



AGENDA ITEM

4.3

AUDIT & RISK COMMITTEE

PROCUREMENT & SCHEME OF DELEGATION REPORT

Date of meeting	23/06/2022
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	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 01.04.22 to 31.05.22.

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 01.04.22 to 31.05.22.

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 01.04.22 to 31.05.22

Table A – Single Tender Actions 01.04.22 to 31.05.22

STA	Revenue/Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
1568	Revenue	Primary Care	Extension online consultation and triage for GP practices	E consult Health	£84,112	a)	21/04/22
1577	Capital	X ray	Increased works and costs MRI, x-Ray and Fluoroscopy POW	Andrew Scott Ltd	£490,000	a), d)	17/05/22
1579	Revenue	Maintenance	Maintenance of Fire alarms across CTM	Morris Churchfield	£70,000	c)	17/05/22
1585	Revenue	Estates	Decommissioning work for Ysbyty Seren	Andrew Scott Limited	£592,571	a)	31/05/22

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

STA1577 – Increased works and costs MRI, x-Ray and Fluoroscopy POW – Andrew Scott - £490k

Andrew Scott Ltd were appointed on the MRI/Fluoroscopy project under a competitive Tender and were appointed under Value for money under the lowest cost tenderer.

Urgency was required regarding significant works around the air handling units. On further surveying, larger units are required to fit the new equipment which would not fit into the existing plant rooms, so new building to house the plant is required. In addition some of the above ceiling gases and infrastructure need upgrading in room 4.

This work is urgently needed to complete the works to ensure use of the MRI, Fluoroscopy suites and get room 4 out of storage which is costing the HB money.

This work could not be completed by another contractor due to the urgent need to get this work completed before final works can be completed in this area. The need for cross working meant that from a warranty and business continuity purposes this work could not be tendered.

The costs submitted for the additional works are in line with the original competitive Tender.

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

N/A

2.2 Purchase to Pay (P2P)

The Health Board has met its 95% target of paying non-NHS invoices within 30 days to Month 2 2022-23 achieving 96.32% (value 94.2%). This compares to 91.32% (value 92.64%) to Month 2 2021-22.

	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%
YTD	39,884	90,696,726	41,407	96,279,337	96.32%	94.20%

The NHS invoice position shows that 85.13% (number) and 96.99% (value) of invoices were paid within 30 days to month 2 2022-23. (70.86% (number) and 95.27% (value) for the same period in 2021-22).

Scheme of Delegation and Financial Control Procedures

Proposed amendments to the Scheme of Delegation are shown in **Appendix A** which outlines the existing limits and delegated authority together with the proposed changes – highlighted in red.

It is proposed that Tier limits for ORACLE requisitions should be standardised, instead of including a range, and should **INCLUDE** VAT. This will create one limit per Tier. Currently the limits are EXCLUDING VAT, which creates, in effect, two limits per tier – non vatable items can be approved up to the limit, while items that include VAT can be approved up to the limit + VAT at the current rate. Delegated authority remains unchanged.

There are a number of Financial Control Procedures currently being reviewed and updated and these will be brought to Audit & Risk Committee for review in the near future.

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.
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

5. RECOMMENDATION

The Audit & Risk Committee is asked to:

- a) **NOTE** the position on procurement matters for the period 01.04.22 to 31.05.22;
- b) **NOTE** the update regarding Purchase to Pay;
- c) **APPROVE** the amendments to the Scheme of Delegation