



# Ensuring value for money in the use of single tender actions

## Key considerations for NHS Audit Committee Members



# Introduction

The importance of securing value for money through sound procurement is essential across the public sector. It is Welsh Government policy (as set out in [Managing Welsh Public Money](#)<sup>1</sup>) that public sector bodies should acquire goods and services through fair and open competition, as this is considered the best way to secure value for money and ensure propriety and regularity.

However, competition is not the only way to demonstrate value for money and there may be situations where it is more appropriate to approach a single provider through the use of a single tender action (sometimes referred to as 'single tender waiver'). NHS standing financial instructions allow for such actions but are clear that they 'shall be the exception'.

Over recent years, our audit teams have perceived a rise in the use of single tender actions, and this has prompted us to produce the considerations below with the aim of supporting Audit Committee members in their scrutiny and challenge of the use of single tender actions at their NHS body.

1 [Managing Welsh Public Money](#), sets out the framework and principles which must be applied by the Welsh Government, its sponsored bodies, the NHS in Wales, its commissioners, the Education Workforce Council, Estyn and the Welsh Government's subsidiary bodies.

# Considerations for Audit Committee members

**Table A**

**Do you understand the circumstances under which a single tender can be actioned?**

Circumstances set out in model standing financial instructions	What you could expect to see in practice which...
<p>A single firm or contractor of a special character is required</p> <p>A proprietary item or service of a special character is required</p>	<p><b>...might indicate a single tender action is appropriate:</b></p> <ul style="list-style-type: none"> <li>• the service/good is follow-up work where a provider has already undertaken initial work in the same area (and where the initial work was awarded from open competition);</li> <li>• there is a compatibility issue which needs to be met eg, specific equipment required, or compliance with a warranty cover clause;</li> <li>• there is genuinely only one provider;</li> <li>• there is a need to retain a particular contractor for real business continuity issues (not just preferences).</li> </ul> <p><b>...might indicate a single tender action is inappropriate:</b></p> <ul style="list-style-type: none"> <li>• the market is competitive;</li> <li>• there are no factors suggesting this would secure value-for-money;</li> <li>• the single tender action is driven more by time pressure than value-for-money considerations;</li> <li>• there is pressure to spend monies late in the financial year;</li> <li>• there is familiarity/a relationship with the supplier;</li> <li>• there are ongoing single tender actions with one specific supplier;</li> <li>• the contract value exceeds EU procurement thresholds (currently £589,148 for Social and other specific services; £106,047 for Supply, Services and Design Contracts; and £4,104,394 for Works Contracts).</li> </ul>

## Table B

### Do you understand the approval and reporting process required for single tender actions?

Requirements of model standing financial instructions	What you should expect to see in practice:
<p>&lt; £25,000: Director of Finance must authorise and a detailed record shall be maintained by the local health board and reported to the Audit Committee.</p> <p>&gt; £25,000: Formal submission to the Chief Executive who must provide written authority and keep a detailed record which is reported to the Audit Committee.</p> <p>Extension of contracts must be reported to the Audit Committee.</p>	<p>Regular reporting to the Audit Committee (as appropriate for frequency/significance of single action tenders).</p> <p>Evidence/assurance that the report is complete and accurate. (What is the process for completion? How does it compare to previous reports?)</p> <p>Clear basis for each single tender action including how the Director of Finance/Chief Executive reached their conclusion, and evidence of proper consideration (see indicators in <b>Table A</b>).</p> <p>Ongoing data is presented to the Audit Committee on the value of contracts let or extended by single tender actions.</p>

## Table C

### Do you adequately scrutinise single tender actions and take action where appropriate?

Requirements of model standing financial instructions	What you should consider in practice:
No specific requirements	<p>Does the report appear to be complete? (See <b>Table B</b>)</p> <p>Is there evidence of adequate consideration by the Director of Finance/Chief Executive?</p> <p>Is there evidence of any reason for a bias towards taking single tender action?</p> <p>Are there any indicators present in <b>Table A</b>?</p> <p>Is there evidence that the number or proportion of single tender actions is increasing and if so, are there valid reasons?</p> <p>Where issues are identified do you consider appropriate next steps such as?</p> <ul style="list-style-type: none"><li>• escalation to the Board;</li><li>• requesting additional information;</li><li>• making recommendations to the Director of Finance/the Chief Executive;</li><li>• requesting Internal Audit review.</li></ul>

# Notes

