



**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	16 April 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Review of the G-Cloud Framework
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Joanne Wilson, Director of Corporate Governance/Board Secretary
SWYDDOG ADRODD: REPORTING OFFICER:	Joanne Wilson, Director of Corporate Governance/Board Secretary

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This report provides the Audit and Risk Assurance Committee (ARAC) with the high-level findings from the review undertaken by the Director of Corporate Governance, on the Health Board's use of the G-Cloud framework to procure goods and services.

Cefndir / Background

The UK Government G-Cloud is an initiative targeted at easing procurement by public sector bodies in the United Kingdom of commodity information technology services that use cloud computing. The G-Cloud consists of:

- A series of framework agreements with suppliers, from which public sector organisations can buy services without needing to run a full tender or competition procurement process.
- An online store – the "Digital Marketplace" (previously "CloudStore"), which allows public sector bodies to search for services that are covered by the G-Cloud frameworks.

It should be noted that previous procurement advice had indicated that it was permissible to utilise the G-Cloud framework; however, this has now changed following the concerns highlighted below. The G-Cloud framework will only be utilised in future when all other compliant tendering/framework avenues have been exhausted, and for relevant digital contracts, in line with strict procurement control. These will also be subject to review and approval by the Financial Control Group.

Asesiad / Assessment

At the request of ARAC, the Director of Corporate Governance has undertaken a review of expenditure awarded under the G-Cloud framework. This review identified that there are 13 instances where goods and services have been procured within the G-Cloud Framework, dating back to October 2019. Whilst Procurement have undertaken a detailed search of the Oracle system to identify contracts that have been awarded under the G-Cloud framework, there may be others that have not been clearly identified as such.

Following review, there were a number of contracts that raised concerns or were not undertaken in accordance with the [Financial Scheme of Delegation](#), namely that that goods and services:

- have been approved outside of agreed financial sign-off limits.
- are classified as 'consultancy' but have not been approved by the Board (where value is over £25,000).

Both of these would be considered as breaches of Standing Financial Instructions (SFIs).

Procurement where the value has exceeded sign off limits

Contract value has exceeded £1m and there is no evidence of Welsh Government approval

- Lightfoot (value £1,835,421) – This expenditure was undertaken through 8 requisitions and was approved by Board retrospectively prior to submission to Welsh Government, who did not approve it. *This contract has been terminated.*
- ICNG – This expenditure was undertaken over 3 requisitions which totalled £1,005,859.12 was approved by the Service Lead and CEO. This has not received approval by the Board or Welsh Government to date. *This has been regularised into an all-Wales contract.*

Contract value has exceeded individual sign of limits

- Iomart Cloud Services – The expenditure was over 3 requisitions for both 2018 and 2019 (2 x £20,000, 2 X £32,000 and 2 x £43,000). The contract was signed by the Deputy Digital Director, with the requisitions approved by the Deputy Digital Director and the Digital Director whose approval limits are £1,000 and £25,000 respectively. *This would not occur with current oracle approval limits in place.*

Consultancy over £25,000 not approved by the Board

- Lightfoot (as detailed above).
- Faculty Science Limited – This contract, to the value of £659,000, was approved by the Digital Director and CEO. The purchase order was signed after the start of the contract and was reported as a breach of SFIs to the Committee.
- James Harvard Ltd – This expenditure, undertaken over 3 requisitions, totalled £241,500.
- CGI – This expenditure, undertaken over 3 requisitions, totalled £308,718, and was approved by the Service Lead and Deputy Director of Finance.

The following contracts were classed as 'Professional Services', and therefore are not subject to Board approval for consultancy over £25,000. (Definitions for consultancy and professional services can be found in the Glossary of Definitions below (taken from the Health Board's Use of Consultancy Financial Procedure):

- KPMG – Contract value of £142,250.
- Deloitte - Two contracts for £104,000 and £85,998.

No contract or information to support the procurement

Requisitions are usually supported by a signed contract or supporting paperwork. During the review, for 7 out of the 13 contracts which had utilised the G-Cloud framework, it had not been possible to locate all the contract information relating to different requisitions raised.

Procurement confirmed during the review that any current 'live' contracts procured under the G-Cloud framework have signed contracts in place.

As part of the review, the following steps have been taken:

- Procurement have undertaken further training on the use of G-Cloud framework – It has been established that public sector Terms and Conditions do take precedence over the supplier Terms and Conditions which generally relate to software licenses.
- The G-Cloud framework is still appropriate to use in specific circumstances – The framework should only be used for digital services, and Procurement are now working proactively with the Health Board's Digital Service to ensure appropriate procurement processes are followed.

There have been no new contracts awarded under the G-Cloud framework since April 2023 (except for an extension to the Lightfoot Contract in September 2023, which has since been terminated).

The Committee can also take assurance that all procurement is now reviewed and scrutinised by the Financial Control Panel.

Argymhelliad / Recommendation

The Audit and Risk Assurance Committee is asked to recognise the previous issues that have arisen through the use of the G-Cloud framework and **TAKE ASSURANCE** from the steps taken to strengthen procurement processes in this area.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.25 The Committee may also request or commission special investigations to be undertaken by Internal Audit, directors or managers to provide specific assurance on any areas of concern that come to its attention.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable

Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Oracle system Board papers
Rhestr Termau: Glossary of Terms:	<p>Consultancy services These are services:</p> <ul style="list-style-type: none"> • that provide advice to fill a knowledge gap. This can be to identify options and recommendations, or advice to assist with implementing solutions; it will usually be related to business change or transformation, so will be time-limited • where the individuals (consultants) delivering the service (output) will operate outside of the client organisation's structure and staffing establishment • where payment is based on the delivery of a defined service (output). This may require a team of consultants working for an extended period of time, or could require a single consultant whose fee will be calculated based on the time taken to deliver the output • that should not involve the individuals consultants) working in a Business as Usual environment (eg advising on legal risk or technical matters). Such contracts should usually be categorised as professional services, rather than consultancy services <p>Professional Services These are services:</p> <ul style="list-style-type: none"> • that are not defined as consultancy • that are not purely or mostly advisory (unless the advice is part of a formal report that is required to undertake business as usual activities eg a legal opinion or technical report) • where the individuals delivering the service (output) will operate outside the client organisation's structure and staffing establishment

	<ul style="list-style-type: none"> • where payment is generally based on the delivery of defined outputs or outcomes (eg task and finish work) • that, as with consultancy, deliver a service (output) that may require a team working for an extended period of time, or may be provided by an individual whose fee will be calculated based on the time taken to deliver the service • that are often delivered in a BAU environment but may relate to the delivery of a project or programme. They can be responsible for a non-BAU output (eg legal advisers recruited to provide advice on a specific issue) • that seek to fill gaps to assist the procuring organisation to deliver or implement an operational service, including those that are BAU. As such, professional services should not be purely (or mostly) advisory and contracts should be defined according to the delivery of outputs and deliverables rather than the number of days of effort utilised • where for the purposes of the control there is no need for individuals to demonstrate any specific skills, qualifications or experience • where contractors can be paid according to time worked or for delivery of a defined output or service. This can include Managed Services (MS)
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg Parties / Committees consulted prior to Audit and Risk Assurance Committee:	None

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	The review of the use of G-Cloud framework will ensure that it will only be utilised in the appropriate circumstances.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Not applicable
Cyfreithiol: Legal:	The review of the use of G-Cloud framework will ensure that it will only be utilised in the appropriate circumstances.
Enw Da: Reputational:	Not applicable
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable