



Procurement follow-up review

Betsi Cadwaladr University Health Board

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Status of report

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The team who delivered the work comprised Matthew Edwards, Alan Hughes, Kelly Lovitt and Mandy Townsend, led by Mike Usher.

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Summary report

Summary

1. Betsi Cadwaladr University Health Board (the Health Board) has clear rules on procurement set out within its approved Standing Financial Instructions (SFIs) and Standing Orders. The Health Board's SFIs meet the guidelines issued by Value Wales on behalf of the Welsh Government, which in turn reflect UK Government Regulations and European Union Directives. These are detailed in [Appendix 1](#). The NHS Wales Shared Services Procurement Department (Procurement Services) is available to provide expert advice and assistance to all Health Board staff when purchasing goods and services.
2. In conducting our annual audit work at the Health Board, International Standards on Auditing (ISAs) require us to obtain an understanding of the entity's control environment, including whether the controls are undermined by deficiencies in the way the controls are operated (ISA 315). ISA 240 also requires us to perform audit procedures in response to identified risks of management override of controls.
3. A previous joint procurement review with Betsi Cadwaladr Internal Audit was undertaken in early 2013. We reported our findings in August 2013, when we concluded that the Health Board had breached its own SFIs in respect of three consultancy contracts totalling around £97,000. In addition, the Health Board was at risk of breaching the European Union procurement rules known as the Official Journal of the European Union (OJEU) procurement threshold for one further contract. As a consequence of our review, no further contractual payments were made for the contract at risk.
4. Since our previous audit, the Health Board was placed under the Welsh Government's escalation and intervention process, due to a range of significant governance and performance concerns. New Board members and executives were appointed with expectation for early delivery of improvements. There were known issues with planning, performance and governance that required urgent action and some identified gaps in capacity to support the executive leadership team in delivering this agenda. Health Board staff were therefore addressing a number of significant challenges that had to be addressed urgently.
5. In early 2015, the Audit Committee considered an update of the Recommendations Tracking Tool. Our review of the Health Board's external audit tracking tool found that it was incomplete and in some cases inadequately supported the status of the implementation of our previous recommendations. This meant that management assurances on the implementation of our previous procurement recommendations were inaccurate. Rather than simply following up those detailed recommendations, we opted instead to conduct some focused testing of contracts awarded. We therefore selected 20 contracts awarded under Single Tender Waivers (STWs), covering the period October 2013 to February 2015, to determine if they had been issued in accordance with the Health Board's SFIs and Standing Orders. It is important to note that the 20 transactions that we examined were not randomly selected, and so the proportion of compliant/non-compliant transactions that we identified from our testing is not representative of the overall population of Health Board transactions.

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6. For each contract examined, we obtained and reviewed the 'Request to Waiver SFI' paperwork and associated invoices and contract documentation. Our key line of enquiry was: 'Are the requests to waiver SFI procedures being followed and have our previous audit recommendations been implemented?'
 7. Based on the results of this audit testing, our overall conclusions are that the Health Board breached internal controls in awarding several contracts. It breached European Union procurement rules in three cases and it is at risk in a fourth case. We consider that the circumvention of procurement procedures undermines professional standards, good governance and creates reputational risk. In addition, we identified inadequacies in the Audit Committee Recommendations Tracking Tool.
 8. In particular, we found that:
 - The procedure for waiving SFIs is not always applied appropriately.
 - Health Board staff breached both SFIs and the Board's formal Scheme of Delegation in authoring waivers of SFIs.
 - Health Board staff should have considered tenders through OJEU procurement procedures in some instances; three cases breached the OJEU threshold and a fourth is at risk of doing.
 - While Health Board staff explained perhaps understandable reasons for the breaches identified in most cases, there are opportunities to strengthen governance and improve the transparency of decision making.
 - Inadequacies in the Recommendations Tracking Tool tracker tool meant that assurances on the implementation of our previous procurement recommendations were inaccurate, but the Health Board is at an advanced stage of revising its tracker process.
 9. As a result of our audit work, we have made five recommendations to the Health Board, as follows:

Recommendations

Recommendations

- R1 The Health Board should take swift action to address the remaining recommendations from our 2013 audit. The Health Board must ensure compliance with SFIs. It should:
- ensure all budget holders and managers receive refresher training on both SFIs and procurement more generally;
 - publicise the rules around procurement widely to ensure that staff considering procurement seek advice at an early stage from Procurement Services; and
 - contact Procurement Services in all instances when procuring goods and services, thereby ensuring full compliance with SFIs and Public Contracts Regulations 2006.

