



AGENDA ITEM

4.3

AUDIT & RISK COMMITTEE

PROCUREMENT & SCHEME OF DELEGATION REPORT

Date of meeting	12/12/2022
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
Prepared by	Owen James, Head of Corporate Finance
Presented by	Sally May, Executive Director Finance & Procurement
Approving Executive Sponsor	Executive Director of Finance & Procurement
Report purpose	ENDORSE FOR BOARD 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 01.10.22 to 30.11.22.

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 01.10.22 to 30.11.22.

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 01.10.22 to 30.11.22

Table A – Single Tender Actions 01.10.22 to 30.11.22

STA	Revenue/Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
1615	Revenue	Engagement and Communication	Primary Care Campaign	Lloyd RP	£25,380	d)	07/11/22
1618	Revenue	ICT	Imosphere Clinical Software Support and Maint	Imosphere	£31.158	c)	22/11/22
1628	Cap	Capital Estates	Sound Proofed Room at KHHP	IAC Acoustics	£61.883	d)	23/11/22

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 1615 - Primary Care Campaign

Lloyd PR has worked with CTM previously when commissioned by Welsh Government to support the COVID-19 pandemic response.

Lloyd PR is familiar with our content, materials, campaigns, approaches, systems and processes, and this work builds on all of the previous work they have done for CTM. The experience and credentials of Lloyd PR provides reassurance of the quality and calibre of the support provided for this campaign work.

STA 1628 Sound Proofed Room at KHHP

IAC Acoustics previously decommissioned the booths and are being used to re-install to ensure maximum efficiency and value. The booth is manufactured by IAC Acoustics who have the most in-depth knowledge of their product fitting.

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

None

2.2 Purchase to Pay (P2P)

The PSPP figures are reported to 31 October 2022.

The Health Board has not met its 95% target of paying non-NHS invoices within 30 days to Month 7 2022-23 achieving only 93.89% (value 93.81%). This compares to 94.8% (value 94.0%) to Month 7 2021-22.

For the month of October only 88.41% was achieved. This was due to the failure of 1,189 Nurse Agency invoices which accounted for 7%. While the new self-billing process commenced during October, there is a transition phase between paper to electronic timesheets and these are being progressed. It is anticipated that there will be an improvement from November onwards.

	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%
Oct-22	15,379	38,744,175	17,396	41,928,025	88.41%	92.41%
YTD	139,891	289,917,401	149,001	309,038,351	93.89%	93.81%

The NHS invoice position shows that 85.63% (number) and 97.09% (value) of invoices were paid within 30 days to month 7 2022-23. (80% (number) and 96.5% (value) for the same period in 2021-22).

Scheme of Delegation and Financial Control Procedures

The Scheme of Delegation doesn't currently clarify the position of the Chief Operating Officer on the approval limits tiers. Approval is requested to update the Scheme of Delegation to clarify that the Chief Operating Officer has an approval limit of up to £250,000. This isn't a change to current limits, just a clarification of the approvals to avoid any ambiguity.

¹ All Financial Limits shown below are **inclusive** of VAT

ORACLE REQUISITIONS	Authority Delegated to
Below £1,500	Tier 7 – Nominated Budget holder for specific cost centers
£1,500 to £5,000	Tier 6 - Head of Department or equivalent
Up to £25,000	Tier 5 - Clinical Service Group Manager (or equivalent)
Up to £50,000	Tier 4 - Acute Services General Manager (or equivalent)
Up to £100,000	Tier 3 – Care Group Director, Deputy COO, Director of Governance, Director of Digital
Up to £250,000	Tier 2 - Executive Director <u>and Chief Operating Officer</u>
Up to £500,000	Tier 1 – Director of Finance
Over £500,000	Chief Executive

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

5.

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 no, please provide reasons why an EIA was not considered to be required in the box below. Not required
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 Goals	Sustaining Our Future

6. RECOMMENDATION

The Audit & Risk Committee is asked to:

- a) **NOTE** the position on procurement matters for the period 01.10.22 to 30.11.22;
- b) **NOTE** the update regarding Purchase to Pay and achievement of PSPP target.
- c) **ENDORSE FOR APPROVAL** the update to the Scheme of Delegation