



AGENDA ITEM

4.2

AUDIT & RISK COMMITTEE

PROCUREMENT & SCHEME OF DELEGATION REPORT

Date of meeting

24/10/2022

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 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 01.08.22 to 30.09.22.

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 2022-23.

1.3 Scheme of Delegation and Financial Control Procedures

This report provides update to Scheme of Delegations (SoDs) or Financial Control Procedures (FCPs) are reported.

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 01.08.22 to 30.09.22.

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 01.08.22 to 30.09.22

Table A – Single Tender Actions 01.08.22 to 30.09.22

STA	Revenue/Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
1606	Maintenance	Maintenance	Camera maintenance	Leica	£32,888	a)	N/A
1607	Capital	Capital Estates	Conversion of Audiology Rooms	Ace Building Contractors	£44,000	b)	22/08/22
1610	Capital	Estates	Relocation of HRU	Veolia	£33,577	d)	07/09/22
1613	Capital	Capital Estates	Safeguard of MSCP Car Park at POW	Proctor Brothers	£120,835	b)	30/09/22
1617	Capital	Clinical Hematology	Supply of a Benson BV200 Mk3 Clinical Viscometer	Benson Viscometers Ltd	£52,777	c)	26/09/22

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

STA 1610-Relocation of Heat Recovery Unit at PCH

Relocation of an existing Heat Recovery Unit (HRU) at PCH, associated pipework and a Veolia Site Container to enable Ground and First Floor scheme critical infrastructure related improvement works to commence in the area.

Veolia are currently contracted by the UHB for the servicing and maintenance of the HRU equipment as part of their wider energy management contract with the UHB. This gives Veolia the specific knowledge and understanding required to carry out these works on this particular site in the most time efficient manner and in order to support the least impact of the revenue benefits this equipment provides the UHB.

Veolia's historical knowledge of the site and scheme at present could not be rivalled by another contractor

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

T822 - Medical Workforce Resourcing - supplier Retinue Healthcare, contract value £1,050,000. Date sent for approval 31.08.22, date approval received 05.09.22.

e) NHS Counter Fraud Authority report

NHS Counter fraud Authority report Sept 2022 – PO vs No PO findings for CTMUHB – Preventing Procurement Fraud – Appendix 1

In May 2019, the NHS Counter fraud authority (NHSCFA) launched a 3 part national proactive exercise (NPE) to build a better understanding of Procurement fraud financial vulnerability exposure (FVE) and tackling fraud risk vulnerabilities within NHS Procurement systems.

The NPE measured 3 risk areas

- Disaggregated spend
- Contract management
- PO vs No PO spend

Due to Covid, Phase 3 was delayed until 2021, and the data set was collected from 210 organisations, and the information shows Total spend and No PO details for CTM across 23 spend categories in all 4 quarters 2019/20, benchmarked against Welsh HBs and the Total Sample.

Summary: - No Po spend as a proportion of the total spend

Organisational breakdown	Total spend	Total Non-PO spend	Non-PO spend %
CWM TAF MORGANNWG UNIVERSITY LOCAL HEALTH BOARD	£161.7 million	£55.5 million	34.3%
Welsh Local Health Board (Average)	£285.2 million	£156.3 million	48.4%
210 organisations (Average)	£49.7 million	£15.1 million	30.3%

The table above shows in comparison to other Welsh Local Health Boards the percentage of Non-PO spend for CTM is lower (the lower the percentage the better), but is slightly higher than that of the average of 210 organisations.

However the report goes into further detail by spend category and focuses on the five main vulnerable spend categories. In each of these categories the percentage of Non-PO spend for CTM is very low, between 0% - 6.7%. This gives a positive indicator that the level of expenditure with no PO raised in the most at risk categories is very low.

It is also important to note that the Health Board allows a number of exemptions as part of the No PO No Pay Policy, which allows a restricted number of expenditure types to be defrayed without a PO. This would contribute to the percentage of Non-PO spend percentage, but would be satisfied with.

The NHSCFA recommends that NHS organisations review the findings within the CTMUHB Feedback report and hold discussions with key stakeholders.

Procurement will collectively work with the Head of Corporate Finance to review the details, which were based on data sets pre Covid, and align this analysis to the current work being directed by the All Wales P2P group (All Wales Finance Academy) – reviewing the current No PO No Pay policy with its current exemption list and retrospective ordering to raise awareness and training to improve the PO position within Cwm Taf Morgannwg university HB.

2.2 Purchase to Pay (P2P)

The Health Board has not met its 95% target of paying non-NHS invoices within 30 days to Month 6 2022-23 achieving only 94.61% (value 94.03%). This compares to 94.4% (value 93.5%) to Month 6 2021-22.

For the month of September only 86.17% was achieved. This was due to the failure of 2035 Nurse Agency invoices which accounted for 11%. This continues to be due to the lack of resource in the Bank office which has resulted in a backlog of invoices awaiting processing of about 6 weeks.

The Agency self-billing process is due to commence in October 2022, which essentially means the invoice date will only become live when the self-billing has been processed, and therefore payment date is short. This should greatly assist in reducing the Nurse Agency PSPP failures, enabling the Health Board to achieve the 95% target for 2022-23. This process has been through the vigorous testing but is obviously in its early stages, therefore there may be some instances where some agency invoices may not be processed as efficiently as anticipated while the new process beds in.

	0 - 30 Days		Total		%	
	Number	Value	Number	Value	Number	Value
Apr-22	20,667	46,929,829	21,611	49,682,932	95.63%	94.46%
May-22	19,217	43,766,897	19,796	46,596,405	97.08%	93.93%
Jun-22	25,864	43,490,528	26,670	45,686,653	96.98%	95.19
Jul-22	17,617	36,630,680	18,805	39,207,371	93.68%	93.43%
Aug-22	25,176	40,169,264	26,188	41,979,225	96.14%	95.69%

Sept-22	15,971	40,186,028	18,535	43,957,740	86.17%	91.42%
YTD	124,512	251,173,226	131,605	267,110,326	94.61%	94.03%

The NHS invoice position shows that 86.88% (number) and 97.45% (value) of invoices were paid within 30 days to month 6 2022-23. (79% (number) and 96.3% (value) for the same period in 2021-22).

Scheme of Delegation and Financial Control Procedures

There are no updates to Scheme of Delegation or Financial Control Procedures.

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

- 3.1 Risk that if the Nurse Agency invoices payment times do not improve, the attainment of the PSPP target may not be achieved.

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 /	There is no direct impact on resources as a result of the activity outlined in this report.



Impact	
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 01.08.22 to 30.09.22;
- b) **NOTE** the update regarding Purchase to Pay and the NHS Counter Fraud Authority Report;