Management Response:

The recommendations originally made in the 2013 report have been carefully considered, and actions to address these are as follows:

	Target implementation date
<ul style="list-style-type: none">• Accountability Agreements have been issued to all budget managers, clearly outlining budget manager accountabilities, including on procurement. Budget managers have been required to sign and accept these agreements, and this is expected to be completed over the financial year.	March 2016
<ul style="list-style-type: none">• Budget manager handbook issued to all managers providing a summary of key procurement requirements arising from SFIs and Health Board procedures.	Complete
<ul style="list-style-type: none">• A regular Budget manager newsletter has been devised, the first issue of which has been circulated. This will be updated on a regular basis to remind budget managers of their responsibilities, including on procurement, within the context of the developing strategic, operational and financial situation.	Complete
<ul style="list-style-type: none">• E-learning and classroom based training made available to all budget managers across the Health Board. Training sessions are organised across the three main sites on an ongoing basis.	Complete
<ul style="list-style-type: none">• All instances where SFIs are breached or where SFIs are waived are reported on a quarterly basis to the Audit Committee.	Complete
<ul style="list-style-type: none">• Reports on actual or near-breach of OJEU expenditure limits will be reported on a quarterly basis to the Audit Committee from March 2016.	March 2016

Recommendations

R2 The Health Board should use existing national procurement frameworks to proceed both swiftly and safely when awarding contracts that are deemed to be of an urgent nature. This could include, for example, provision for 'Chair's Action' in approving novel/contentious STWs and any procurement in excess of the thresholds set out in the Health Board's scheme of delegation for approval that cannot wait until the next Audit Committee or Board meeting.

Management Response:

Accepted, with the actions summarised as follows:

	Target implementation date
<ul style="list-style-type: none">• Scheme of financial delegation has been revised and updated in September 2015 to clarify roles and responsibilities.	Complete
<ul style="list-style-type: none">• Approval for Single Tender Waivers will follow the process for agreement of contracts, with all waivers in addition being reported to the Finance Director: Operational Finance who either approves or escalates those judged to be novel or contentious to the Executive Director of Finance or Chief Executive Officer as appropriate. The escalation of novel or contentious items will be subject to the actions noted as response to Recommendation 4.	Complete
<ul style="list-style-type: none">• All Single Tender Waivers are reported retrospectively to the Audit Committee.	Complete

R3 The Health Board should consider if the existing thresholds for reporting to the Board (as set out in its scheme of delegation) should be amended.

Management Response:

The scheme of financial delegation has been revised and updated, and was approved by the Audit Committee in September 2015 to clarify roles and responsibilities.

Recommendations

- R4 The Health Board should ensure that all novel/contentious procurement actions, including the use of STWs (e.g. due to urgency or poor planning), are formally reported to the Board either in advance or for retrospective approval (including Board endorsement of the use of 'Chair's Action').

Management Response:

We fully accept the spirit of this recommendation, but we are keen to ensure that the Board's strategic agenda does not become over-burdened with matters that it can sensibly delegate for appropriate attention elsewhere. In line with existing delegations, all STWs over £1 million require Board approval, and we ensure that all STWs are reported to the Audit Committee retrospectively. However, to strengthen our approval arrangements, the following controls have been implemented with effect from 1 February 2016:

- | | Target implementation date |
|---|---|
| <ul style="list-style-type: none">All Single Tender Waivers require the approval of the Finance Director: Operational Finance, who will determine the appropriate signatory for novel or contentious matters following consultation with the Executive Director of Finance.Novel or contentious matters will be determined as follows for future Single Tender Waivers approved after 1 January 2016:<ol style="list-style-type: none">Test of value<ul style="list-style-type: none">Waiver is over the OJEU limit or will take cumulative expenditure over a rolling 2 year basis over the OJEU limit (referral to Executive Director of Finance);Waiver is over £500k or will take cumulative expenditure over a rolling 2 year basis over £500k (referral to Chief Executive through the Executive Team);Waiver is over £1m or will take cumulative expenditure over a rolling 2 year basis over £1m (referral to Board);Test of supplier (in addition to the test of value)<ul style="list-style-type: none">Waiver is for the supply of management consultancy support (referral to Chief Executive through the Executive Team);Waiver is for the supply of patient-facing healthcare services (referral to Chief Operating Officer following consultation with Assistant Director of Contracting).Test of funding (in addition to the test of value and test of supplier)<ul style="list-style-type: none">Waiver utilises Charitable Funding and is over £25k (referral to Charitable Funds Committee). | Complete, definitions will be shared with the Audit Committee in March 2016 |

Recommendations

R5 The Health Board should liaise with NWSSP Procurement Services to clarify for all NHS Wales bodies the position regarding the existence and use of a 'pre-approved' or 'framework' list of suppliers for services that may be needed at short notice, and whether ongoing contract payments are likely to breach OJEU thresholds.

