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Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board



<b>Meeting Date</b>	<b>Audit Committee January 2019</b>		<b>Agenda Item</b>	
<b>Report Title</b>	<b>NWSSP Procurement : Single Tender Actions &amp; Quotations</b>			
<b>Report Author</b>	Helen James, Head of Procurement /Richard Clayfield, Senior Procurement Business Manager			
<b>Report Sponsor</b>	Lynne Hamilton, Director of Finance			
<b>Presented by</b>	Helen James, Head of Procurement			
<b>Freedom of Information</b>	Closed			
<b>Purpose of the Report</b>	To provide details of the Single Tender Actions (STA) and Single Quotation Actions (SQA) approved by the Health Board for the period 27th October 2018 to 18th January 2019, and to provide Audit Committee with advice and assurance on segregation of duties and Executive Director sign-off.			
<b>Key Issues</b>	During the period 27 <sup>th</sup> October 2018 to 18th January 2019 there were 10 x SQA's and 6 x STA's approved where competition was not sought.			
<b>Specific Action Required (please ✓ one only)</b>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	✓			
<b>Recommendations</b>	<p>Members are asked to:</p> <p><b>Note</b></p> <p>i. The SQA's and STA's approved in the period 27<sup>th</sup> October 2018 to 18th January 2019 and the comparison analysis for the same period in 2017/18 to date.</p> <p>ii. That an Executive Director segregation of duties control framework has now been established through amendments to SFI's and has been communicated to all Executive Directors and procurement staff.</p>			

## 1. INTRODUCTION

- 1.1. This report provides the Audit Committee with details of the Single Tender Actions (STA) and Single Quotation Actions (SQA) approved by the Health Board for the period 27<sup>th</sup> October 2018 to 18<sup>th</sup> January 2019. The report also provides trend information on the number and value of STA's and SQA's.

## 2. BACKGROUND

- 2.1. Standing Financial Instructions require 3 competitive quotations to be obtained for the purchase of goods and services between the value of £5,000 and £25,000 exclusive of VAT. Where the sum exceeds £25,000 competitive tendering is required for the purchase of goods and services. SQA's and STA's should be an exception and should only be called for when a single firm or contractor or a proprietary item or service of a special character is required and must be formally authorised by the Director of Finance/Director of Strategy/Chief Operating Officer and reported to the Audit Committee.
- 2.2. During the period 27<sup>th</sup> October 2018 to 18<sup>th</sup> January 2019 there were 10 x SQA's approved, with a total value of £114,753.38 (exclusive of VAT) and 6 x STA's, with a total value of £803,350.91 (exclusive of VAT).
- 2.3. Including the SQA's & STA's approved above, the table below identifies the number of STA's and SQA's received for the financial year to 18<sup>th</sup> January which shows an overall increase in the numbers when compared to the same period in 2017/18 financial year.

	<b>2017/18 – 1st Apr – 18th Jan Vol.</b>	<b>2017/18 - 1st Apr – 18th Jan Value (£)</b>	<b>2018/19 – 1st Apr – 18th Jan Vol.</b>	<b>2018/19 – 1st Apr – 18th Jan Value (£)</b>
STA	13	£1,253,073.72	22	£2,153,542.36
SQA	44	£488,584.90	51	£532,283.51
<b>Total</b>	<b>52</b>	<b>£1,638,880.96</b>	<b>73</b>	<b>£2,280,138.24</b>

- 2.4. The main reason for the increase in requests is as a consequence of the Purchase Order Compliance (No PO/No Pay Policy), whereby purchase orders are required to enable invoices to be paid. There is now greater visibility of purchases that are being made without Procurement involvement and this will drive improved compliance. Furthermore, the analysis shows that there are a number of SQA's given over to clinical service requirements, which can all be classed as business critical or essential to patient welfare.

- 2.5 For the period concerned, the following were approved:

## **SQA's**

**Adverse Weather Driver Training (ABM-SQA-28804-045-PJ-18)** – To the provision of a service for adverse weather driver training for 42 staff, at a cost of £12,000.00 with South Wales Police. This is to ensure continuity of the transport service within the Health Board, during adverse weather conditions. To meet the relevant safety standards, South Wales Police train all Government transport staff, including both the Fire and Ambulance Services. Training is provided on a range of vehicles and each driver is certified for a period of 3 years. The level of training and course content cannot be provided by another supplier. Costs are in line with SWP Public Sector rates.

**Novocor Monitors (ABM-SQA-28804-046-AM-18)** – These devices are Cardiac event monitors at a cost of £1,979.00 each, total cost; £11,886.00, supplied from Novocor UK Ltd. These monitors are compatible with current Novocor Cardiac analysis system and cannot be sourced elsewhere. These additional monitors are an essential requirement in the detection of cardiac abnormalities and are necessary to avoid an increase demand with failure to meet RTT. This represents value for money, to consider alternative monitors would mean changing the analysis system, which would be significantly more. To purchase alternative monitors would involve changing the analysis system and would cost significantly more therefore the Novocor Monitors is more cost effective and represents value for money.

