
STATES OF JERSEY



PROCUREMENT AND SUPPLY CHAIN MANAGEMENT DURING THE COVID-19 PANDEMIC (R.75/2021): EXECUTIVE RESPONSE

**Presented to the States on 1st July 2021
by the Public Accounts Committee**

STATES GREFFE

REPORT

In accordance with paragraphs 64-66 of the [Code of Practice](#) for engagement between ‘Scrutiny Panels and the Public Accounts Committee’ and ‘the Executive’, (as derived from the [Proceedings Code of Practice](#)) the Public Accounts Committee presents the Executive Response to the Comptroller and Auditor General’s Report entitled: [Procurement and Supply Chain Management during the COVID-19 Pandemic](#) (R.75/2021) presented to the States on 7th May 2021).

The Committee is pleased to note that all of the recommendations of the C&AG’s third report on Covid-related matters have been accepted, however it intends to submit further comments on the Executive Response shortly and will undertake a full review in September 2021 once the C&AG has completed her final report in the series.

Deputy I. Gardiner

Chair, Public Accounts Committee

The Chief Executive and Director General of Treasury and Exchequer's response to Comptroller and Auditor General's (Covid-19) Review: Procurement and Supply Chain

June 2021

Glossary of Terms

C&AG – Comptroller and Auditor General

DHSC – Department of Health and Social Care (UK)

HCS – Health and Community Services

IHE – Infrastructure, Housing and Environment

ITS – Integrated Technology Solution

MI – Management Information

PFM – Public Finances Manual

PPE – Personal Protective Equipment

Chief Executive and Treasurer's Response to C&AG (Covid-19) Review: [Procurement and Supply Chain](#) - Executive Response to PAC

Summary of response:

The Chief Executive and Treasurer of the States welcome the Comptroller and Auditor General's (C&AG) report and have reviewed the recommendations, accepting 7 out of the 8 recommendations brought forward by the C&AG (see section 1 – Action Plan), with one recommendation accepted in-principle. The Chief Executive is pleased to advise that progress has already been made on the implementation of accepted recommendations, with 4 recommendations completed and 3 in progress.

With reference to the findings of the C&AG, it is important not to overlook the contextual backdrop in which the Government was operating in early 2020. The Covid-19 situation presented an extraordinary world event, during which governments across the globe have been required to react at pace to emerging scientific advice and make significant public health decisions to support outcomes for communities. One consequence of this has been the need to procure critical supplies quickly. Due to the global scale of the crisis, there has often been significant international competition for the procurement of limited supplies and whilst it is acknowledged that departments should follow approved processes with respect to breaches and exemptions, the contextual backdrop has meant that processes were undoubtedly tested during spring 2020 when vital supplies were being procured with unprecedented urgency. For example, the former Chief Executive had to approve the purchase of the oxygen generating equipment on a Sunday (April 12th), in order to secure equipment.

The situation has also presented opportunities to accelerate the modernisation of public services, in line with the One Gov 'digital by default' principle. For example, it was quickly recognised that there were challenges in trying to obtain wet signatures on paper-based forms, when key personnel were working from home unexpectedly, without access to full office-based technology and that manual signing of paper forms and electronic signatures / emails is not an effective way to manage process nor manage associated risks. Therefore, an e-form for procurement related exemptions was put in place in September 2020 to improve the workflow, transparency and logging issues experienced previously. The new workflow system improves management information (MI) and provides further opportunities to analyse the data gathered to continuously improve processes, training and recommend amendments to policies, where appropriate. Despite the e-form being an improvement on the paper-based process, the current functionality is limited to procurement related exemptions requests. To develop this further a cross government project team has been formed to scope an alternative solution to capture all exemptions and breaches, covering multiple government policies (see R2 action).

The Chief Executive recognises that future supplies related to the pandemic response will be reviewed for quantity and quality prior to payment and progress has been achieved with the Covid-19 team to address this. Although the Commercial Team advises that this process should be undertaken prior to receipting goods and services it recognises that in a diverse organisation that there may be inevitable variations in the approach taken by departments. This is generally more simplistic to manage in areas such as stores where there is a consolidated entry point but a little more challenging in areas where items may not be received by the individual who would be end user for the goods.

In order to support best practice across the organisation, the Chief Operating Office has introduced espresso training sessions for managers . For example, there is a training session for utilising the current procure to pay solution Supply Jersey - it is anticipated that this training will reinforce Requisitioners', Approvers' and Receiptors' understanding of the commercial and governance reasons for processes that are in place. The Government is also seeking to improve in this area as part of the Integrated Technology Solution (ITS) implementation that is anticipated for launch in 2022.

Lessons have been learned and recorded throughout the Covid-19 pandemic and with the benefit of hindsight new strategies are in place to ensure that any future requirements are adequately provisioned for. For example, the introduction of a procurement framework for PPE, a strategy for decommissioning the Nightingale Hospital site and associated equipment are all evidence of this.

The Action Plan outlined below in response to the C&AG's recommendations have been carefully considered across multiple departments and functional disciplines, working together to improve outcomes.