Management Response:

The Health Board have written to NWSSP to request clarity on this issue. The Health Board's action is therefore complete.

Note: We have not made a recommendation about the Audit Committee Recommendations Tracking Tool, as the Board secretariat had already recognised it was not fit-for-purpose and are currently revising the content, structure and supporting process (with advice from both Internal Audit and ourselves).

Detailed report

The procedure for waiving Standing Financial Instructions is not always applied appropriately

10. The Health Board has a procedure for the use and completion of requests to waive SFIs, as set out in [Appendix 2](#). In all cases, Health Board staff must complete a Request to Waive Standing Financial Instructions form (the STW form) when a request is made to Procurement Services. The completed STW form must set out: the value of the financial amount; the identity of the proposed supplier; the goods/services required; costs; reasons why the waiver of SFIs is being sought; and appropriate authorisation.
11. The STW forms are controlled stationery and contain clear guidance for Health Board staff on the appropriate use of requests to waive SFIs. Health Board procedures state that it 'is not normally acceptable to waive competitive procedures' on the basis of urgency alone. The procedure describes when STWs can be applied and states that they must have 'full justification' and 'proper grounds for justification'. The STW forms set out the following four circumstances when waivers are permitted:
 - sole supplier;
 - interim arrangements pending tender exercise;
 - maintenance of existing equipment; and
 - retrospective request.
12. Our testing shows that STWs were used in circumstances that were not in accordance with the Health Board's own procedures.

Exhibit 1: Summary of instances where STWs were not raised in accordance with Health Board procedures (indicated as ✖)

Sample reference	Inadequate reason for STW being issued?	STW used to facilitate payments for work already done?	Procurement advice overruled?
1	✖		✖
2	✖	✖	✖
3	✖		✖
4	✖	✖	✖
5			✖
6			✖

Sample reference	Inadequate reason for STW being issued?	STW used to facilitate payments for work already done?	Procurement advice overruled?	STW issued retrospectively?
7	x		x	
8	x		x	
9	x		x	
13		x		
14		x	x	
15			x	
16			x	
18	x		x	
20	x		x	

Exhibit source: Auditor analysis of STWs tested.

- 13.** We found that 15 of the 20 tested contracts breached the STW rules. In these cases, we generally observed that Health Board staff were either completely bypassing Procurement Services or else paying insufficient regard to their procurement advice, both before commissioning and also after the STW was issued. In some cases, we found that STWs were being used as a means to facilitate payments for work already undertaken, and had been approved contrary to the independent advice received from Procurement Services.

Health Board staff breached both Standing Financial Instructions and the Board's formal Scheme of Delegation in authorising waivers of Standing Financial Instructions

14. As set out in [Appendix 1](#), the SFIs and the Board's formal Scheme of Delegation contain clear procedures which must be followed under the Health Board's own code of conduct, as well as under wider professional standards and the All Wales Code for NHS Managers.
15. We found that Health Board staff breached SFIs and the Scheme of Delegation in the use and authorisation of waivers in 10 of the 20 contracts that we examined (details of all 20 contracts are contained in [Appendix 4](#)). [APPENDIX REDACTED]
16. In particular, and contrary to the Health Board's formal procurement requirements, we identified:
 - instances where executives apparently defaulted to the use of STWs in the awarding of contracts, rather than documenting consideration as to the appropriateness of this procurement method (for example, [REDACTED]);
 - instances where requests to waive SFIs were signed off by inappropriate officers (for example, [REDACTED]);
 - instances of single-person sign-off of contracts that actually required Board sign-off under the formal Scheme of Delegation, for example, contracts anticipated to be over £100,000 for specialised external services such as consultancy, per item 14 of the Health Board's Scheme of Delegation (for example, [REDACTED]);
 - instances where invoices for payment were received for work already undertaken, and STW action then taken retrospectively (for example, [REDACTED]); and
 - instances of waivers being requested, but not being fully completed or returned as authorised (for example, [REDACTED]).

Exhibit 2: Summary analysis of tested STWs that breached SFIs (indicated as **x**)

Sample reference	STW not signed off properly?	STW not followed the correct procedures?	Were appropriate signatories obtained?	Was the STW fully authorised?
1	x	x		
2		x	x	
3		x		
4		x		
14			x	x
15				x
16				x
18		x		x
19		x		
20		x		

Exhibit source: Auditor analysis of STWs tested.

