



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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	19 October 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Assurance Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

The Audit & Risk Assurance Committee (ARAC) requires assurance on a number of financial areas as outlined in the body of the report.

Cefndir / Background

The Standing Orders require that ARAC provides assurance to the Board that the University Health Board's assurance processes are operating effectively. Critical to this is Financial Assurance, which cannot be measured only by the UHB's main finance report and requires further information in order to assess the control environment in place; the risk assessment and management process; and the control activities.

Asesiad / Assessment

This report outlines the assurances which can be provided to the Committee.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to note the report.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference
Cyfeirnod Cylch Gorchwyl y Pwyllgor

2.4 The Committee's principal duties encompass the following:
2.4.2 Seek assurance that the systems for financial reporting to Board, including those of budgetary control, are effective, and that financial systems processes and controls are operating.
3.14 Approve the writing-off of losses or the making of special payments within delegated limits.

	3.16 Receive a report on all Single Tender Actions and extensions of contracts.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	BAF SO9-PR20 BAF SO10-PR33
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system. Activity recorded in the AR and AP modules of the Oracle business system and activity recorded in the procurement Bravo system.
Rhestr Termiau: Glossary of Terms:	AP-Accounts Payable AR –Accounts Receivable CF –Counter Fraud COS-Contracted Out Service VAT COVID-19 – Coronavirus COP- Confirmation of Payee ECN- Error Correction Notice EOY – End Of Year ERs NI-Employers National Insurance HMRC-Her Majesty's Revenue and Customs HOLD- Invoices that cannot be paid, as there is a query with the price or quantity or validity ICF – Integrated Care Fund IFRS – International Financial Reporting Standards NWSSP-NHS Wales Shared Services Partnership NIC-National Insurance Contribution PID –Patient identifiable data PO –Purchase Order POL –Probability of loss PSPP-Public Sector Payment Policy RTI-Real Time Information (transmitted to HMRC from the Payroll system) SFI – Standing Financial Instructions SLA – Service Level Agreement STA-Single Tender Action

	VAT-Value Added Tax WRP – Welsh Risk Pool
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	UHB's Finance Team UHB's Management Team Executive Team Sustainable Resources Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Risk to our financial position affects our ability to discharge timely and effective care to patients.
Gweithlu: Workforce:	Overpayments are reported within this report.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	The UHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against the UHB's financial plan will affect our reputation with Welsh Government, Audit Wales and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Financial Assurance Report

1.1 Purpose

- The purpose of this report is to outline the financial assurances which the Audit & Risk Assurance Committee requires.
- The framework agreed is included below in Figure 1, and the remainder of the report is based on this.

Figure 1: Compliance requirements for the Audit and Risk Assurance Committee		
Compliance requirement	Reporting	Frequency
Scheme of delegation changes	<ul style="list-style-type: none"> • Exception reporting for approval 	As and when
Compliance with Purchase to Pay requirements	<ul style="list-style-type: none"> • Breaches of the No PO, No Pay policy • Instructions for noting • Public Sector Payment Policy (PSPP) compliance • Tenders awarded for noting • Single tender action 	Quarterly
Compliance with Income to Cash requirements	<ul style="list-style-type: none"> • Overpayments of staff salaries and recovery procedures for noting 	Quarterly
Losses & Special payments and Write offs	<ul style="list-style-type: none"> • Write off schedule • Approval of losses and special payments 	
Compliance with Capital requirements	<ul style="list-style-type: none"> • Scheme of delegation approval for capital 	Following approval of annual capital plan
Compliance with Tax requirements	<ul style="list-style-type: none"> • Compliance with VAT requirements • Compliance with employment taxes 	Quarterly
Compliance with Reporting requirements	<ul style="list-style-type: none"> • Changes in accounting practices and policies • Agree final accounts timetable and plans • Review of annual accounts progress • Review of audited annual accounts and financial statements 	Annually

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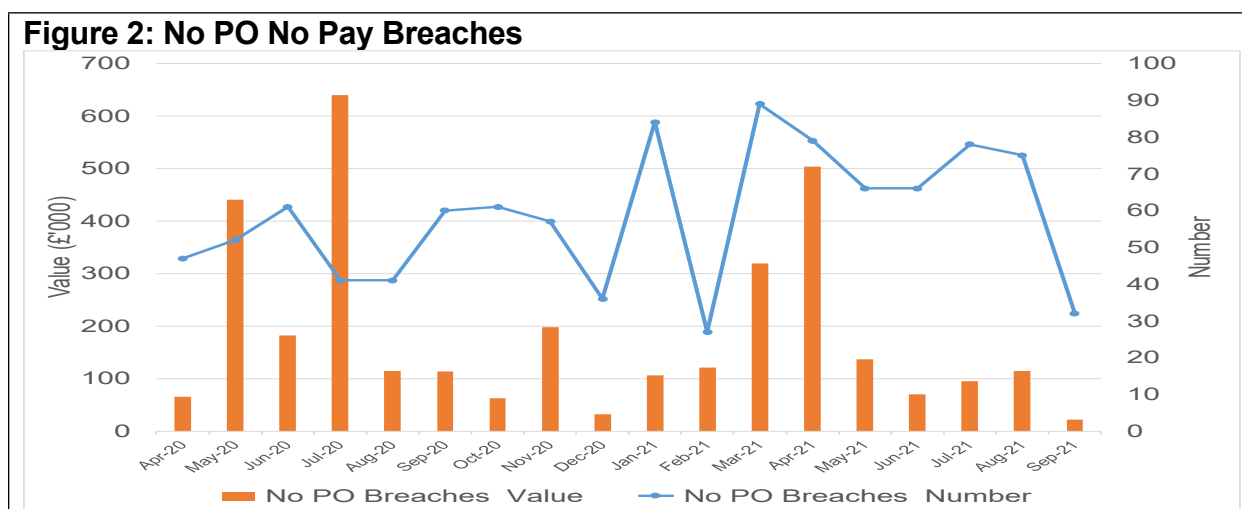
2.1 Scheme of delegation changes

- No changes reported.

