

NWSSP Audit Committee

Tue 05 April 2022, 14:00 - 16:00

Via Teams

Agenda

14:00 - 14:10
10 min

1. Standard Business

Martin Veale

1.1. Welcome and opening remarks (verbal)

Martin Veale

1.2. Apologies


Martin Veale

1.3. Declarations of Interest

Martin Veale

1.4. Minutes of Meeting Held on 25 January 2022

Martin Veale

 1.4 Audit Committee Minutes 25012022 .pdf (6 pages)

1.5. Matters Arising

Martin Veale

 1.5 Matters Arising.pdf (2 pages)

14:10 - 14:20
10 min

2. NWSSP Update

Neil Frow

 2. MD Update Apr 22.pdf (5 pages)

14:20 - 14:30
10 min

3. External Audit

Steve Wyndham

3.1. Audit Wales Update

Steve Wyndham

 3.1 Audit Wales update paper - NWSSP April 2022 AC meeting.pdf (2 pages)


14:30 - 14:45
15 min

4. Internal Audit

James John

4.1. Internal Audit Position Statement

James Johns

 4.1 A&A NWSSP Audit Cttee progress report apr 22.pdf (6 pages)


4.2. Internal Audit Reports

James Johns

4.2.1. Primary Care Services Final Report

 4.2.1 NWSSP-2122-13 Primary Care Services Final Report.pdf (15 pages)


4.2.2. Legal and Risk Services Final Report

 4.2.2 NWSSP-2122-Legal and Risk Services Final Report.pdf (10 pages)

4.2.3. P2P Final Report

 4.2.3 P2P Final Internal Audit Report .pdf (19 pages)

4.3. Internal Audit Operational Plan 2022-23

 4.3 A&A NWSSP Internal Audit Plan 2022-23 (for AC April 22).pdf (26 pages)

14:45 - 14:55
10 min

5. Counter Fraud

Nigel Price

5.1. Counter Fraud Update

Nigel Price

 5.1 Counter Fraud Position Statement 05.04.2022.pdf (7 pages)

14:55 - 15:55
60 min

6. Governance, Assurance & Risk


6.1. Stocktaking Update

Andy Butler

 6.1 Stock Assurance Position Report Draft.pdf (5 pages)

6.2. Valuation of PPE - DHSC/NHS Wales

Andrew Butler

 6.2 AC Stock Loss Report.pdf (4 pages)


6.3. Stock Write-Offs/Donations

Andrew Butler

 6.3 Stock Write Offs & Donations .pdf (2 pages)

6.3.1. Supplies for Ukraine

Andrew Butler

 6.3.1. Ukraine supply 2 - WG (003).pdf (6 pages)

6.3.2. Namibia Additional Write Off

Andrew Butler

 6.3.2 Namibia supply 3 correction.pdf (6 pages)

6.3.3. Year End Stock Impairment

Andrew Butler

 6.3.3 End of year stock adj- WG.pdf (6 pages)

6.4. Energy Update

Andy Butler

 6.4 Audit Committee Energy Costs Update.pdf (3 pages)

6.5. Governance Matters

Andrew Butler

 6.5 05042022 Governance Matters_.pdf (16 pages)

6.6. Corporate Risk Register

Peter Stephenson


 6.6 Corporate Risk Register.pdf (2 pages)

 6.6 20220317 Corporate Risk Register.pdf (3 pages)

6.7. Tracking of Audit Recommendations

Peter Stephenson

 6.7 Tracking of Audit Recommendations.pdf (3 pages)

 6.7 28032022 Appendix A Audit recommendations Tracker_.pdf (7 pages)

6.8. Draft Annual Governance Statement

Peter Stephenson

 6.8 Annual Governance Statement.pdf (1 pages)

15:55 - 16:00
5 min

7. For Information

7.1. NWSSP Counter Fraud Newsletter

 7.1 Fraud Newsletter January 2022 v2.1.pdf (2 pages)

7.2. Audit Committee Forward Plan 2022-23

 7.2 Audit Committee Forward Plan.pdf (3 pages)

16:00 - 16:00
0 min

8. Any Other Business (By Prior Approval)

Martin Veale

16:00 - 16:00
0 min

9. Time and Date of Next Meeting, 13 July 2022



VELINDRE UNIVERSITY NHS TRUST AUDIT COMMITTEE FOR NHS WALES SHARED SERVICES PARTNERSHIP

**MINUTES OF THE MEETING HELD ON
TUESDAY 25 JANUARY 2022 / 14:00 – 16:00
BY TEAMS APPOINTMENT**

EXPECTED ATTENDEES:

ATTENDANCE	DESIGNATION	
INDEPENDENT MEMBERS:		
Martin Veale (Chair)	Chair & Independent Member	
Gareth Jones (GJ)	Independent Member (joined at 2.47pm)	
Vicky Morris (VM)	Independent Member	
ATTENDANCE	DESIGNATION	ORGANISATION
Neil Frow (NF)	Managing Director	NWSSP
Andy Butler (AB)	Director of Finance & Corporate Services	NWSSP
Simon Cookson (SC)	Director of Audit & Assurance	NWSSP
James John (JJ)	Head of Internal Audit	NWSSP
Sophie Corbett (SC)	Deputy Head of Internal Audit	NWSSP
Martyn Lewis (ML)	Senior IT Auditor (left after Section 3 of the agenda)	NWSSP
Alison Ramsey (AR) for item 4.2 only	Director of Planning, Performance & Informatics	NWSSP
Nigel Price (NP)	Local Counter Fraud Specialist	Cardiff and Vale UHB
Matthew Bunce (MB)	Velindre NHS Trust Director of Finance	Velindre
Lauren Fear (LF)	Velindre Director of Corporate Governance	Velindre
Steve Wyndham (SW)	External Audit Lead	Audit Wales
Peter Stephenson (PS)	Head of Finance & Business Improvement	NWSSP
Carly Wilce (CW)	Corporate Services Manager	NWSSP
Gareth Price (GP)	Personal Assistant	NWSSP

Item		Status
1. STANDARD BUSINESS		
1.1	Welcome and Opening Remarks <ul style="list-style-type: none"> Welcome was given to Vicky Morris, new Independent Member for Velindre University NHS Trust and Hosted Organisations and Chair of the Velindre NHS University Trust Quality and Safety Committee. 	Verbal Noting
1.2	Apologies <ul style="list-style-type: none"> Apologies have been received from Steve Ham, Velindre NHS University Trust, Tracy Myhill, Shared Services Partnership Chair, and Gareth Jones who would join the second half of the meeting. 	Verbal Noting
1.3	Declarations of Interest <ul style="list-style-type: none"> None received to date. 	Verbal Noting
1.4	Minutes of Meeting held on 12 October 2021 <ul style="list-style-type: none"> The minutes of the meeting held in October 2021 were AGREED as a true and accurate record of the meeting. 	Noting
1.5	Matters Arising from Meeting on 12 October 2021 <ul style="list-style-type: none"> All matters arising are complete. 	Noting

Item		Status
2.0	<p>NWSSP Update</p> <p>NF updated the Audit Committee on recent developments within NWSSP:</p> <ul style="list-style-type: none"> Following the outbreak of the Omicron variant, the Planning and Response Group reconvened in December and continue to meet weekly. Members include the Senior Leadership Group, Trade Unions, SMTL, and the Communications Manager and the Group ensures activities are prioritised to support NHS Wales in responding to the pandemic and that appropriate continuity plans are in place to address any urgent concerns such as the availability of drivers. Supply Chain and Health Courier Services continue to directly support Health Boards in the vaccination booster programme. Some challenges have arisen in regard to staff sickness rates, but plans are in place to address any issues resulting from absence. The delegated COVID expenditure limits of £5m were reintroduced following approval by Velindre University Trust Board in December and will remain in place until June 2022. Employment Services continue to experience a significant increase in activity resulting in some KPIs being missed. Additional staff are being recruited to meet the increased demands. Senior NWSSP staff met recently with Welsh Government in a Joint Executive Team meeting which was considered to be very positive with some excellent feedback for NWSSP. The Laundry Services and TrAMS projects are continuing to progress but recent revised financial estimates from consultants for both projects have resulted in a substantial increase in the capital monies required to fund them. Overseas recruitment is progressing well, and contracts are in place to support Health Boards and Trusts in responding to high nursing vacancy levels. A Chief Digital Officer has been appointed and will provide support to the Director of Performance, Planning, and Informatics going forward. <p>VM congratulated NWSSP for all the hard work undertaken throughout the pandemic, particularly in the provision of PPE and in supporting the vaccination programme. AB confirmed that a PPE Strategy plan is in place which has been agreed with Welsh Government. A robust contracting framework process is also in place for PPE contracts which contains a number of local suppliers to further support the development of the Foundational Economy in Wales.</p> <p>Work is on-going to prepare for the UK COVID-19 Public Inquiry, and a workplan developed with resources identified to progress this. Specialist barristers have been appointed to support NWSSP's response to the Inquiry and an update on progress will be brought to the next Audit Committee meeting in April 2022.</p>	<p>Noting</p> <p>PS</p>
3. INTERNAL AUDIT		
3.1	<p>Internal Audit Position Statement</p> <ul style="list-style-type: none"> JJ presented the latest Internal Audit Position Statement together with an overview of other activity undertaken since the previous meeting. Key points to highlight are that four further internal audit reports from the 2021-22 workplan have been completed to date and are on the agenda. Steady progress continues to be made with another six audits, but some audits have been postponed at the request of NWSSP Management due to operational pressures and demands. The decarbonisation review has been deferred and would be replaced with an advisory review of Governance arrangements for major capital projects. 	Noting
3.2	<p>Internal Audit Reports</p> <p>The following internal audits were presented to the Audit Committee for consideration.</p>	Noting & Approval