Health Board staff should have considered tenders through OJEU procurement procedures in some instances; three cases breached the OJEU threshold and a fourth is at risk of doing so

- The European Commission has established OJEU thresholds, which are enshrined in UK law, to ensure fair competition in the awarding of contracts by public bodies. Whilst breaches of OJEU requirements are not automatically prosecuted, they do place the Health Board at risk of legal challenge and financial compensation claims from other companies that could provide the service.

18. We found that OJEU thresholds were breached in three cases through the use of STWs, indicating that Health Board staff had failed to take into account the whole contract cycle, as required by OJEU:

- A contract for [REDACTED] (test reference [REDACTED]), was originally below OJEU, at £14,889, but subsequent extensions and payments took the contract value to approximately £140,000, exceeding the OJEU threshold. Health Board officials told us that this eventuality was unforeseen at the time the initial contract was awarded, as the Health Board could not have anticipated the seriousness of the issues uncovered and the consequent need for further work to be commissioned from the same contractor.
- A contract for [REDACTED] and [REDACTED] (test reference [REDACTED]) exceeded OJEU. The total amount payable for services for the 2015-16 financial year, is likely to be in excess of £750,000 inclusive of VAT, based on the information contained in the contract letter.
- A contract to [REDACTED] (test reference [REDACTED]) exceeded OJEU. The total amount paid to the supplier at 31 March 2015 amounted to £510,488.

Exhibit 3: Summary analysis of OJEU threshold breaches

Sample reference	Service provided	Comment
2	[REDACTED]	The initial payment was below OJEU, at £14,889 but subsequent extensions and payments took the contract value to approximately £140,000. This was unforeseen at the time the contract was awarded, as the Health Board could not have anticipated the seriousness of the issues uncovered.
4	[REDACTED]	The total amount payable for services to the end of June 2015, is likely to be £441,681.12 inclusive of VAT, based on the information contained in the contract letter.
14	[REDACTED]	The total amount paid to the supplier at 31 March 2015 amounted to £510,488.

Exhibit source: Auditor analysis of STWs tested.

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19. In addition, our work identified that the Health Board is at risk of breaching the OJEU threshold for another supplier [REDACTED], if all of the currently anticipated work goes ahead. This contract is for [REDACTED]. The first and second elements totalled £95,600; whilst element three, if commissioned, will increase the contract value by an additional £40,000, thereby exceeding the OJEU threshold. At the date of reporting in September 2015, the Health Board has not exceeded the OJEU threshold for the contract.

While Health Board staff explained perhaps understandable reasons for the breaches identified in most cases, there are opportunities to strengthen governance and improve the transparency of decision making

20. We have discussed the results of our audit testing with the relevant senior Health Board officials. Whilst they have confirmed the factual accuracy of our findings, they were keen to emphasise to us the context within which they had taken these procurement actions.
21. In October 2014, the Health Board was placed under 'Targeted Intervention' under the Welsh Government's Escalation and Intervention Protocol, due to a range of significant governance and performance concerns¹. New Board members and executives were appointed with expectation for early delivery of improvements, not all of whom were fully familiar with the Welsh procurement requirements. There were known issues with planning, performance and governance that required urgent action and identified gaps in capacity to support the executive leadership team in delivering this agenda.
22. During the period covered by our audit testing, Health Board staff were therefore addressing a number of significant challenges that had to be addressed urgently. It appears that this may have resulted in a greater use of STWs than may have otherwise been the case. For example, [REDACTED] (test reference [REDACTED]). The Health Board [REDACTED]. This resulted in the supplier being appointed through an STW, rather than through the competitive process that the Health Board's procurement procedures would normally require. The Health Board told us that it believed that procurement timescales would not have allowed it to progress urgent matters quickly.

¹ Subsequently, in May 2015, the Health Board was further escalated into 'Special Measures' by the Minister for Health and Social Services.