2.2 Compliance with Purchase to Pay Requirements

2.2.1 Breaches of the No PO, No Pay Policy

- The Health Board has adopted the All Wales No PO No Pay Policy, which will ensure that all non-pay expenditure (unless listed as an exception) is procured and receipted through the Oracle system.
- Figure 2 below illustrates the numbers and value of breaches against the No PO No Pay policy. This consisted of 107 breaches totalling £0.136m between the months of August 2021 – September 2021, the cumulative position as at end of September was 235 breaches, £0.224m in total (30th July cumulative was 242 breaches, £0.345m in total).
- There is an improvement to the position as at 30th September and the local P2P (Procure to Pay) group have put in place measures to ensure that Purchase Order numbers are identified on the invoices and not created retrospectively, and are also tracking non compliance with suppliers and departments.



2.2.2 Public Sector Payment Policy (PSPP) Compliance

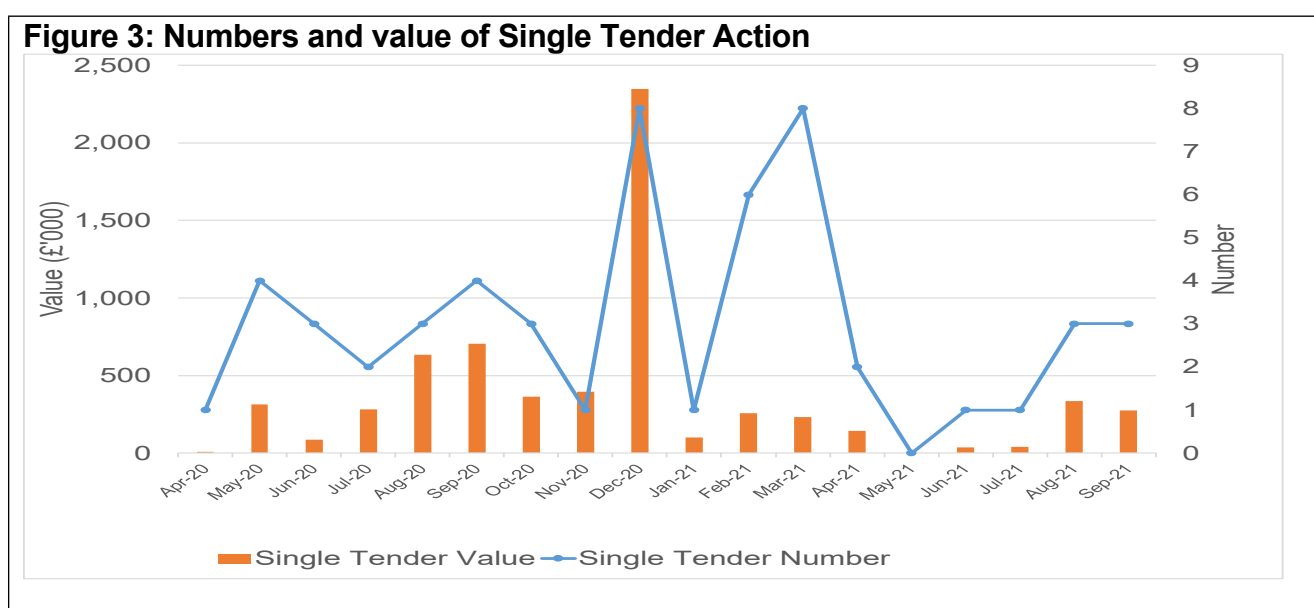
- The Health Board did not achieve its PSPP target of paying 95% of its non-NHS invoices within 30 days in September 2021 with 90.71%, the cumulative position at the end of September is 94.57%.
- A large volume of Pharmacy Homecare invoices and a number of nurse agency invoices missing the 30 day compliance is the main cause. The Homecare pharmacy team have had a number of issues over the last few months with implementation of new pharmacy system, staff sickness, and a huge rise in the quantity of Homecare drugs administered, resulting in increases in invoices for payment. Extra fixed term resource has been brought on board to resolve this as a matter of urgency with fixed term staff commencing early October 2021 to process and clear the backlog.

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- Similar issues have been encountered in the Nurse bank office and they are managing the backlog.
- Taking these actions we're confident we'll meet the target next quarter.

2.2.3 Single Tender Actions

- The use of single tender waivers is carefully managed and controlled by the Health Board.
- There were 4 Single Tender Action (in excess of £25,000) approved in the period from 1st August 2021 to 30th September 2021 totalling £0.6m, as detailed in Appendix 1.
- The graph below (Figure 3) shows the trend of all Single Tender Actions (STA) approved from 1st April 2020 to 30th September 2021.



- Following a recent Internal Audit review of the Single Tender Action process, the STA form has been revised and sent to Internal Audit for review. Once satisfied it incorporates all the recommendations it will be rolled out to the service.

