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University Health Board



<b>Meeting Date</b>	<b>Audit Committee 15<sup>th</sup> November 2018</b>		<b>Agenda Item</b>	<b>3c.</b>
<b>Report Title</b>	<b>NWSSP Procurement : Single Tender Actions &amp; Quotations</b>			
<b>Report Author</b>	Helen James, Head of Procurement / Andrew Biston, Head of Accounting & Governance			
<b>Report Sponsor</b>	Lynne Hamilton, Director of Finance			
<b>Presented by</b>	Richard Clayfield, Senior Procurement Business Manager			
<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 13 <sup>th</sup> September 2018 to 23 <sup>rd</sup> October 2018, 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 13 <sup>th</sup> September 2018 to 23 <sup>rd</sup> October 2018 there were 9 x SQA's and 2 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> <ul style="list-style-type: none"> <li>• <b>NOTE</b> that the SQA's and STA's approved in the period 13<sup>th</sup> September 2018 to 23<sup>rd</sup> October 2018 and the comparison analysis for the same period in 2017/18 to date.</li> <li>• <b>NOTE</b> that an Executive Director segregation of duties control framework was not in place but is being established through amendments to SFI's and has been communicated to all Executive Directors and procurement staff.</li> </ul>			

## SINGLE TENDER ACTIONS & QUOTATIONS

### 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 13<sup>th</sup> September 2018 to 23<sup>rd</sup> October 2018. 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 13<sup>th</sup> September 2018 to 23<sup>rd</sup> October 2018 there were 9 x SQA's approved, with a total value of £108,143.88 (inclusive of VAT) and 2 x STA's, with a total value of £225,974.00 (inclusive 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 23<sup>rd</sup> October which shows an overall increase in the numbers when compared to the same period in 2017/18 financial year.

	<b>2017/18 – 1st Apr – 23<sup>rd</sup> Oct Vol.</b>	<b>2017/18 - 1st Apr – 23<sup>rd</sup> Oct Value (£)</b>	<b>2018/19 – 1st Apr – 23<sup>rd</sup> Oct Vol.</b>	<b>2018/19 – 1st Apr – 23<sup>rd</sup> Oct Value (£)</b>
STA	10	£990,486.72	16	£957,339.45
SQA	34	£333,962.24	40	£390,883.13
<b>Total</b>	<b>44</b>	<b>£1,324,448.96</b>	<b>56</b>	<b>£1,348,222.58</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.

2.4. For the period concerned, the following were approved:

### **SQA's**

**Custom Tibial Nail (ABM-SQA-28804-036-DS-18)** – The patient required revision surgery, therefore a custom made implant was required from J&J Ltd., for compatibility reasons, due to other components that had previously been supplied by J&J and implanted in the patient. The £10,320.60 cost of the tibial nail is broadly in line with other manufacturers of similar custom implants.

**Urolift Devices (ABM-SQA-28804-037-AT-18)** – These devices from NeoTract Teleflex Ltd., perform Prostatic Urethral Lift in patients suffering from benign prostatic hyperplasia. They are NICE recommended and are a cost effective alternative @£15,600, to transurethral resection of the prostate (TURP). There are non-financial operational benefits, i.e. freeing up resource and increasing patient throughput. They are not currently on any formal contract or Framework as the supplier only offers a UK NHS wide pricing structure.

**Carer Co-ordinator Post (ABM-SQA-28804-038-NC-18)** - This post is funded from WG ring fenced monies for Carers for a specific value of £22,000. The current Provider, Bridgend Association of Voluntary Organisations and Post Holder had been in situ since August 2016 and offers high quality, specialist support to the Western Bay Carers Partnership. Given their expertise and for continuity of Service, the existing post holder was retained as the patients receiving the care have already developed a strong relationship with the existing carer, which was considered fundamental for their continuing care and recovery.

**Positive about Autism Training (ABM-SQA-28804-039-PJ-18)** – Training provided by Positive about Autism, to enable the HB to provide a robust Specialist Autism Assessment service @ £7,900. 2 other providers were approached – Hogrefe's rate is £900 per delegate, plus accommodation costs, and ADOS2Training Ltd's cost is £850 per delegate, also with additional accommodation costs. Positive about Autism's cost is £500 per delegate on HB premises, thus avoiding additional travel and accommodation costs.