**ISO Accreditation (ABM-SQA-28804-047-SP-18)** – To the provision of a service for ISO accreditation for HSDU at a cost of £22,500.00 from SGS United Kingdom. HSDU is a manufacturer of Medical Devices and the service is required to conform to the regulatory and legislative requirements of the respective ISO standards and the MHRA. SGS is HSDU's Notified Accreditation Body, in line with other Sterile Services Units throughout Wales. Prices have been benchmarked with other providers of similar services, such as BSI and have proven to be competitive.

**ACSA Subscription (ABM-SQA-28804-048-DH-18)** – For the renewal of subscription for ACSA Standards Accreditation on behalf of Anaesthesia Services, at a cost of £14,784 (3 years) with the Royal College of Anaesthetists. The accreditation scheme is recognised by Health Inspectorate Wales and the Care Quality Commission which facilitates a single audit in order to demonstrate adherence to the required standards. This cannot be provided by another supplier. Failure to renew could have an impact staff recruitment and retention, thus potentially affecting patient care. The costs are broadly in line with subscriptions of a similar nature.

**Music Licence (ABM-SQA-28804-049-AM-18)** – This relates to the renewal of the Health Board's music licence with PPL PRS Ltd for a further 12 months at a cost of £8,608.58. The licence is required to play music in public, in offices, canteen areas etc. This will also include background music on CD/Radio or a TV music channel. PPL PRS are the only supplier of this licence. There is a UK wide fixed tariff of charges for this licence in the Health care setting.

**Sonnet Processor (ABM-SQA-28804-050-AM18)** – To the purchase of a Sonnet Processor Cochlear Implant Synchrony Electrode and Patient Kit from Med-EI UK, at a cost of £16,395.00. This was to replace a failed electrode for a patient and was a direct replacement. The patient would have been totally deaf without it. This was the electrode the patient needed. Med-EI have a UK catalogue and pricing strategy for Sonnet, however, the cost of the replacement was fixed at 2016 pricing, when the original was purchased.

**Maintenance & Support of QuickAddress ProWeb Software (ABM-SQA-28804-051-SP-18)** – Renewal of the annual license for the above mentioned software, from Experien Data Quality, as a cost of £11,982.00. This software is essential for the accurate registration and maintenance of the ABMU Clinical Portal (PIMS+) Index used across the Health Board. It utilises Royal Mail data integrated with the Clinical Portal to accurately verify addresses and postcodes. Experien are the only supplier that provides software that is compatible with the Clinical Portal interface. Procurement were unable to explore a longer term arrangement on this occasion due to boundary change issues, however, whilst there has been a slight increase in cost this year, it was within the expected inflationary target.

**Qpulse Upgrade (ABM-SQA-28804-053-PJ-18)** – Purchase of an upgrade to the Pathology QPulse system to a Windows 2016 compatible version at a cost of £8,400.00 from Ideagen Gael Ltd, to bring the system in line with Microsoft Server Policy. This is a vital system and without the upgrade would be susceptible to risk of a cybersecurity attack. This is the only supplier of the system as it was written and supported by them. The cost of the upgrade is broadly in line with market price and comparisons with upgrades of a similar nature within the Health Board.

**Decontamination Service (ABM-SQA-28804-056-SP-18)** – Purchase of a service for specialist bio-decontamination of various locations on the PoW DU site, at a cost of £10,000.00 from Bioquell. This equates to the purchase of 20 deployments, during the course of the next 12 months. Bioquell are the only supplier who have experience in using highly concentrated HPV in Healthcare environments.

Preferential terms negotiated by Procurement Services on the premise of having a Proactive Service Contract in situ for the Morriston site, which was the subject of Audit Committee approval in November.

**Macmillan Cancer Support Infopod (ABM-SQA-28804-057-AM-19)** – The supplier, Space Oasis, have been contracted directly by Macmillan Cancer Charity to supply, deliver and assemble an InfoPod on Health Board premises. As agreed with the Health Board's Chief Operating Officer, the Health Board is obliged to place an official order in the first instance, but will subsequently be reimbursed by Macmillan for the full cost of purchase resulting in a cost neutral position for the Health Board.

The introduction of the “Multiquote” System has enabled Procurement Services to better “test” the validity of SQA requests and as a consequence, a number of SQA’s continue to be rejected and competitive bids obtained. Procurement Services continue to seek longer term arrangements to reduce the volume of SQA’s processed on an annual basis. In addition, this may bring further savings through a longer term commitment however, this is not always possible

## **STA’s**

**MBTI Training (ABM-STA-28892-046-18-RC)** – To provide accredited MBTI Training at a cost of £38,062.00 from The Myers-Briggs Company. This was to enable members of the Learning and Organisational Development Team (and wider partners), to train staff on how to work more effectively. MBTI is an integral part of the ABMU leadership development offering. Following further scrutiny by Procurement via the Internet, it was established that Myers-Briggs are the only company who can provide the necessary certification to enable people to become MBTI practitioners. Myers-Briggs offered a discount for “in-house” training which equated to £14,437.00 off the “off-site” training charges.

