COVID-19 – Governance - Procurement

1. Introduction and Context

The response to the COVID-19 emergency situation has required NHS organisation to operate in a different way to 'business as usual' practice. Guidance is clear that financial constraints must not stand in the way of taking immediate and necessary action but that there has been no relaxation in fiduciary duties. This means that early actions and decisions have needed to be and continue to be made in relation to procurement systems and controls. A practical balance needs to be struck to ensure that the basis for decisions are documented but the decision-making process is not slowed down.

This is the latest in MIAA's COVID-19 briefing series, supporting our clients in reviewing their governance arrangements in this unprecedented situation. The detailed checklist on the pages that follow, provides a framework against which to assess procurement governance arrangements in place for the organisation. This checklist makes the assumption, that the principles of managing public money remain and key controls are in place.

Any changes to processes would need to be reviewed in light of the potential impact of fraud *(charitable fund arrangements are not included within the scope of this document).* The checklist is structured in line with the dimensions of the NHS Procurement & Commercial Standards as summarised in diagram on this page.

Thank you to Mike Townsend, Managing Director of London Audit for his contribution to this checklist.

2. Governance – Procurement

Areas for NHS organisations to consider		Organisation's Response
Strategy & Organisation	• Have communications in relation to COVID-19 changes to the procurement process been issued through channels accessible to the whole organisation?	
	• Is there evidence that the procurement team is truly integrated within departments throughout the organisation, specifically with regards to any working groups set up directly due to COVID-19?	
People Skills	• Is the procurement team strategically involved in all relevant key procurement and commercial decision making processes across the organisation with regards to COVID-19?	
	• Are procurement staff still maintaining a commitment to continuous professional development (CPD) while working remotely from home?	

Strategic Procurement	• Are quotations/tender arrangements that may need to be waived for COVID-19 expenditure adequately documented? Do revised arrangements to account of the following:
	
	   o Audit Committee reporting requirements
	   o Completion of tender waiver forms which document the reasons for the waiver
	   o Duration of the waiver?	

Areas for NHS organisations to consider	Organisation's Response
• Have risks to the supply of critical goods and services been assessed and mitigation/contingency plans developed and implemented?	
• Has disruption to the supply of critical goods and services been considered for addition to the corporate risk register?	
• Have the business continuity plans of suppliers of critical goods and services been reviewed?	
• Has ad hoc price benchmarking activity been carried out with other organisations (formally/informally) in relation to supplies directly impacted by COVID-19?	
Supply Chain • Have stores and stock management processes been reviewed to ensure that controls over stock are adequately maintained? This should include consideration of the following: o Stock ordering processes including arrangements to ensure compliance with national procurement systems for critical supplies o Security arrangements and access management to stock storage areas o Stocktake processes, including for items in high demand e.g. PPE o Processes for the logging and receipt of stock when it is delivered to the organisation by the supplier o Processes for verifying that critical items received from suppliers meet quality, health and safety standards etc…	

Areas for NHS organisations to consider	Organisation's Response
○ Processes for the delivery and receipt of stock items to wards/departments	
• Have Purchase Order (PO) requirements been reviewed and amended to enable more procurement activity through the Non-PO route? If so have processes been established to confirm the validity and appropriateness of additional invoices received which are not accompanied by a PO?	
• If procurement staff are not physically on site to collect items ordered on behalf of corporate staff e.g. mobile phones and laptops procured to support working from home are processes in place to ensure the items have been received by the member of staff intended (quantity and type) and is an audit trail evidenced for receipt of goods (e.g. email from recipient confirming goods received)?	

• Procurement Staff Credit Cards:
  ○ Have credit limits on such credit cards been altered to allow for increased flexibility?
  ○ Are receipts being retained for all credit card purchases?
  ○ Are all items being coded correctly particularly if they are specific to COVID-19?	

Areas for NHS organisations to consider		Organisation's Response
Data systems & Performance Mangement	• Have Procurement Key Performance Indicators been reviewed and updated to reflect the impact of COVID-19:e.g. delivery times, PO and Non-PO processing time etc?	
	• Are appropriate mechanisms in place to ensure POs raised against COVID-19 cost centres are appropriate and authorised in line with the organisation's Scheme of Delegation and/or emergency approval arrangements?	
Policies & Procedures	• What verification checks take place to ensure that suppliers can provide the quality and quantity of required items?	

	• Are new suppliers of specific items relating to COVID-19 fully vetted due to the increase in risk of fraudulent suppliers? Do vetting checks take account of the following:
	  o Companies House / other due diligence checks to see how long the supplier has been trading
	  o Supplier request to be paid either in full or partially prior to delivery of goods, in line with Procurement Policy Note 20
	  o Cost of supplies offered are in line with the 'average' cost that would be expected?	

	• Are processes in place to ensure items procured associated with COVID-19 are identified, recorded and claimed in line with government guidance including ensuring that any orders raised are coded to COVID-19 cost centres?	

Areas for NHS organisations to consider		Organisation's Response
	• Are processes still being maintained to verify that invoices received reconcile to original orders/items received prior to payment?	

Please refer to MIAA's *COVID-19 Financial Governance* checklist for additional areas to consider.