**Probes and Electrodes (ABM-SQA-28804-040-DS-18)** – the electrodes are used with Cliniporator Machine to complete electroporation of tumour cells. Having searched the Internet, Igea Medical are the only company that manufactures this equipment and is the only device of this type available. As a consequence, the probes/electrodes can only be purchased from Igea, at a cost of £10,000. This treatment negates the need for home nursing care and improves the quality of life for inoperable cancer cases. Procurement will review the longer term requirement with a view of establishing a contract for the supply of probes and electrodes.

**Numerous Spares (ABM-SQA-28804-041-PJ-18)** – Spares purchase to repair the Lavatec press at Central Laundry at a cost of £7,470.78. Thomas Broadbent is the manufacturer of the equipment and spares can only be provided by this

supplier. Following enquiries with other suppliers, the cost is in line with Industry Standards. Procurement will review the longer term requirement with a view of establishing a contract for the supply of spare parts.

**Titanium Implants (ABM-SQA-28804-042-DH-18)** – These are highly specialised custom made implants, at a cost of £5,400 for ongoing patient care, supplied by Renishaw Plc. There are cost savings as a consequence of reduced Theatre time and more predictable and positive value based outcomes for patients. Procurement will review the longer term requirement with a view of establishing a contract for the supply of these implants.

**Shelf Dividers (ABM-SQA-28804-043-JI-18)** – Custom made shelf divider solution from Complete Business Solutions, for IFIT RFID Project for Medical Records, at a cost of £9,100. Required to ensure success of the project and avoid any potential operational issues in terms of record storage and retrieval. 2 other suppliers were approached to provide comparable costs however, they declined to quote as they were unable to undertake the work required. In view of this, SQA was deemed appropriate.

**Computer Software Maintenance (ABM-SQA-28804-044-AM-18)** – The maintenance agreement for the digital dictation modules is only available from Bighand, the original software supplier and they are the only supplier capable of supporting the software, at a cost of £20,352.50. Procurement will review the longer term requirement with a view of establishing a maintenance contract, for a minimum period of 3 years.

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 isn’t always possible

## **STA’s**

**Additional Software to Health Roster (ABM-STA-28892-043-18-JI)** – The purchase of additional functionality to HB’s incumbent Healthroster System, supplied by Allocate, to allow acuity based rostering. The upgrade is only available from Allocate through the Framework supplier Softcat, as Allocate is the original System provider. Allocate have reduced the cost for year 1 by £38,036 and for years 2 & 3 by £50,000 per annum, resulting in a total saving of £138,036. Additional cost savings will be derived from better management of nurse rostering.

**Decontamination of Morriston Hospital Wards (ABM-STA-28892-044-DH-18)** – Provision of a retrospective Bio-decontamination Service at a cost of £63,500 from Bioquell Ltd, and the establishment of a 12 month contract at a cost of £129,600, for the eradication of MRSA, Cdiff, etc. Bioquell are the only company able to provide Bio-decontamination through deployment of Hydrogen Peroxide Vapour (HPV) at a high concentration within the clinical environment.

A Voluntary Ex Ante Transparency Notice (VEAT) notice was published in the European Journal outlining the Health Board's intention to place a direct award, with no challenge from the market. The standard rate per room was £500 however, Procurement have negotiated a reduced rate of £169 per room, a saving of £42,037 together with an additional discount of £6,240, totalling £48,277.

### **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 is now being put in place with amendments being made to SFI's and has been communicated to all Executive Directors and Procurement Staff. However 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**

Members are asked to :

- **NOTE** that the SQA's and STA's approved in the period 13<sup>th</sup> September 2018 to 23<sup>rd</sup> October 2018 and the comparison analysis for the same period in 2017/18 to date.
- **NOTE** that an Executive Director segregation of duties control framework was not in place but is being established through amendments to SFI's and has been communicated to all Executive Directors and procurement staff.