**Renewal of ScriptSwitch System (ABM-STA-28892-047-18-RC)** – Renewal of the ScriptSwitch prescribing tool system at a cost of £148,481.91 from Optum Health. This prescribing tool is used within in GP Practices, but managed by the Medicines Management Team. This is the only system that is compatible with VISION & EMIS IT Practice Systems and Optum is the sole supplier of ScriptSwitch. This System delivers approximately £400k annual savings. Procurement negotiated a further discount for a potential two-year arrangement with Optum, which equated to £16,673.73, however, the Service was only interested in committing for 12 months, as the System is to be scheduled for replacement.

**Provision of Oncotype DX (ABM-STA-28892-048-18-RC)** – To the supply of Oncotype DX from Genomic Health at a cost of £135,000.00. This is a specialist test to help make decisions about chemotherapy after a surgical procedure. Oncotype DX is the only NICE recommended test to facilitate such a decision and Genomic Health are the only company able to supply this specialised test. This is essential for patient care. The retail cost of the test is £2,580.00 each, however, the Service has a discounted rate which reduces the cost of the test to £1,350.00 each resulting in a saving of circa. £70,200.00

**Statutory Accounts Audit & Performance Audit (ABM-STA-28892-049-18-RC)** - Annual costs for 2018/19 to facilitate the audit of the Health Board’s accounts & performance. This is a statutory requirement and the work will be undertaken by Wales Audit Office at a cost of £416,807.00. The fees charged are agreed by Welsh Government with the Wales Audit Office.

**Professional Support & Training (ABM-STA-28892-050-18-RC)** – To provide professional support and training to ABMU Managers & TU side at a cost of £25,000.00 from ACAS, in respect of bullying issues and improving and developing partnership working, linked to the outcomes of the 2018 NHS Wales

Staff Survey. ACAS is the recognised independent body that specialises in this type of training and work with both management & staff side. To ensure credibility and a clear separation between the Health Board and the provider, ACAS is the only organisation that is seen to be impartial and can offer a truly independent perspective. ACAS is well regarded for its support of Public Sector organisations and its fees are recognised as offering value for money.

**Migration of Healthroster, Bank, Electronic Job Planning and E-Rota Data – (ABM-STA-28892-051-18-RC)** – To the provision of a service to migrate staff data from the above mentioned systems, at a cost of £40,000.00 by Allocate Software. This work is required to facilitate the transfer of staff in respect of Bridgend boundary changes. Allocate Software own the respective systems and therefore, no other supply can undertake the work. Allocate have reduced the original cost for the service from £48,000.00 to £40,000.00, a saving of £8,000.00. HR reviewed whether the staff migration activity could be undertaken in-house however, this would have been ‘at risk’, as the time taken would not meet the deadlines required to ensure that transferred staff to Cwm Taf would receive their salaries on the 21<sup>st</sup> April.

### **3. GOVERNANCE AND RISK ISSUES**

- 3.1. The SQA and STA process is administered by NWSSP Procurement who continually review SQA and STA requests to determine if such requests are appropriate. The approval process and reporting of approvals to the Audit Committee ensures that Standing Financial Instructions are complied with.
- 3.2. At the September Audit Committee, it was requested that all SQA/STA Forms were signed by the requester, budget holder/Finance Manager and Executive Director, under whose area the service sits. In addition, in order to provide assurance about financial control and segregation of duties, Audit Committee sought clarification on Executive Director sign-off formal sign off of the SQA/STA by an alternative Executive, with no interest in that particular Procurement. It has been confirmed that there was no set policy on Executive Director sign-off to ensure segregation of duties. That is clearly a loophole in the control framework which needs to be addressed. A process has now been put in place with amendments being made to SFI's and has been communicated to all Executive Directors and Procurement Staff. However, some of the SQA/STA's included in this report predate the implementation of the enhanced sign off controls

### **4. FINANCIAL IMPLICATIONS**

- 4.1. All SQA and STA requests are reviewed by NWSSP Procurement to ensure that value for money is being obtained in all cases. This ensures that the financial implications of each request are considered prior to the approval of all SQA's and STA's.

## **5 RECOMMENDATIONS**

- 5.1 The Audit Committee is asked to note the SQA's and STA's approved in the period 27<sup>th</sup> October 2018 to 18th January 2019.
- 5.2 The Audit Committee is asked to note the change in the process to ensure segregation of duties in the sign off of SQA/STA documentation.