



**AGENDA ITEM**

5.1

**AUDIT & RISK COMMITTEE**

**PROCUREMENT & SCHEME OF DELEGATION REPORT**

<b>Date of meeting</b>	07/12/2021
<b>FOI Status</b>	Open/Public
<b>If closed please indicate reason</b>	Not Applicable - Public Report
<b>Prepared by</b>	Owen James, Head of Corporate Finance
<b>Presented by</b>	Sally May, Executive Director Finance & Procurement
<b>Approving Executive Sponsor</b>	Executive Director of Finance & Procurement
<b>Report purpose</b>	ENDORSE FOR BOARD APPROVAL

**Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)**

<b>Committee/Group/Individuals</b>	<b>Date</b>	<b>Outcome</b>
		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 01.09.21 to 31.10.21.

### **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**

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 01.09.21 to 31.10.21.

**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 01.09.21 to 31.10.21

**Table A – Single Tender Actions 01.09.21 to 31.10.21**

STA	Revenue/Capital	Division	Contract description	Supplier	Contract Value Exc. VAT	Reason for approval	Date Returned
1473	Revenue	NWSSP Maintenance	Maintenance of EEG Equipment @ POW	Neurogen Ltd	£26,441	c	20/09/2021
1483	Revenue	EBME	Support for Anaesthetic Machines	GE Medical systems	£34,328	c & d	04/10/2021
1486	Revenue	Cellular Pathology	Use of an outsourcing company to report backlog cases as and when needed by cellular pathology.	LD Path Ltd	£80,000	a	01/09/2021
1489	Capital	Estates	Works – Ward 20 refurbishment RGH	TSF Contracts Ltd	£55,350	d	04/10/2021
1501	Revenue	Estates	Planned Preventative Maintenance RGH & YCR	Honeywell	£96,899	c	04/10/2021
1503	Capital	Capital Planning	Works required in response to a Fire Enforcement Notice against POW Maint Theatres	Lee Wakemans	£38,470	a, d	07/10/2021



1509	Revenue	POCT	Glucose strips	Abbott Laboratories Ltd	£237,488	a,d	26/10/2021
1511	Capital	Capital Planning	Nurse Call System	Wandsworth Group	£56,331	a	28/10/2021
1513	Capital	Capital Planning	Nurse Call System	Carecom Systems	£51,116	b	28/10/2021

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

STA1509 – Glucose Strips Abbott Laboratories - £237,488

Abbott Laboratories is the incumbent supplier for the supply of Glucose/Ketone strips and meters, and were until recently a supplier on a National Framework for the Supply of Glucose/Ketones meters and strips. They have withdrawn from ALL national framework agreements citing dislike of direct awards which has resulted in an immediate requirement for the HB to contract an interim 12 month agreement under a Single Tender Action with Abbott Laboratories, whilst further work is undertaken with the PoCT service and NWSSP Procurement to source an alternative product and supplier.

A Voluntary Ex ante Transparency (VEAT) notice was issued on 25/10/21 notifying the market of awarding a 12 month contract without the call for competition, this was to mitigate any procurement challenge from competitors, no response was received.

STA1511 – Nurse Call System with Wandsworth Group - £56,331

STA1513 – Nurse Call System with Carecom - £51,116

Both STA's relate to Nurse call systems however Wandsworth relates to RGH and Carecom relates to PoW. Due to the complexities of the infrastructure at both sites there is currently no opportunity to align systems to a single supplier.

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

N/A

**2.2 Purchase to Pay (P2P)**

At month 7, for the first time this financial year, the Health Board has reached its 95% target of paying non-NHS invoices within 30 days, achieving 95.1% (value 93.7%). This compares to 93.2% (value 93.5%) to month 7 in 2020-21. The figure has been improving consistently since Q1, as a result the achievement of the target to year end now looks more likely.

	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%
Sep-21	24,927	39,286,581	25,419	40,581,589	98.1	96.8
Oct-21	19,669	29,671,164	20,148	30,635,926	97.6	96.9
<b>YTD</b>	<b>136,466</b>	<b>259,255,123</b>	<b>143,468</b>	<b>276,778,583</b>	<b>95.1%</b>	<b>93.7%</b>

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.

The NHS invoice position shows that 79.2% (number) and 72.0% (value) of invoices were paid within 30 days to month 7 2021-22. (64.1% (number) and 64.5% (value) for the same period in 2020-21).

### **Scheme of Delegation and Financial Control Procedures**

There are a number of requests for changes to the Scheme of Delegation highlighted in Appendix A. These relate to the following:

- Changes to the approval limits and delegated authority for the compensation payments made under legal obligation. This is to make the process more manageable and ensure decisions are being taken at the appropriate level.
- Change to the delegated authority for Final Pay Controls under £100,000 from Deputy Director of Finance to Group/Operations Director for ILGs or Relevant Director. This is to reflect the expenditure hitting the area in which the Final Pay Control relates.

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

3.1 **None**

### **4. IMPACT ASSESSMENT**

<b>Quality/Safety/Patient Experience implications</b>	There are no specific quality and safety implications related to the activity outlined in this report.
<b>Related Health and Care standard(s)</b>	Governance, Leadership and Accountability If more than one Healthcare Standard applies please list below:
<b>Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.</b>	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.



<b>Legal implications / impact</b>	There are no specific legal implications related to the activity outlined in this report.
<b>Resource (Capital/Revenue £/Workforce) implications / Impact</b>	There is no direct impact on resources as a result of the activity outlined in this report.
<b>Link to Strategic Goals</b>	Sustaining Our Future

## 5. RECOMMENDATION

The Audit & Risk Committee is asked to:

- a) **NOTE** the position on procurement matters for the period 01.09.21 to 31.10.21;
- b) **NOTE** the update regarding Purchase to Pay;
- c) **ENDORSE FOR BOARD APPROVAL** the changes to the Scheme of Delegation in Appendix A.