2.2.4 Tenders Awarded

- There were 18 competitive tenders awarded locally during the period from 1st August 2021 to 30th September 2021, totalling £11.7m, details of which can be seen in Appendix 2.
- The Procurement team awarded a substantial number of contracts during this time period compared to other periods; many of which are due to phase 1 insourcing/outsourcing of planned care procedures as part of the Covid recovery (these are the high value contracts).
- There was an additional contract awarded as a 'direct call off' contract from an agreed framework, this is also highlighted in Appendix 2.

2.2.5 Consultancy contracts

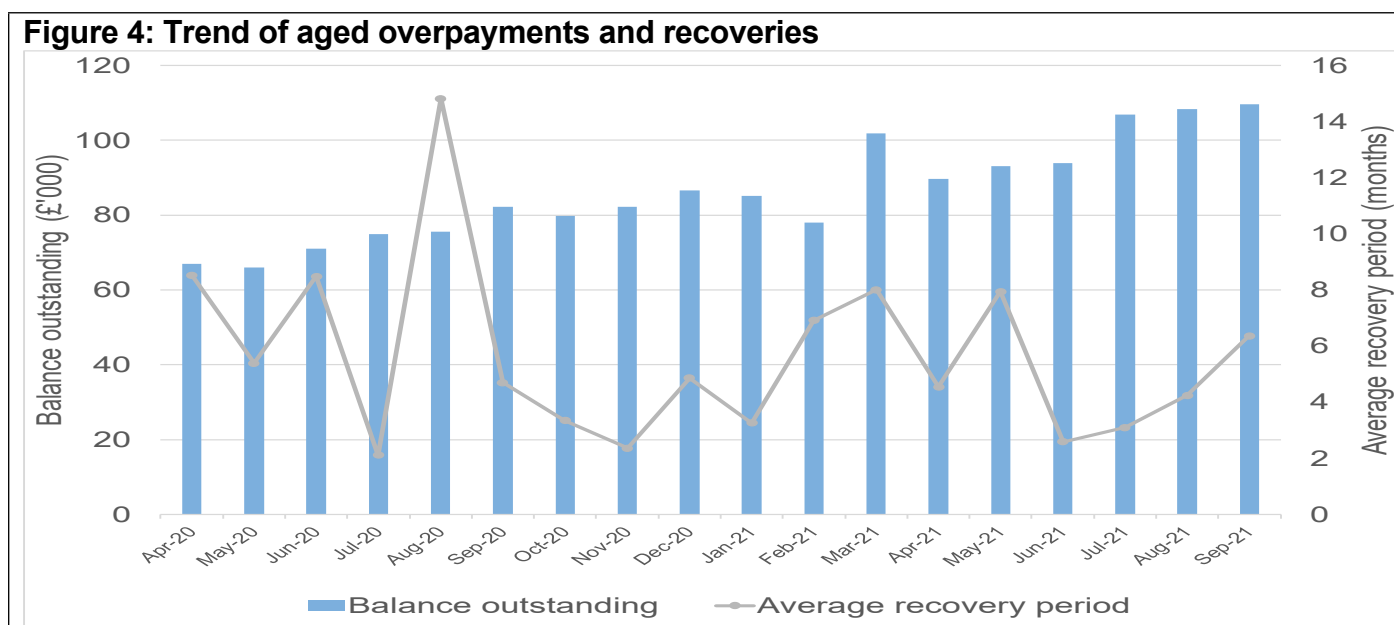
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- There was 1 consultancy contract awarded from 1st August to 30th September 2021, totalling £0.1m, details of which can also be seen in Appendix 2.
- Following a recent Internal Audit review of the Consultancy process, a new Consultancy financial procedure has been drafted and included as an Appendix to this report. Following the consultation period the procedure will be taken to the Sustainable Resources Committee for approval.

2.3 Compliance with Income to Cash

2.3.1 Overpayment of Salaries

- Appendix 3 shows the volume and value of invoices raised in respect of overpayments for the period 1st August 2021 – 30th September 2021; 27 cases totalling £31,789, this is a reduction in the number of cases reported from the last reporting period which was a total of 46 cases.
- The graph below (Figure 4) demonstrates the total balance outstanding against the average recovery period. The average recovery period reflects the number of debts settled in the current period only. The overall debt balance has increased slightly over the period of August and September 2021, this is to do in particular with late notifications for fixed term appointments.



Further updated actions are as follows:

- The Recovery of Overpayments and Management of Underpayments Policy is now fully operational and will greatly improve the period of recovery, and this improvement should be seen in the coming months.
- The Counter Fraud team have commenced the roll out of counter fraud training to highlight the policy, training has been undertaken in Finance and Payroll staff are due to be trained in October 2021.
- Reports are being generated to show the departments who are continuing to miss the deadlines for termination of staff, this is now being actively shared with Finance Business Partners who are highlighting with the service managers.

2.4 Losses and Special Payments for Approval

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2.4.1 General Losses and Special Payments

- Losses and special payments require the Audit & Risk Assurance Committee's approval given their contentious nature. These are outlined in Appendix 4.
- There was one special payment made during the period between 1st August to 30th September 2021. This was an Ex-gratia payment for £30,000.
- Losses and write offs under £5k, as per requirement under FP02 – Income and Cash Collection, have been presented and approved by Director of Finance and Chief Executive, in total these amounted to £23,555.

2.4.2 Covid-19 vaccine write off

- Covid-19 drugs are funded via Welsh Government and therefore any losses due to wastage is not written off as per the normal requirement under the Health Board's losses and special payments procedure. However, the Health Board vaccine wastage is reported via the Welsh Immunisation System (WIS) including wastage reasons and location of wastages.
- Figure 5 below shows the numbers for the Health Board. The main reason for wastage (46%) was reported as the drug had expired pre-puncture of the vial.