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23. Another example is where an STW was issued as justification for placing more work with the same supplier, rather than through a competitive process (test reference [REDACTED]). Health Board staff told us that they had judged that continuity was crucial to the [REDACTED]. Even though we consider that the likelihood of this contract requiring an extension was reasonably foreseeable when it was let in summer 2014, the Health Board did not take any steps to correct the position by following approved tendering/procurement processes as set out in its SFIs.
 24. We note that the Health Board's STW guidance does not accept urgency as acceptable grounds for raising an STW. Whilst Health Board staff assured us that the Board was fully sighted of supplier appointments and supported the decisions taken, we found that that these decisions (and retrospective Board approval, where required) had not been recorded in Board minutes.
 25. Given the pressure that the newly appointed executives felt under to deliver change and address longstanding issues, they told us that they had generally opted to appoint suppliers with whom they were already familiar and in whom they were confident could deliver in a short timescale, whilst also minimising the risk of non-delivery.
 26. Whilst some of these urgent supplier appointments may therefore be understandable, there are steps that could and should have been taken when contracts had either to be renewed or extended, to help ensure that the Health Board secured value for money. These could have included a formal 'pause and review' stage to consider issues such as renegotiation of rates and whether it was appropriate to seek alternative suppliers.
 27. Health Board staff also told us that some of the suppliers were already on framework lists and therefore met both quality and value-for-money criteria. However, the Health Board should confirm if proposed suppliers are included on an existing framework listing by seeking advice from Procurement Services where appropriate.

Inadequacies in the Audit Committee Recommendations Tracking Tool meant that assurances on the implementation of our previous procurement recommendations were inaccurate, but the Health Board is at an advanced stage of revising its process

28. The Audit Committee received frequent updates from management on the implementation of internal and external audit recommendations via a tracking tool. Our review of the Health Board's external audit tracking tool found that it was incomplete and in some cases inadequately supported the status of the implementation of our previous recommendations.
29. In early 2015, the Audit Committee considered an update of the 'Recommendations Tracking Tool', which indicated that the Health Board had implemented all of the audit recommendations contained in the 2013 procurement report.

30. The results of our audit testing of 20 contracts strongly suggest that the Tracking Tool does not properly reflect the actual position in respect of our previous recommendations on procurement, as set out in [Exhibit 4](#).
31. The Board secretariat had recognised the tracking tool was not fit for purpose and the Health Board is at an advanced stage of revising the content, structure and supporting process with advice from both Internal Audit and ourselves.

Exhibit 4: Summary of progress in implementing the recommendations contained in our previous joint procurement review

Previous recommendation	Implemented?	Comment
<p>Recommendation 1 The Health Board must ensure compliance with SFIs. It should:</p>		<p>There has been some progress in implementing our recommendation, but our audit testing indicates that further work is required. In particular:</p>
<ul style="list-style-type: none"> ensure all budget holders and managers receive refresher training on both SFIs and procurement more generally; 	Partly	<ul style="list-style-type: none"> ensuring all relevant staff, including executive directors, receive procurement refresher training;
<ul style="list-style-type: none"> publicise the rules around procurement widely to ensure that staff considering procurement seek advice at an early stage from Procurement Services; and 	Yes	<ul style="list-style-type: none"> the Health Board has publicised procurement rules in the budget manager handbook, but staff did not always seek advice at an early stage from Procurement Services; and
<ul style="list-style-type: none"> Contact Procurement Services in all instances when procuring goods and services ensuring full compliance with SFIs and Public Contracts Regulations 2006. 	No	<ul style="list-style-type: none"> Procurement Services are not being contacted in all instances when procuring goods and services.
<p>Recommendation 2 The Health Board's scheme of reservation and delegation needs updating to ensure segregation of duties at all times in the procurement of services and contracts by officers authorised to waive the SFIs.</p>	Partly	<p>The Scheme of Delegation was updated in January 2015, but the 'request to waive SFIs' guidance does not explicitly refer to the need for segregation of duties at all times.</p>
<p>Recommendation 3 Procurement Services and the Health Board develop an agreed process for escalating instances where requests to waive SFIs do not follow due process.</p>	Partly	<p>Procurement Services and the Health Board have developed procedures for escalation, but our work has revealed multiple instances where the process was not followed.</p>

Previous recommendation	Implemented?	Comment
Recommendation 4 All STW forms to be clearly marked as 'controlled stationery' to avoid duplication.	Yes	All STW forms now have a unique reference number.
Recommendation 5 The Health Board should not commission any further work from ORS unless it undertakes a full competitive tendering exercise under OJEU requirements.	Yes	The Health Board did not breach OJEU when commissioning work from ORS. However, our audit testing has found further instances where OJEU thresholds have been breached.

Exhibit source: Auditor summary of evidence.

