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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	18 May 2023	Agenda Item	3.3
Report Title	No PO No Pay – removal of aged invoices		
Report Author	Keir Warner, Head of Procurement		
Report Sponsor	Darren Griffiths, Director of Finance and Performance		
Presented by	Keir Warner, Head of Procurement		
Freedom of Information	Open		
Purpose of the Report	In accordance with Health Board Standing Financial Instructions (SFIs), invoices received by the Health Board which do not have a valid Purchase Order (PO) number included are not paid. This report proposes an approach to reducing a large volume of historic holds.		
Key Issues	<p>The All Wales No PO No Pay policy has been in place since August 2018.</p> <p>The Health Board currently has a large volume, 1214, of invoices on hold, because of a lack of compliance with the policy.</p> <p>Reducing the number of aged invoices on the Oracle system will allow the Procurement Team, Accounts Payable, and Health Board finance to focus resource on reconciling current debt.</p> <p>A letter will be issued to all Health Board staff, and the policy documents will be reissued to all suppliers, outlining the roles and responsibilities of each party in adhering to the policy.</p>		
Specific Action Required (please choose one only)	Information	Discussion	Assurance
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recommendations	<p>The Committee is asked to: -</p> <ul style="list-style-type: none"> • NOTE the information provided in this report • APPROVE the proposed approach to clear all No PO No Pay invoices from the Oracle system, that have an invoice date of earlier than 1st April 2022 		

	<ul style="list-style-type: none">• NOTE the actions proposed to engage with staff and suppliers, so that the policy is followed more effectively going forward.
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NWSSP PROCUREMENT: SINGLE TENDER ACTIONS AND QUOTATIONS

1. INTRODUCTION

- 1.1. All Health Boards and Trusts in Wales adopted a No PO No Pay policy in August 2018. This is common practice across public sector organisations, with NHS England and the majority of local authorities in Wales, including Cardiff and Vale Council and Flintshire Council having adopted the approach.
- 1.2. The number of Invoices On Hold (IOH) for failure to comply with No PO No Pay is however extremely high, and a solution is required to both reduce the residual holds, and to tackle the recurrence of them.

2. BACKGROUND

- 2.1. The P2P - the Procure to Pay process – encompasses the end-to-end process from sourcing goods and services through to delivery and receipt of goods and payment to the supplier. A No PO No Pay policy is where invoices arriving in the system without an order number are returned to the supplier unpaid. The supplier will then be instructed to seek an order number from the relevant department and manager that requested/was supplied with the goods/service before payment is made. The aim is to drive up compliance with the Standing Financial Instructions as well as the standard order management process.
- 2.2. NWSSP Accounts Payable produce a monthly report, detailing all IOH, including No PO No Pay. The current position is as follows.

Organisation	Number of IOH
Aneurin Bevan University Health Board	1302
Betsi Cadwaladr University Local Health Board	2160
Cardiff and Vale University Local Health Board	564
Cwm Taf Morgannwg University Health Board	1712
Digital Health and Care Wales	6
Health Education and Improvement Wales	51
Hywel Dda University Health Board	390
Powys Teaching Local Health Board	274
Public Health Wales NHS Trust	145
Swansea Bay University Health Board	1214
Velindre University NHS Trust	320
Welsh Ambulance Services NHS Trust	301

- 2.3. SBUHB currently (24/04/2023) have 1214 No PO No Pay IOH, totalling a value of **£1,879,961.19**. Of these totals, 413 invoices were received before April 2022, with a total value of **£438,840.67**.
- 2.4. It is proposed that the 413 invoices that were received before April 2022, with a total value of **£438,840.67** as detailed in section 2.3, are removed from the Oracle financial management system.
- 2.5. The rationale for removing these aged invoices from the Oracle Financial Management System is so that Procurement, Finance and Accounts Payable colleagues can focus resource on reconciling and resolving current holds and working with suppliers to ensure that orders are not accepted without a valid

PO. Procurement will also work with the Health Board's Finance Business Partners to ensure that departments are not placing orders with suppliers without a valid PO, as issued by the Procurement team.

- 2.6. The Head of Procurement has drafted a letter to be issued to all Health Board staff, outlining the policy. The letter also provides the Procurement team's contact details, and the list of exceptions where a PO is not required.
- 2.7. The letter will be supplemented by a 30-minute virtual training session, to be held via Microsoft Teams in June 2023. The session will also be recorded and made available to all Health Board staff through the SBUHB Sharepoint site.
- 2.8. The No PO No Pay policy will be resent to all suppliers to remind them of their responsibility to not accept an order without a valid PO number. All tenders and quotations issued by the procurement team already require that suppliers commit to adhering to the policy, as a condition of supply.

3. GOVERNANCE AND RISK ISSUES

- 3.1. The Health Board are not being chased for payment for the invoices that are proposed to be cleared from the system. Should a valid PO be provided to the Health Board for these invoices however then payment will be made in line with standard timescales and in line with the Public Sector Payments Policy (PSPP)
- 3.2. It is a breach of the Health Board's own standing orders to order goods and/or services without a valid PO. The enhanced engagement with budget holders and wider staff group that clearing these aged invoices will allow ensures that there is a wider awareness of the policy.

4. FINANCIAL IMPLICATIONS

- 4.1. There is no direct financial implication to the Health Board as a result of this proposal.
- 4.2. The proposed training sessions, and wider engagement from Procurement, Accounts Payable and Health Board Finance Business Partners will be resourced within the current staff establishment.

5. RECOMMENDATIONS

The Committee is asked to: -

- **NOTE** the information provided in this report
- **APPROVE** the proposed approach to clear all No PO No Pay invoices from the Oracle system, that have an invoice date of earlier than 1st April 2022
- **NOTE** the actions proposed to engage with staff and suppliers, so that the policy is followed more effectively going forward.

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input checked="" type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input checked="" type="checkbox"/>
Health and Care Standards		
<i>(please choose)</i>	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input checked="" type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
The approach allows for a quality focused approach to the way in which the Health Board manages its governance process. This ensures increased opportunities for planning future activity, including closer monitoring of compliance against Health Board standing orders and supplier performance.		
Financial Implications		
As detailed in section 4 above.		
Legal Implications (including equality and diversity assessment)		
As detailed in section 3 above.		
Staffing Implications		
The Procurement team is now at full staffing compliment. This will allow for an enhanced procurement service.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
<ul style="list-style-type: none"> ○ Long Term – The increased engagement with Procurement Services raises visibility of the Procurement Service and supports the Health Board to improve planning. This will result in short and long term financial benefits. ○ Prevention – Situations whereby ineffective contracts or ‘evergreen’ contracts are in place continue to be reduced as a result of this approach. ○ Integration – This activity will allow for better integration within the Health Board and with partner organisations. An Increased understanding of which contracts are in place will allow for significantly improved planning between public bodies. ○ Collaboration – Data analysis underway will highlight opportunities to improve the visibility of Health Board wide activity, ensuring like needs are aggregated to maximize commercial return and remove unwarranted variation. 		

<ul style="list-style-type: none"> ○ Involvement – The nature of the activity requires the involvement of all parts of the organisation and through the presentation of a Procurement Business Plan the endorsement of the Executive Team. 	
Report History	Procurement matters are a standing agenda item. The last paper was presented at the Audit Committee meeting that took place in July 2022.
Appendices	No PO No Pay letter to all staff (Appendix 1).