Figure 5: Covid-19 vaccination wastage by drug

Month	Pfizer-BioNTech	Oxford/AstraZeneca	Moderna
Dec-20	5	0	0
Jan-21	52	1	0
Feb-21	102	6	0
Mar-21	177	39	10
Apr-21	42	354	7
May-21	37	344	16
Jun-21	20	536	38
Jul-21	154	406	211
Aug-21	136	1,082	781
Sep-21	298	10,303	636
Total	1,023	13,071	1,699

- The large figure in September for the Oxford/AstraZeneca (AZ) was due to a high level of AZ vaccine that expired at the end of August right across the UK. The level of this expired stock within Wales was significantly less than other home nations. The UK was unable to utilise all AZ stock that had been purchased at the start of the campaign, in the main due to changes in the guidance issued by Joint Committee on Vaccination and Immunisation (JCVI) in relation to use in the over 40yrs only. This significantly reduced demand.
- Within Wales, Hywel Dda and CTM had the highest levels of this expired stock as a result of both Health Boards, working with Welsh Government, testing the model of using Community Pharmacy to deliver the Covid vaccination programme. The significantly high level of DNA's seen in Community Pharmacy, exacerbated by the limitations of the national booking system resulted

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in us being unable to utilise the stock within very tight timescales. WG are fully aware of this and have no concerns. There are no cost implications to the Health Board as the stock is FOC.

2.5 Compliance with Capital Requirements

- No issues to report.

2.6 Compliance with Tax Requirements

2.6.1 Compliance with VAT Requirements

- Information regarding a new opportunity and an update regarding existing matters are set out in the following table:

Key VAT issue	Update
VAT liability of supplies of locum doctors	Hywel Dda UHB, together with a number of other NHS organisations across the UK, has agreed to support a claim being put forward to HMRC which argues that the supply of agency and locum doctors is and should have always been exempt from VAT, rather than subject to VAT at 20% which is irrecoverable for NHS organisations.
Capital Front of House Scheme (Bronglais Hospital)	The Health Board continues to await HMRC's decision of whether to accept the Health Board's current VAT recovery position in respect of this scheme or raise a formal assessment. Any VAT which may become repayable to HMRC has been fully provided.
Pembrokeshire field hospital VAT recovery claim	The Health Board awaits HMRC's conclusion on whether it considers the VAT incurred on the Licence to Occupy agreement entered into with Bluestone Resorts Ltd to be recoverable. VAT incurred to date under the contract amounts to £1.030m, none of which has yet been recovered.

2.6.2 Compliance with Employment Tax Requirements

- An update on the key current issues within Employment Taxes are set out in the following table:

Key Employment Tax issue	Health Board response and mitigating action
PAYE Settlement Agreement	HMRC has now accepted the Health Board application for a PAYE Settlement Agreement (PSA) by which it will report to HMRC the unintentional taxable benefits-in-kind which arose to employees who were provided with free temporary accommodation by the Health Board for the purpose of isolating during the COVID-19 pandemic. The Health Board will report to HMRC in October 2021 the benefits-in-kind which arose during the 2020-21 financial year. A tax exemption has yet to be introduced in respect of the provision of accommodation to employees for COVID-19 isolation purposes.

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2.7 Compliance with reporting requirements

- **IFRS 17** – Insurance Contracts. Following the deferred implementation of the standard, we await advice from Welsh Government. This will be issued once the IFRS 17 working group at Treasury reconvenes. There is still no update on this.
- **IFRS 16** – Welsh Government have now confirmed that all NHS Wales bodies will implement IFRS 16 from 1st April 2022. The Health Board's progress for implementation of IFRS 16 is on schedule and the planned upgrade to its Fixed Asset Register to incorporate a module for leases was implemented successfully in September 2021. No risks are currently identified to achieving the implementation date.
- **HM Revenue & Customs (HMRC) payment** – Payments are made each month to HMRC for all statutory deductions via the government banking online system. In August there were two payments of £9.7m made to HMRC in error. The payments were made on separate consecutive days by different individuals and approved by different managers. The error was identified immediately after the second payment had been processed, however it was too late to recall the payment as it had been processed as a Chaps (same day payment) payment. The duplicate payment was returned by HMRC to the Health Board within the same accounting period. Additional controls implemented since this incident include dual authorisation of all payments over £500,000 processed via the government banking online system, formal handover of tasks for periods of leave and a Teams channel set up for the team to improve communication. Work is also underway with Shared Services to process the payment, this will ensure that any future duplication would be flagged via the Oracle system. Work is due to complete on this in time for the November payment.
- **Financial Control Procedures (FCPs)** – The Finance Academy Governance Work Stream has commissioned a project on 'Financial Control Procedures'. The aim is to research good practice to produce a best practice guide for FCPs, develop awareness raising and training resources for use across Wales and produce a template to demonstrate key principles that can be adapted for local use. The Health Board has 3 members on the group – Project Lead, Counter Fraud representative and Financial Accounts representative. The group will also link in with the SFI group (Standing Financial Instructions) on which the Health Board is also represented.

3.1 Recommendations

The Committee is asked to note the report.

