

Phase 2 Summary of Findings

From our review we found that key controls had been designed and established that were proportionate to the need to procure PPE at scale and pace. However, these controls continued to evolve during the course of the pandemic and some contracts were also let before all the controls were fully established.

The audit trail evidencing effective implementation of controls is not as robust, as those we have observed during non COVID periods. However, we found evidence that the majority of key controls had been applied, however weaknesses were identified at individual supplier level, around the completeness and accuracy of the documentation, rationale and evidence for processes like due diligence, Clearance Board and High Priority Lane.

We have found that, due to the pace and scale of the procurement activity and the lack of existing DHSC IT systems to manage and record the buying process, evidence was often retained on emails and local folders, then on Mendix post April 2020, although we do acknowledge Mendix was not intended to be a system of record.

We recommend that the Cabinet Office support DHSC in continuing a process of identifying, collating and filing evidence that controls were effectively applied to all PPE contracts in order to satisfy itself that procurement guidance has been followed and it can evidence that it continued to comply with the principles of *'Managing Public Money'* and its own *'Procurement Policy Note – Responding to Covid-19'*.

High Priority Lane

One of the new strategy's introduced was to have a high priority mailbox (High Priority Lane), serviced by a dedicated team, which would review offers of PPE that came from a Government official. Examples of officials included senior politicians, ministers, senior executives of Government organisations and MPs.

From the contracts reviewed, we found no evidence that controls were applied differently to the suppliers that were approved via the High Priority Lane, however we did find that there was no definitive comprehensive database documenting which suppliers came through this lane and who was the source of referral.

Due Diligence

Our review found due diligence processes on a company's background and financials was documented and due diligence was carried out before an application would go to the Clearance Board (once established). However, where due diligence identified potential issues, in some cases limited documentation had been retained on Defence Share to evidence how the issues raised were resolved, or where documentation existed, it would take a significant amount of time to locate and access. Also, we found some counterparties had due diligence done on them, but others had not, therefore Cabinet Office should consider being clear about what processes and checks are to be performed on the counterparties and by whom.