action taken. Procurement advised Mental Health that any further development or expansion of work required would require a full tender process, with a fully developed specification and appropriate weighted criteria of Quality & Cost.
- 2) No market engagement has been undertaken to establish the justification.
- 3) There has already been a legally binding 'collaboration' agreement established between e-Health Media LTD & CTM UHB in conjunction with NWSSP Legal Services.

Actions that have been taken:

- The Procurement team has linked in with the directorate and reinforced the message of adherence of EU and UK Directives; Public Contract Regulations 2015 and Standing Financial Instructions
- The procurement team has also shared the recent national Procurement Manual which outlines the framework policies and processes, along with the responsibilities of staff when procuring good and services on behalf of their respective organisations
- Director of Finance has written to the Budget holder outlining concerns and reinforcing that any future work is properly tendered and procurement is engaged in the process from inception.

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

N/A

2.2 Purchase to Pay (P2P)

The Health Board has failed to meet its 95% target of paying non-NHS invoices within 30 days to month 5 of 2021-22, achieving only 93.8% (value 92.6%). This compares to 91.7% (value 92.9%) to month 5 in 2020-21. As a result, 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%
July-21	24,769	36,902,772	25,761	39,342,840	96.1%	93.8%
Aug-21	13,439	37,132,269	14,266	38,225,615	94.2%	97.1%
YTD	91,949	190,357,488	97,982	205,621,519	93.8%	92.6%

The main reason for the underachievement of the target at the beginning of the financial year was largely due to Nurse Agency invoices being 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 late autumn, which should result in improved compliance.

In month 5 a batch of 298 Pharmacy invoices was submitted by Pharmacy but not received by Accounts Payable. By the time this was identified the invoices were outside the 30-day payment target. This accounted for 2%. Accounts Payable are reviewing their processes.

The NHS invoice position shows that 77.6% (number) and 95.8% (value) of invoices were paid within 30 days to month 5 2021-22. (63.2% (number) and 94.8% (value) for the same period in 2020-21).

Scheme of Delegation and Financial Control Procedures

There are no changes to the Scheme of Delegation or Financial Control Procedures reported this month.

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 01.07.21 to 31.08.21;
- b) **NOTE** the update regarding Purchase to Pay;