



AGENDA ITEM

2.3

AUDIT & RISK COMMITTEE

PROCUREMENT & SCHEME OF DELEGATION REPORT

Date of meeting	14/12/2020
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
Prepared by	Liz Williams, Acting Head of Finance, Financial Accounts
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
PSPP	Public Sector Payment Policy
FCPs	Financial Control Procedures
W&OD	Workforce & Organisational Development
LCFS	Local Counter Fraud Services

1. SITUATION/BACKGROUND

1.1 Procurement Matters

The following areas within the Scheme of Delegation 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 Workforce and Organisational Development (W&OD) 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.
- c) Contracts requiring Ministerial approval (over £1m)

This report provides details of any such transactions within the period 01.10.20 to 31.10.20.

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. The report provides an update on this Prompt Payment compliance for 2020-21.

1.3 Scheme of Delegation and Financial Control Procedures

Financial Control Procedures (FCPs) should be reviewed periodically (at least every 3 years) to ensure they are up to date. A full review has not been undertaken since the Bridgend transfer in April 2019 and the change in organisational structure in April 2020.

In order to ensure that all FCPs have been reviewed and updated before the end of the financial year, eight have been reviewed to date with the remaining sixteen to be completed prior to the next Audit and Risk Committee meeting in February 2021.

The review of the FCPs highlighted some differences between the FCPs and the Scheme of Delegation. One additional request has also been received, since the last Audit and Risk Committee, for a change in the limits and delegations in the Scheme of Delegation.

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 01.10.20 to 31.10.20.

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

Standing Financial Instructions require four competitive tenders for supplies of goods and services over £25,000 up to OJEU thresholds (currently £122,976) and five competitive tenders above OJEU thresholds up to £1m. Purchases over £1m require Ministerial approval.

The Scheme of Delegation allows the Director of Finance 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 01.10.20 to 31.10.20.

Table A – Single Tender Actions 01.10.20 to 31.10.20

STA	Revenue Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
STA1317	Capital	Capital Works	Remedial repair to flats at PCH	ACE Building Contractors	£50,643	*	05/10/20
STA1318	Capital	Clinical Engineering	Docking Stations	B Braun Medical	£88,440	*	05/10/20

Reasons for approval:

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

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

There were no contracts requiring ministerial approval during this period.

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 7 2020-21, with an accumulated position for the year of 93.2% (93.6% in value terms). This compares to 96.1% (value 94.4%) to Month 7 in 2019/20.

	0 - 30 Days		Total		%	
	Number	Value	Number	Value	Number	Value
Apr-20	14,395	36,204,969	18,787	38,925,458	76.6%	93.0%
May-20	18,307	36,408,476	19,024	38,535,030	96.2%	94.5%
June-20	14,984	33,506,146	15,536	35,116,595	96.4%	95.4%
July-20	16,837	30,648,962	17,711	33,103,884	95.1%	92.6%
Aug-20	15,573	26,142,776	16,292	29,440,373	95.6%	88.8%
Sept-20	20,710	32,103,034	21,089	33,182,714	98.2%	96.7%
Oct -20	13,063	29,025,030	13,764	31,174,076	94.9%	93.1%
YTD	113,869	224,039,393	122,203	239,478,130	93.2%	93.6%

With a cumulative percentage to month 7 of 93.2%, largely as a consequence of the low percentage performance in April, there is a risk that the Health Board may not achieve the 95% target for 2020-21. The forecast year end percentage is 94.4%.

2.3 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.

A request has been received on behalf of the three ILG Directors of Operations to introduce an additional tier in the approval of ORACLE requisitions in the Scheme of Delegation. Currently the Clinical Service Group Managers can approve purchases up to £25k and the Director of Operations up to £100k. The Acute Services General Manager is a new post, established as part of the new ILG Operating model, which sits between the

above two posts. It is requested that an approval limit of up to £50k is allocated to this post.

The other changes requested in Appendix A relate to changes in job title within Finance and changes detailed below under FP9 – Petty Cash

The following FCPs have been reviewed and updated:

- FP4 – Cash and Banking – **Appendix B**
- FP5 – Cash Management – **Appendix C**
- FP7 – Income and Debtors – **Appendix D**
- FP8 – Manual Payments - **Appendix E**
- FP9 – Petty Cash – **Appendix F**
- FP11 - Inventory of Non Capital Assets – **Appendix G**
- FP12 – General Ledger – **Appendix H**
- FP19 – Construction Industry Scheme – **Appendix I**

Equality Impact Assessments have been completed for all FCPs and submitted to W&OD for sign off.

Matthew Evans, LCFS requested to review a selection of the FCPs before they were finalised for approval. As a result FP7 (Income and Debtors) and FP9 (Petty Cash) formed part of this review.

All changes have been ‘tracked’ to highlight the amendments made, mainly due to changes to:

- Organisation name and logo
- Job titles within the Finance Department
- Job titles due to the change of organisational structure
- Change in processes including a move to replace paper with electronic documents.
- Alignment of the former Cwm Taf and former ABMU FCPs.

Changes to note:

FP7 – Income and Debtors has been updated to incorporate:

- Processes for managing the income from Bridgend Clinic
- Authority for the Debtors team to approve payment by installments has been extended from a maximum of 12 months to 24 months, to align with the former ABMU policy.

FP9 – Petty Cash

- Petty cash limit has been increased from £50 to £75 to align with the former ABMU limit. The former Cwm Taf limit had not been reviewed for several years. Under the FCP, transactions over the petty cash limit have always been approved by the Director of Finance

FP12 – General Ledger

- Forms (Appendix 2 & 3) of the FCP have been amended.
- Previously updated in January 2020.

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 completed	No (Include further detail 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 01.10.20 to 31.10.20;
- b) **NOTE** the update regarding Purchase to Pay;
- c) **APPROVE** the amendments to the Scheme of Delegation;
- d) **APPROVE** the eight revised Financial Control Procedures.