

On 1st September 2018, the all-Wales Purchase Order (PO) Compliance - **No PO/No Pay Policy** - was introduced. This policy requires purchase orders to be raised for all items of expenditure, unless the expenditure area is an exception as per the exceptions list, an up-to-date version of which is attached to this letter as Appendix 1.

The ongoing review of Invoices received by the Health Board that do not have a valid PO number quoted, shows large volumes of non-compliance with procurement regulations, as detailed in Standing Financial Instructions (SFI's). I am therefore writing to you confirming that the health board will be refocusing its efforts on fully complying with the **No PO/No Pay Policy**, and reminding you of the requirement to comply with the procurement regulations as detailed in the SFI's.

Previous communication was circulated in relation to the health boards adoption of this policy, and I would like to reiterate the requirement that all staff committing expenditure must adhere to this as outlined below. The number of invoices that cannot be paid for goods and services received by the health board remains at a high level and this has a range of practical implications;

- The health boards inability to fully meet the requirement of the Public Sector Payments Plan (PSPP) which mandates that all invoices are paid within 30 days from receipt
- Suppliers placing the health boards accounts on hold, meaning that we are unable to receive any further goods or services until invoice balances are settled. Any overdue debt is also potentially subject to interest payments to the supplier.
- Significant resource implications for Accounts Payable, Procurement, R&D and those that have committed expenditure in reconciling the payment of invoices
- The risk of Court Action being taken against the health board by suppliers, seeking payment of outstanding and overdue debt

It is critical that all staff committing expenditure must:

1. Ensure that an Oracle purchase order is raised for all goods/services unless there is an exception to this requirement as outlined in the attachment to this letter. You can raise an order locally through a catalogue or you will need to raise a requisition and route it through the Procurement Department. Under **NO** circumstances should expenditure be committed without following this process. The correct governance process, in line with the scheme of delegation, must be followed as part of obtaining this PO number.
2. Unless an Oracle catalogue is in place for the goods/service to be ordered, the procurement rules detailed in the SFI's must be complied with. This requires :
 - For goods and services of a value between £5,000 and £25,000 (exclusive of VAT) 3 or more written quotations are to be obtained by the Procurement Department, using the Multiquote system.
 - Single Quotation or Tender Action (SQA/STA) shall be the exception and shall only be called for when a single firm or contractor or a proprietary item or service is required and must be approved by the relevant Executive Director in section 3 of the standard template before being forwarded to Procurement. Following a review of the submission, Procurement will seek approval from the Director of Finance/Director of Strategy/Chief Operating Officer, in line with the scheme of delegation.
 - For goods and services in excess of £25,000 (exclusive of VAT), competitive tenders are required ensuring that where the estimated value exceeds the Public Contracts Regulations (PCR) thresholds (£138,760 for goods and services and £5,336,937 for

works, **inclusive of VAT**) that the appropriate advertisement is placed in the Official Journal of the European Union.

Staff are also reminded that all non-compliance with SFI's is reported to the Audit Committee, so that formal advise to the health board on actions to be taken are clear. Ultimately the failure to comply with SFI's is a disciplinary matter.

Should you require any advice on the process, please contact the Procurement team using the details below.

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- Further guidance is available through the NWSSP Procurement Manual [www.sharedservicespartnership.wales.nhs.uk/sitesplus/documents/955/Procurement Manual 2021 v15.pdf](http://www.sharedservicespartnership.wales.nhs.uk/sitesplus/documents/955/Procurement_Manual_2021_v15.pdf)
- A copy of the Health Boards Standing Orders, including SFI's can be accessed through the following link. [Standing Orders - Swansea Bay University Health Board \(nhs.wales\)](http://www.nhs.uk/standing-orders-swanssea-bay-university-health-board)

Appendix 1

Agreed Exception Type	Category (alphabetical order)	Supporting Information
All Wales	Blue Badges	Current exception but Procurement Services aim to remove this from the Exceptions list
All Wales	Collaborative Payments	Current Exception but Procurement Services will aim to remove this from the Exceptions list
All Wales	Complex Healthcare Care (CHC)	Includes Local Authority spend as well as Care Homes
All Wales	Eye Tests	Staff Eye Tests
All Wales	Funding Transactions	Instances where the HB is a 3 rd party passing through funding from e.g. Welsh Government to bodies such as local authorities and universities. Includes Intermediate Care Funding.
All Wales	Grants	Including; Research and Grants with Colleges and Universities. PHW Health Grants and GP Cluster payments. Course related Fees must have a Purchase order
All Wales	HMRC	Includes HM Paymaster General, HM Courts & Tribunal Service Her Majesty's Court Service
All Wales	Landline and Mobile Charges	Rental, Call charges and Maintenance do not require a PO but Installation and Purchase does require a purchase order
All Wales	Losses and Compensation	Includes ex-gratia payments, clinical negligence, personal injury, redress, GP indemnity and associated defence costs. Also includes general losses payments.
All Wales	NHS Business Services Authority	Includes, Permanent Injury and Pension Charges including final pension charge invoices
All Wales	Nurse Agency	Nurse Agency ONLY - All other Agency must have an Oracle Purchase Order number.
All Wales	Patient Reimbursements	Patient eye tests and patients travelling expenses
All Wales	Petty Cash	
All Wales	Pharmacy	All Pharmacy departments have their own purchase order system that is outside of Oracle. The department will follow the same SFI's/SO's procedures for expenditure approval. Contracts are negotiated on an All Wales basis. All Health Boards receive Pharmacy Invoices via a feed through the Generic Interface.
All Wales	Primary Care Low Vision	HESP forms - Payment going to optician not patient
All Wales	Private Finance Initiative (PFI)	Current exception but Procurement Services will aim to remove this from the Exceptions list
All Wales	Purchase Cards	Includes Fuel Cards
All Wales	Rates	Expenditure set by external sources, i.e. Local Government, including Local Authorities (ie Business rates, Council Tax, Waste Collection)
All Wales	Salary Deductions and payments	

All Wales	Same day Couriers	Current exception but Procurement Services will aim to remove this from the Exceptions list
All Wales	TV License	Including Music Licenses
All Wales	Utilities – includes Water, Gas, Electricity and Oil (Heating)	Current exception but Procurement Services will aim to remove this from the Exceptions list
All Wales	Welsh and English NHS Authorities	Covers any purchase / service
All Wales	Work Permits	
Swansea Bay	Capital Construction Contracts	A contracts register is used instead of a PO. Current exception approved by the all Wales P2P Group
Swansea Bay	Clinical Medical School and School of Nursing Payments	SLA payments and salary recharges from Swansea University in respect of the Clinical Medical School and School of Nursing.
Swansea Bay	Health and Safety Executive	Statutory inspections undertaken by HSE.
Interface files from other ordering systems where PO's are raised within the ordering system and invoices paid via data load e.g. Pharmacy		