Item		Status
	<ul style="list-style-type: none"> • The overall objective of the Wales Infected Blood Support Scheme audit was to review the arrangements in place for the administration and management of the Scheme, which achieved a substantial assurance rating with only one medium priority recommendation for action. This represented an improvement on the prior report rating and all previous issues identified have been addressed. The Committee commended the WIBSS team for obtaining the substantial assurance rating. • The Salary Sacrifice audit assessed the adequacy and effectiveness of arrangements in place for the administration of the schemes, achieving substantial assurance with two low priority recommendations for action. Queries were raised in Committee with regard to a third-party provider portal. AB was unsure as to why the organisation were using a third-party provider as well as the NHS Fleet Solutions offering. It was agreed that the matter would be picked up locally to better understand any implications. The Committee commended the Salary Sacrifice team for obtaining the substantial assurance rating • The purpose of the Stores audit review was to assess and determine the adequacy of the systems and controls in place over the management of inventory at both NWSSP and external storage facilities. Due to the need to hold substantial PPE stocks, the value of stock held at the time of the review was approximately £80m, compared to £3m pre-pandemic. The review achieved reasonable assurance with three medium recommendations for action. MV highlighted the importance of the work undertaken by Internal Audit and the assurance the report provided to the Committee and to Audit Wales. SW acknowledged the positive report and highlighted that it would factor into the Audit Wales risk assessment surrounding year end stock. SW did however emphasise that the Auditing Standard required Audit Wales to undertake a level of testing of year end stock balances notwithstanding the work undertaken by Internal Audit . • The ICT Infrastructure review evaluated the controls in place for the infrastructure (including the Core Hyper V infrastructure and Telephony) to ensure that it is secure, reliable, and fit for future developments and needs. The audit achieved Limited Assurance, with two high priority and seven medium priority recommendations for action. AR, as sponsor of the report, felt that the report provided some helpful suggestions but lacked context, and failed to recognise the progress that had been made in recent years. Some findings related to the service provided by DHCW. AR stated that the relationship with DHCW is different to that of a commercial provider, where it might be easier to get these failings addressed through a dispute process. AB also highlighted that it was very important to appreciate that the report was limited in scope and did not extend to reviewing the three major systems that NWSSP administer on behalf of NHS Wales – i.e. Oracle, ESR, and NHAIS. AB highlighted that the three main systems were reviewed by Audit Wales on an annual basis and there were no major issues arising with these systems. AB also highlighted that whilst the findings were helpful, he was disappointed that the report did not acknowledge or make reference to the positive work undertaken by the small team in recent years and in particular to the major contribution to facilitate remote working and maintain business continuity over the previous 20 months. The Audit Committee noted that the management responses to some recommendations seemed to dispute the accuracy of the audit findings and it was not always clear whether and what action had been agreed. The Committee therefore asked that: <ul style="list-style-type: none"> ○ Management and Internal Audit review the recommendations and management responses to eradicate any disagreement over factual accuracy and to clarify the agreed action to be taken; and ○ Internal Audit to look at the title and content of the report to ensure that it was clear what was covered, and what was excluded, from the review. 	<p>AR</p> <p>JJ</p>