32. Further action is required to fully implement our previous recommendations ([Exhibit 4](#)).
33. As a consequence of our findings, we have concluded that the Health Board's procurement processes at the time of our latest audit review require further improvement, as they do not enable it to let urgent contracts for external services in a manner which is commensurate with the principles of sound corporate governance.
34. In light of these findings, we have made four further recommendations to the Health Board:

Recommendations	
R1	The Health Board should take swift action to address the remaining recommendations from our 2013 audit: The Health Board must ensure compliance with SFIs. It should: <ul style="list-style-type: none"> • ensure all budget holders and managers receive refresher training on both SFIs and procurement more generally; • publicise the rules around procurement widely to ensure that staff considering procurement seek advice at an early stage from Procurement Services; and • contact Procurement Services in all instances when procuring goods and services, thereby ensuring full compliance with SFIs and the Public Contracts Regulations 2006.
R2	The Health Board should use existing national procurement frameworks to proceed both swiftly and safely when awarding contracts that are deemed to be of an urgent nature. This could include, for example, provision for 'Chair's Action' in approving novel/contentious STWs and any procurement in excess of the thresholds set out in the Health Board's Scheme of Delegation for Board approval that cannot wait until the next Audit Committee or Board meeting.
R3	The Health Board should consider if the existing thresholds for reporting to the Board (as set out in its Scheme of Delegation) should be amended.

R4 The Health Board should ensure that all novel/contentious procurement actions, including the use of STWs (eg, due to urgency or poor planning), are formally reported to the Board either in advance or for retrospective approval (including Board endorsement of the use of 'Chair's Action').

R5 The Health Board should liaise with NWSSP Procurement Services to clarify for all NHS Wales bodies the position regarding the existence and use of a 'pre-approved' or 'framework' list of suppliers for services that may be needed at short notice, and whether ongoing contract payments are likely to breach OJEU thresholds.

Appendix 1

The Health Board's procurement rules

Each year, public sector bodies in Wales spend more than £5 billion on the procurement of goods, services and capital projects. The Public Contracts Regulations 2006 (the 2006 Regulations) implemented in the UK the requirements of the EU Consolidated Procurement Directive (the Procurement Directive) and came into force in January 2006. The Procurement Directive aims to ensure that:

- public bodies achieve value for money through their procurement activities; and
- there is a level playing field for competition between suppliers.

In December 2009, the Public Contracts (Amendment) Regulations 2009 came into force. These amended the 2006 Regulations to meet the requirements of the EU Remedies Directive and set out the action that may be taken when public bodies do not adhere to the law. The Public Procurement (Miscellaneous Amendments) Regulations 2011 came into effect on 1 October 2011. These Regulations make further changes to the 2006 Regulations in respect of time limits for claimants to commence legal proceedings. The European Union's state aid rules govern the way that public (or state) expenditure is used to support certain types of economic activity. State aid rules can be complex and non-compliance could result in the recovery of aid from recipients.

The Welsh Government follows a recognised procurement route to ensure that all who carry out procurement activities understand and follow the same procedures. It has issued guidance on a number of occasions to encourage Welsh public sector bodies to adopt similar guidelines. This plays a key role in the efficient and cost-effective delivery of goods and services for NHS Wales.