Appendix 1: Single tender actions awarded

Ref	Supplier	Value (£)	One-off or Period	Department	Justification provided
HDD570	Hafal	£193,900.04	01/10/2021 to 31/09/2022	Mental Health and Learning Disabilities	<p>This contract is for the provision of a Sanctuary Service and Hospitality Bed in Ceredigion. This will be a pilot initiative for 12 months operated by Hafal, which will provide out of hours mental health crisis services. The Health Board currently commissions Hafal and Mind Llanelli to run an identical service in Carmarthenshire. Pembrokeshire Mind provide the same services in Pembrokeshire. Establishing the same service in Ceredigion will ensure parity across the Health Board footprint. This was also in line with the agreed approach outlined as part of the public consultation on 'Transforming Mental Health Services'.</p> <p>Due to the impact of COVID-19, further specialist support is required to ensure individuals have adequate crisis provision to avoid their symptoms escalating which may lead to attempted suicide, hospital admission, or worst case suicide.</p> <p>Hafal are best placed to provide this pilot service in Ceredigion as they have existing premises in Portland Road, Aberystwyth, within walking distance of Gorwelion Community Mental Health Centre. This means that the contract can commence immediately and they do not need to source accommodation or carry out any works on the premises.</p>
HDD571	Mind Pembrokeshire	£121,153.68	01/09/2021 to 31/08/2022	Mental Health and Learning Disabilities	<p>In addition to the above contract covering Ceredigion, this contract is for the provision of a Sanctuary Service and Hospitality Bed in Pembrokeshire. This will be a pilot initiative for 12 months operated by Mind Pembrokeshire, which will provide out of hours mental health crisis services.</p>

Appendix 1: Single tender actions awarded

					<p>Establishing the same service in Pembrokeshire will ensure parity across the health board footprint. This is in line with what was agreed as part of our public consultation on Transforming Mental Health services.</p> <p>Mind Pembrokeshire are best placed to provide this pilot service in Pembrokeshire as they have existing premises in Perrots Road, Haverfordwest which is centrally located and easily accessible for the Community Mental Health Centre (CMHC). This means that the contract can commence immediately as they will not have to source accommodation or carry out any works on the premises.</p> <p>Mind Pembrokeshire have been operating this service for 6 months to test initial need. However, it has been agreed that 6 months was not long enough to fully evaluate the service and determine future need. Therefore, this is to extend this provision for a period of 12 months bring in it operational in line with the other 2 sites to enable a full and through evaluation of all Sanctuary and Hospitality Bed provision across the health board footprint.</p>
HDD572	Messrs Lewis Construction Building Contractors Wales Ltd	£149,538.69	27/09/2021 to 05/11/2021	Women & Children Directorate	<p>This request is a direct result of surge planning and scoping following direction by Welsh Government and will support the HB in ensuring paediatric flow is maximised while minimising the demand on other elements of the acute service pathway (ED, WAST etc.)</p> <p>The latest performance indicators summary confirms that during week 32 (ending 15/08/2021) numbers of confirmed cases of Respiratory Syncytial Virus (RSV) in children aged under 5 years continued to increase across Wales. Activity exceeds the threshold that would normally indicate very high intensity seasonal activity. RSV did not circulate over the 2020-21 winter and it is unclear whether the current increase will progress to follow the usual epidemic pattern for RSV and there is potential for a more severe season this year.</p>

Appendix 1: Single tender actions awarded

				<p>There is a capital requirement/investment needed at the cost of £90,966 to create the additional clinical capacity required to support the RSV surge.</p> <p>Welsh Government has indicated that there will be a funding allocation for revenue and capital, the value of which has yet to be agreed.</p> <p>Whilst the demountables required are on the framework as a 12 month rental, the enabling works for the demountables along with the internal works would require a compliant tender process (SFI).</p> <p>A fully compliant tender process SFI is 21 weeks from approval to completion, a Single Tender action process STA is 11 weeks from approval to completion.</p> <p>As the predicted peak of activity is November 2021, a 21 weeks process exceeds the timescale of the predicted peak which impacts on the ability to meet the surge and will impact on the flow of all acute paediatric admissions creating significant clinical risk</p> <p>This STA relates to the above work for the Glangwili General Hospital Site.</p> <ul style="list-style-type: none"> • The demountable buildings are being procured/rented via an approved NHS framework on a direct award basis with a lead-time of 6no weeks • The internal alteration work within the ward and the site enablement/installation & commissioning work associated with the demountable buildings will be via STA route. The project planning, detailed design stage, building regulations — full plans, cost schedules / submissions and mobilisation period would be undertaken in parallel to the procurement/construction of the building. <p>STA route for the internal alteration work, enablement/ installation and commissioning would be undertaken by Messrs Lewis Construction Building Contractors Wales Ltd. They are the appointed contractor for the GGH Research & Development Project competitively tendered in May 2021. They are available to</p>
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Appendix 1: Single tender actions awarded

					<p>commence the work within two weeks as confirmed in the contract preliminaries.</p> <ul style="list-style-type: none"> Contractors preliminaries & general conditions to be based on a direct equivalent to the GGH R&D project Labour costs to be based where applicable on those used on the GGH R&D Mechanical & Electrical sub-contractors for GGH R&D will be utilised Covid-19 impact costs will be aligned to latest tenders received
HDD573	The Lifestyle Clinic	£100,968.00	01/09/2021 to 31/03/2022	Primary Care	<p>The Lifestyle Clinic is the only clinic in Wales that offers intensive lifestyle advice and support. By combining the expertise of a multidisciplinary team (GP, diabetes nurse, dietician), there is a holistic approach to weight loss enabling people to make lifelong changes.</p> <p>Patients using this service are seen once a week and are able to communicate with the team in between sessions. This is the only service of its kind which is run by a GP which combines advice on diet, stress, sleep and exercise in one.</p> <p>The Lifestyle Clinic is the only service offering this provision. It has been engaged with the cluster since 2018.</p> <p>In 2019, this service helped reverse 17 diagnosis of type 2 diabetes which has a significant cost saving attached, as well as decreased referrals to secondary care and helped reduce medication for other patients.</p>