1. Action Plan

Recommendations	Action	Target date	Responsible Officer
<p>R1 Consider using the business case format to record exceptional expenditure decisions where funding is from existing budgets</p>	<p>Accepted in-principle. Consideration will be given to the extent to which this recommendation can be implemented in practice. Current thinking is that for re-purposing growth arising from a Government Plan, this may become a mandatory requirement in the Public Finances Manual, for amounts above a de-minimis level.</p> <p>For all other significant changes to existing expenditure, it may become guidance only.</p> <p>Consideration of PFM inclusion and scope will be undertaken.</p>	<p>End of March 2022</p>	<p>Head of Financial Governance</p>
<p>R2 Ensure that exemption and breach documentation and logs are accurate and complete in respect of all departures from the Public Finances Manual.</p>	<p>Accepted.</p> <p>In Sept 2020 Commercial Services launched an online e-form to capture procurement related exemptions, to</p>	<p>In progress - end of Dec 21</p>	<p>Commercial Director, Head of Financial Governance & Head of Business Services (COO)</p>

	<p>improve upon the previous paper-based process and logging system.</p> <p>As this new e-form does not capture breaches or non-procurement related exemptions a project team has been developed to find an electronic solution to capture all exemptions and breaches from internal policies including the PFM. The aim is to have this in place by the end of 2021.</p>		
R3 Ensure that all future supplies are reviewed for quality as well as quantity on receipt prior to approval of payment.	<p>Accepted and implemented.</p> <p>On receipt each C19 related item ordered will undergo conformance checks against the relevant UK and/or EU standards. This will be completed by the HCS Head of Health and Safety. The item will then be assessed for operational usability by the Lead Nurse Infection Prevention and Control. This process is coordinated by HCS Head of Stores and Medical Supplies. The Head of HCS Non-Clinical Support Services and Head of PPE Cell oversees the whole process.</p>	Complete	Head of Non-Clinical Support Services - HCS
R4 Ensure that a reassessment of alternative options for the supply of PPE is undertaken when the DHSC provides details of prices to be charged in 2021.	<p>Accepted.</p> <p>DHSC are yet to supply any indicative prices for PPE. To ensure sufficiency, quality and value for money and as an alternative option to the DHSC; PPE required for the pandemic response will be sourced from a dedicated PPE Framework.</p> <p>Approved suppliers have been able to demonstrate a range of value for money indicators including, enhanced quality standards, timely delivery and competitive pricing.</p>	Complete	Strategic Category Manager HCS
R5 Carry out a review of the procurement of rapid serology test kits	Accepted.	Complete	Director of Strategy and Innovation /

<p>and subsequent evidence to assess lessons to be learnt from the process.</p>	<p>A review has been undertaken (noting the extra -ordinary circumstances surrounding the acquisition and acting in the best interest of the safety of Islanders and the Island); satisfying that the procurement was appropriate.</p> <p>Lessons learned have been captured e.g. Commercial Team to be engaged at the pre-set up / planning pre- set up stage, to ensure optimum commercial approach.</p>		<p>Strategic Category Manager HCS</p>
<p>R6 Review future demand for rapid serology test kits and agree a disposal strategy to recoup investment where possible if excess supply is identified.</p>	<p>Accepted.</p> <p>The future demand will be clinically determined and subject to multidisciplinary review. This is in place with on-going review. Discussions are already taking place to agree the disposal strategy which considers the opportunities to recoup any investment.</p>	<p>In progress – end of June 21</p>	<p>Director of Strategy and Innovation</p>
<p>R7 Complete a detailed procurement strategy to agree costs and plan for decommissioning the Nightingale Hospital site.</p>	<p>Accepted and complete.</p> <p>The procurement strategy was outlined by way of exemption as it was more cost effective and operationally sensible to use the main contractor who constructed the facility to then dismantle the facility. This also avoided further time loss and extended hire costs. Contracts were signed on 21st May 2021.</p>	<p>Complete</p>	<p>Director General IHE / Director Property Holdings</p>
<p>R8 Prepare a detailed decommissioning plan for the Nightingale Hospital equipment that minimises financial loss to the States.</p>	<p>Accepted.</p> <p>A decommissioning plan has been developed by the Senior management Team of HCS and has been operationalised.</p> <p>All equipment and consumables have been categorised and scheduled as follows: Schedule 1: Redeploy – items suitable for immediate redeployment across health and care settings Schedule 2: Retain – items suitable for storage for future use</p>	<p>In progress - end of June 21</p>	<p>Chief Nurse / Head of Estates, HCS</p>

	<p>Schedule 3: Dispose – items suitable for donation or sale where disposal demonstrates cash return or wider added system value.</p> <p>This includes not only items purchased but those gifted and donated.</p> <p>Schedule 1 has been actioned with a range of equipment now in use across alternative health settings.</p> <p>Items categorised under schedule 2 are now stored within HCS storage facilities ready for redeployment as required.</p> <p>Items categorised under schedule 3 are now subject to a disposal review by HCS, supported by Commercial Services. This review and the most advantageous disposal of items is expected to be completed by Quarter 4 2021.</p>		
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