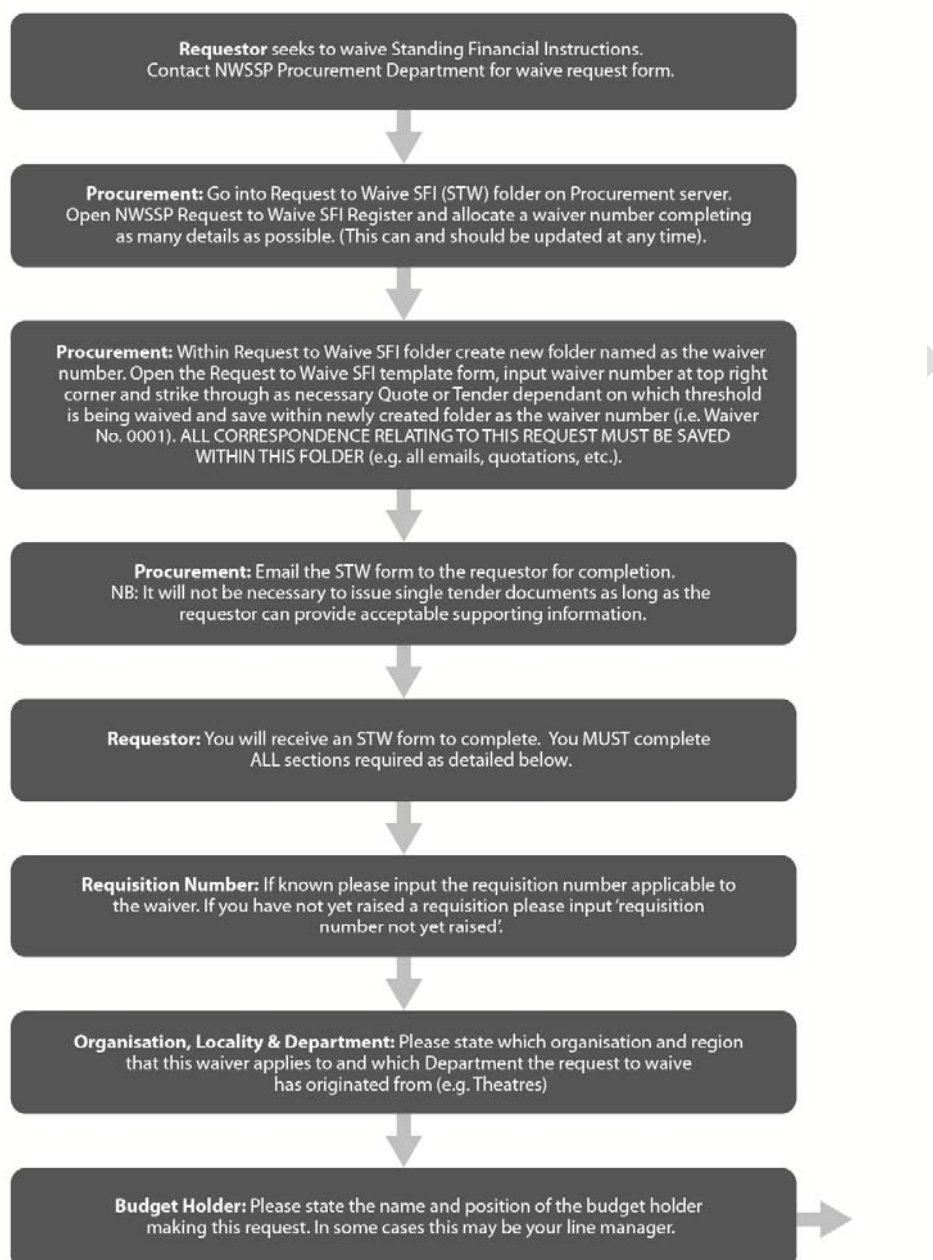
These are intended to be appropriate to the value of goods and services being purchased, and, since January 2014, have been administered by Value Wales:

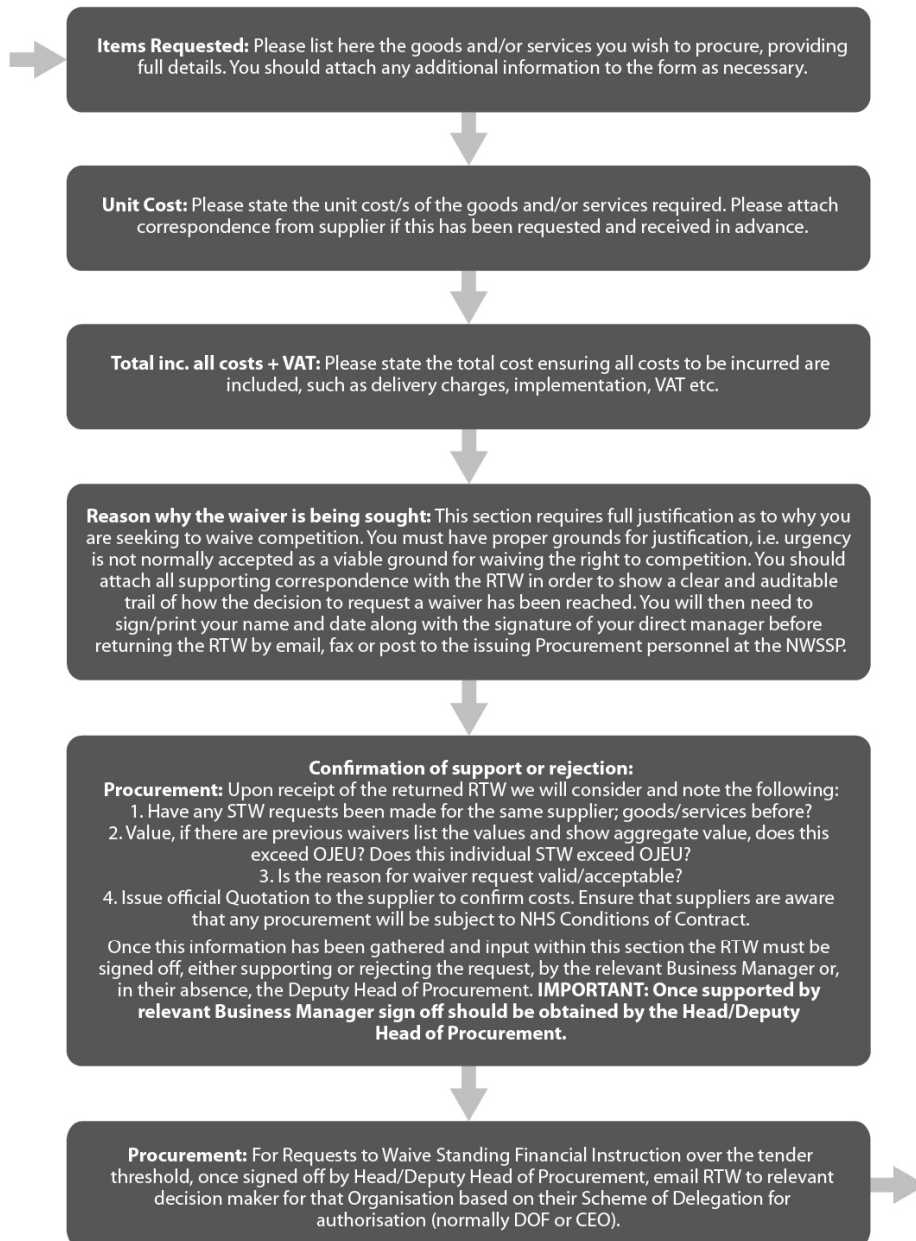
- **Below £5,000²**: purchases under this value are not subject to competition and only require a quote from a single supplier.
- **£5,001 to £24,999**: goods and services within this price range require written quotations from at least three suppliers.
- **£25,000 to £101,323**: if the value of the purchase will be above £25,000 but below £101,323, then a full competitive tender under sealed bid conditions is required. Between five and eight suppliers will be invited to tender using the 'invitation to tender' documents on the Value Wales website, all of these requirements are advertised on the 'sell2wales' website.
- **Above £111,676**: goods and services contracts above this figure, together with research and development contracts above £172,514, and works contracts above £4,322,012 are all subject to EU Public Procurement Regulations and must be let via the OJEU process.

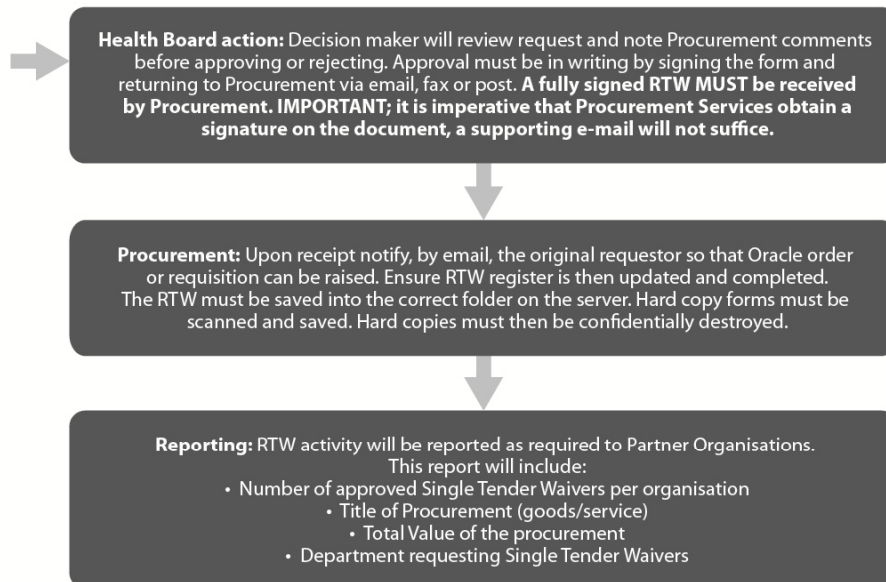
² All £ threshold figures are exclusive of VAT.

Appendix 2

The Health Board's procedure for use and completion of 'Request to Waiver Standing Financial Instructions'







Appendix 3

Overall summary of breaches in internal controls in the awarding of contracts

Sample reference	STWs were not raised in accordance with Health Board procedures?	STWs that breached SFIs?	OJEU threshold breached?
1	x	x	
2	x	x	x
3	x	x	
4	x	x	x
5	x		
6	x		
7	x		
8	x		
9	x		
10	No issues identified		
11	No issues identified		
12	No issues identified		
13	x		
14	x	x	x
15	x	x	
16	x	x	
17	No issues identified		
18	x	x	
19		x	
20	x	x	

Appendix 4

[REDACTED]

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