Appendix 2: Competitive tenders awarded

	Period covered by this report:		1 st August 2021	30 th September 2021	
Ref	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
HDD-OJEULT-45381	My Dentist	1,369,922.00	05/08/2021 to 04/08/2026	Primary Care	Orthodontic Services to be delivered in primary care settings for patients across Carmarthenshire, Ceredigion and Pembrokeshire
HDD-MIN-46698	Avison Young	946,000.00	03/09/2021 to 31/03/2022	Primary Care	The undertaking of full condition appraisals including risk assessments; to provide an up-to-date position on the condition and suitability of its existing General Medical services estate.
HDD-MIN-47392	Your World Recruitment	736,000.00	01/08/2021 to 31/03/2022	Scheduled Care	Insourcing services for medical procedures for Dermatology specialities
HDD-MIN-47319	Absolute Solar & Wind Ltd	585,857.80	01/09/2021 to 31/03/2022	Estates	To deliver and install Ground Mounted Solar PV and Battery System at St David's Park site, Carmarthen
HDT-MIN-47430	BMI Healthcare Ltd	2,000,000.00	01/09/2021 to 31/03/2022	Scheduled Care	Outsourcing services for medical procedures for Trauma and Orthopaedic specialities
HDD-MIN-47532	BMI Healthcare Ltd - Sancta Maria Hospital	775,000.00	01/09/2021 to 31/12/2021	Scheduled Care	Outsourcing services for medical procedures for ENT, General Surgery and Urology specialities
HDD-MIN-47237	Jigsaw24	465,000.00	01/09/2021 to 31/03/2022	IT	Delivery of digital patient bedside entertainment and care system (BECS), including hardware, software, and support elements

Appendix 2: Competitive tenders awarded

HDD-MIN-47581	SpaMedica	1,100,000.00	01/08/2021 to 31/03/2022	Scheduled Care	Outsourcing services for medical procedures for Ophthalmology specialities
HDD-MIN-47647	BMI Healthcare	444,052.00	01/08/2021 to 31/03/2022	Scheduled Care	Outsourcing services for medical procedures for Dermatology specialities
HDD-ITT-47694	Lewis Construction	196,480.00	20/08/2021 to 31/12/2021	Estates	New VIE Compound and Oxygen Upgrade at Glangwili Hospital
HDD-ITT-47716	AMP Media	120,000.00	01/09/2021 to 31/08/2023	Recruitment	Film, branding and advertising to assist the Workforce Directorate with recruitment campaigns across a range of professions and specialties.
HDD-ITT-47688	Aber Heating & Electrical	46,708.75	06/09/2021 to 15/10/2021	Estates	Installation of new Emergency Lighting at Tregaron Hospital of new smart emergency lighting system in one continuous phase of work.
HDD-ITT-47774	Edmunds Webster	113,750.00	24/08/2021 to 31/03/2022	Estates	Works for a proposed CT Suite at Glangwili Hospital and CT Refurbishment at Withybush Hospital
HDD-ITT-47752	Edmunds Webster	188,685.88	06/09/2021 to 10/12/2021	Estates	Refurbishment works to Teifi Ward at Glangwili Hospital
HDD-ITT-47902	Vanguard Roofing LTD	127,941.86	31/08/2021 to 15/10/2021	Estates	The Supply and Installation of proposed second phase of re-roofing of Bro Cerwyn day hospital flat roof.
HDD-MIN-48016	Vauxhall Motors	233,528.00	One-Off	Estates	The purchase of various electric vehicles.
HDD-MIN-48032	BMI Healthcare Ltd	2,000,000.00	01/09/2021 to 31/03/2022	Scheduled Care	Additional outsourcing services for medical procedures for

Appendix 2: Competitive tenders awarded

					Trauma and Orthopaedic specialities
HDD-ITT-47878	GGT Thomas & Sons Ltd	230,964.00	20/09/2021 to 10/12/2021	Estates	The Supply and Installation of Proposed Air Source Heat Pumps at Cardigan Integrated Care Centre.
	TOTAL	11,679,890.29			

Direct Call off Contracts awarded:

	Period covered by this report:		1 st August 2021	30 th September 2021	
Ref	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
HDD-DCO-21-06	Carbon Trust	55,000	16/08/2021 to 31/03/2022	Estates	Decarbonisation Strategy

Consultancy Contract awarded:

	Period covered by this report:		1 st August 2021	30 th September 2021	
Ref	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
HDD-DCO-21-04	Codebase8	75,000	31/08/2021 to 30/11/2021	IT	To provide support and consultancy on the implementation of a Dynamic and Intelligent Virtual Workforce, including technical proof of concept and business discovery for the implementation of a Software as a Service (SaaS) Robotic Process Automation (RPA) platform.

Appendix 3: Overpayment of Salaries

Period covered by this report: 1 st August 2021 to 30 th September 2021			
Ref	Reason for overpayment	Value (£)	Number of invoices
1	Timing Issue Due to Termination Mid-month	21,923.36	17
2	Late Notification of Reduction / Shortfall in Hours	7,383.63	5
3	Overpayment of Shifts / Hours / Unauthorised Leave	2,482.36	5
		31,789.35	27

Appendix 4: Losses and Special Payments over £5,000

	Period covered by this report:	1 st August 2021 to 30 th September 2021	
Ref	Losses and Special Payments Category	Value (£)	Explanation
1	Ex Gratia	30,000.00	P06-22 – Ex-Gratia compensation payment as a result of an Employment Tribunal
	Total Losses (for approval)	30,000.00	



FP XX/XX USE OF CONSULTANCY

Procedure Number:	06/06	Supersedes:		Classification	Financial	
Version No:	Date of EqlA:	Approved by:		Date Approved:	Date made active:	Review Date:
1	1-10-21	Sustainable Resources Committee		XXX		

Brief Summary of Document:	This document is one in a series of financial procedures providing clear process to be followed.
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Scope	Hywel Dda University Health Board wide
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To be read in conjunction with:	Standing Orders. Standing Financial Instructions. Other Financial Procedures. Counter Fraud, Bribery and Corruption Policy.
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Owning group	Finance Team
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HYWEL DDA UNIVERSITY HEALTH BOARD

Reviews and updates		
Version no:	Summary of Amendments:	Date Approved:
1	New Procedure	xxx

FRAUD, BRIBERY AND CORRUPTION

All staff are required to comply with the Health Boards policies and procedures and apply best practice in order to prevent Fraud, Bribery and Corruption. Staff should be made aware of their own responsibilities in protecting the Health Board from these crimes.

All staff have a duty to notify the Local Counter Fraud Department of any suspected fraud or inappropriate actions and are protected by the AW Raising Concerns (Whistleblowing) Policy. Anyone who suspects fraud or has any concerns reference Fraud Bribery and Corruption can make a referral by contacting the Counter Fraud Department by either of the following methods;

- Telephoning the office on 01267 266268,
- Emailing HDUHB.CounterFraudTeam.HDD@wales.nhs.uk ,
- Making an online referral at <https://reportfraud.cfa.nhs.uk> or
- Making an anonymous referral by telephoning Crimestoppers on 0800 028 40 60.

Staff should refer to the Counter Fraud, Bribery and Corruption Policy for further information.

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DRAFT

USE OF CONSULTANCY

Please check that this is the most up to date version of this written control document
Paper copies of this document should be kept to a minimum and checks made with the electronic version to ensure that the printed version is the most recent

HYWEL DDA UNIVERSITY HEALTH BOARD

1 INTRODUCTION

This procedure details the guidelines set for the application and approval process for use of Consultancy services within Hywel Dda University Health Board (HDdUHB).

2 SCOPE

The procedure is applicable across the whole of Hywel Dda University Health Board (HDdUHB). It applies to all employees and Independent Members. The term “employees” includes all those who have a contract of employment or honorary contract with the HDdUHB, including volunteers and bank workers.

3 AIM OF PROCEDURE

The aim of this document is to ensure that there is a clear procedure and guidelines set for the use of Consultancy within Hywel Dda University Health Board (HDdUHB). This is to minimise the risk of incurring expenditure inappropriately and ensuring best value for money is achieved.

This procedure should be read in conjunction with the “Procurement of goods and services” section of the Health Board’s Standing Financial Instructions (SFIs), other relevant financial procedures include the No Purchase order No Pay procedure and the Requisitioning, Ordering and Receipt of Supplies, Goods and Services.

4 OBJECTIVES

The aim will be achieved by outlining the:

- Principles around definition of consultancy and when the Health Board would use Consultancy
- Procedure to follow when the decision has been made to use Consultancy
- Delegated limits for Consultancy spend
- Reporting mechanism for Consultancy spend
- Review of outcomes

5 ROLES AND RESPONSIBILITIES

Any Manager using Consultancy needs to undertake the actions outlined in Section 6-7 of this document. Approval needs to follow delegated limits which is outlined in section 7.2. The manager, with support from Procurement, will need to ensure there is a post project review as outlined in section 7.4.

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6 PRINCIPLES

6.1 Definition

Consultancy seeks to fill a knowledge gap. It is defined as **the provision to management of objective advice relating to strategy, structure, management or operations of an organisation**. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy often includes the identification of options with recommendations, or assistance with the implementation of solutions but typically not the delivery of business as usual activity.

Specific areas for Consultancy advice as identified by the Government guidance of 'Consultancy and Specialist Services spend control' is included in Appendix 1.

6.2 Why appoint Consultants?

Typically, there are 3 main reasons why you may want to use consultants:

- the expertise the consultant offers
- their independent viewpoint
- the resources they provide

6.2.1 Alternatives

There are alternatives to using consultants and these should be tested before the commencement of any appointments process. These can be best summarised as follows:

- **Use your own personnel:** quite often over-looked but there may be capacity within the organisation in its broadest sense who could undertake an assignment particularly if an independent view is not required. This could be supplemented with some additional training but could be beneficial to the organisation and to the development of the individual.
- **Secondments:** the requirement may be suited to a short-term secondment opportunity through an individual[s] with some specific experience.
- **University/Colleges:** college placements might be a lower cost solution
- **Recruitment Agencies:** although sometimes costly the rates for appointing through an employment agency are invariably more cost effective than consultancy rates. There are however factors to consider such as term of employment and termination fees.

Before commencing with a consultancy arrangement, a full options appraisal should be carried out and the decision to proceed, if this is the chosen option, signed off by the senior responsible officer.

6.2.2 When not to use Consultants

Consultants should always be appointed for the right reasons particularly when the costs can sometimes be prohibitive. Consultants should not be used in some of the following circumstances:

- There is no clarity on what is required, they need to have a specific set of tasks and deliverables otherwise the potential for wasting money is significant

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- Previous use of consultants has not yielded benefits expected. This will flag up issues with approach and involvement.
- Requiring consultants to perform tasks which are dependent upon factors and decisions outside their control
- Buying their name to give some credibility to a flawed or unfeasible project
- Using them as scapegoats to take the blame for unpopular actions
- Imagining they are miracle workers who can solve all organisational problems
- Believing they can save you the time and trouble of defining policies and objectives

6.2.3 Making the Case

Serious consideration should be given to appointing consultants in the first place and some thoughtful analysis up front is always good practice. Such information analysis might include:

- The purpose and scope of the work
- The results and outputs expected
- The proposed contract basis
- Estimated cost of the work
- Benefits to be derived and likelihood of being achieved
- Propose management arrangements for managing the work
- Assessment of the alternatives to the use of consultants
- An indication of any implementation consequences of the consultants' work

7 PROCEDURE TO FOLLOW WHEN CONSIDERING CONSULTANCY

7.1 Procurement process

Procurement rules must be followed when considering Consultancy. You will need to contact the local Procurement department in the first instance to gain advice whether selection can be made from an existing Framework.

The following table summarises the minimum thresholds for quotes and competitive tendering arrangements. The total value of the contract over its entire period is the qualifying sum that should be applied (except in specific circumstances relating to aggregation and contracts of an indeterminate duration) as set out in EU Directives and UK Regulations.

Contract value (exc VAT)	Minimum Competition*
< £5,000	At discretion of DoF
£5,000 - £25,000	3 written quotations
£25,000 – OJEU threshold	4 tenders
Above OJEU threshold	5 tenders
Contracts above £1m	WG approval required

*subject to the existence of suitable suppliers

All Consultancy tenders will need to be presented to the 'Use of Resources Group'. Once approved by that Group, the application needs to be approved as set out below.

7.2 Approval limits

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Approval requirements for consultancy expenditure are set within the Health Board Scheme of Delegation and somewhat differ to general non-pay expenditure:

	Consultancy	General Non-Pay
Executive Directors	≤ £25,000	≤ £100,000
Chief Executive / Director of Finance	≤ £25,000	≤ £500,000
CEO & DoF	-	>£500,000 ≤ £1,000,000
CEO & Executive Team	>£25,000 ≤ £1,000,000	>£500,000 ≤ £1,000,000
Board <i>(following CEO/ET approval)</i>	>£25,000 ≤ £1,000,000	>£1,000,000
Welsh Government	>£1,000,000	>£1,000,000

7.3 Reporting

Consultancy spend is reported annually as a matter of course through the Statutory Annual Accounts, in addition Procurement will maintain a central record of consultancy engagements which will be reported through the Finance Assurance report at the Audit and Risk Assurance (ARAC) Committee.

7.4 Monitoring, Post review and value for money

Once the assignment is completed it is also good practice to have an exit meeting to identify issues, lessons learnt, were objectives met, what aspects were good and which bad or can be done better. This should be recorded and kept as a reference point for any future assignments with that supplier

The project lead should ensure this is completed within 4 weeks of the end of the assignment and made available to Finance/Procurement to be reported at the next ARAC meeting. The project lead should use the Post project evaluation template provided by Procurement. (Appendix 2)

APPENDIX TO FOLLOW

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APPENDIX 1

Definition of Consultancy

Extract from the Gov.co.uk website 'Consultancy and professional services spend controls'

2.1. Finance/Audit

The provision of objective finance advice including advice relating to corporate financing structures, accountancy, control mechanisms and systems. This includes both strategic and operational finance.

2.2. Information Technology/Information Systems

The provision of objective IT/IS advice including that relating to IT/IS systems and concepts, strategic IT/IS studies and development of specific IT/IS projects. Also includes advice related to defining information needs, computer feasibility studies, making computer hardware evaluations and to e-business.

2.3. Strategy

The provision of strategic objective advice including advice relating to corporate strategies, appraising business structures, Value for Money reviews, business performance measurement, management services, product or service design, and process and production management.

2.4. Legal

The provision of external legal advice and opinion including advice insofar as it relates to the policy formulation and strategy development particularly on commercial and contractual matters.

2.5. Property & Construction

Provision of specialist advice relating to property services and estates including portfolio management, design, planning and construction, tenure, holding and disposal strategies.

2.6. Human Resources

The provision of objective HR advice including advice on the formulation of recruitment, retention, manpower planning and HR strategies, and advice and assistance relating to the development of training and education strategies.

2.7. Technical

The provision of technical advice including the provision of technical studies, prototyping and technical demonstrators, concept development, project and task based technical advice.

2.8. Marketing & Communications

The provision of objective marketing and communications advice including advice on the development of publicising and the promotion of the Department's Business Support programmes, including advice on design, programme branding, media handling, and advertising.

2.9. Organisation and Change Management

Provision of objective advice relating to the strategy, structure management and operations of an organisation in pursuit of its purposes and objectives. Advice related to long range planning, organisation restructure, rationalisation of services, and general business appraisal of organisations.

2.10. Procurement

The provision of objective procurement advice including advice in establishing procurement strategies.

2.11. Project and Programme Management (PPM)

The provision of advice relating to ongoing programmes and one-off projects. Advisory support in assessing, managing and/or mitigating the potential risks involved in a specific initiative; work to ensure benefits realisation.