Item		Status
4. EXTERNAL AUDIT		
4.1	Audit Wales Update <ul style="list-style-type: none"> SW presented the position statement and details as to current and planned work. A summary of audit conclusions together with any related recommendations would be reported in the Management Letter which is scheduled for the June meeting of the Audit Committee. 	Noting
4.2	Audit Wales Stock/Inventories Report 2021/22 <ul style="list-style-type: none"> SW presented the update on the 2021-22 approach to audit of inventories to the Committee, which had also been taken to the Velindre NHS Trust Audit Committee. In the prior year, due to Covid-19, Audit Wales were unable to undertake a physical stocktake which resulted in a 'Limitation of Scope' qualification for the 2020/21 financial statements. In answer to a question on whether Audit Wales could rely on the separate work undertaken by Internal Audit on Stores (reported earlier on the agenda) SW replied that unfortunately to satisfy audit requirements, a physical audit is needed. Plans are in place for the visits to undertake these audits over the coming weeks, but this is dependent on a number of factors including the results of risk assessments. All parties are keen for the stocktakes to take place to avoid the issues experienced last year. GJ referred to the report relating to last year's qualification and assurance around opening balances. SW stated that there was no definitive update to report on at present, but he was hopeful that any issues should be able to be resolved and would keep the independent members updated of any news on this topic. 	SW
3.3	Audit Wales Assurance Paper 2022 <ul style="list-style-type: none"> SW presented the Audit Wales 2022 Assurance Paper to the Committee, explaining that there is minimal change in approach from last year. Audit Wales are in consultation with local audit teams in order to finalise the programme of work for NWSSP with a deadline to return any comments and/or amendments by 28 January 2022. The expected work programme for 2022 was set out in the report. 	Noting
5. COUNTER FRAUD		
5.1	Counter Fraud Position Statement <ul style="list-style-type: none"> NP presented the Counter Fraud Position Statement to the Committee, with an overview of other activity. There are no open cases for NWSSP to report on. To date a total of 48 days have been completed out of the 75 days assigned for NWSSP. A new LCFS has been recently appointed by C&VUHB, which replaces a former administrative post. The appointment of a replacement for Craig Greenstock should also conclude shortly. Both appointments should help to address previous shortfalls in service delivery to NWSSP and allow the number of days provided to be increased. AB highlighted the positive contribution made by NP during the year and in particular for the extent and coverage of the proactive work undertaken. Provision for NWSSP to appoint its own dedicated LCFS to assist the current team has been included in this year's Integrated Medium-Term Plan. 	Noting
6. GOVERNANCE, ASSURANCE AND RISK		
6.1	Stock Take Report <ul style="list-style-type: none"> AB presented the Inventory Stock Management Arrangements Report updating the Committee on current NWSSP Stock management arrangements in place across its stores. It was explained that in order to support the All-Wales response to Covid-19, 	Noting

Item		Status
	<p>NWSSP were required to put in place a stockpile of PPE to provide resilience, which has resulted in significantly increased stockholdings. As reported earlier on the agenda, Audit Wales were unable to conduct a physical stocktake for 2020/21, resulting in a 'limitation of scope' opinion for the period. There are varied stock taking systems in place across the stores. Internal store facilities operate a Warehouse Management System (WMS) where a perpetual stock take is facilitated through daily cycle counting to ensure accuracy of inventory. For non-NHS Stores, the arrangements vary between sites depending on what facilities are available. Two of the current external providers have an automated inventory system and provide NWSSP with monthly stock holding reports. One does not operate a WMS and therefore a physical stocktake is undertaken. Internal Audit continue to work closely with Audit Wales to co-ordinate assurance arrangements over the stockholding arrangements.</p>	
6.2	<p>Governance Matters</p> <ul style="list-style-type: none"> AB presented the Governance Matters paper, providing the Committee with the contracting activity since the last meeting. The report summarises that: <ul style="list-style-type: none"> There were no departures from the Standing Orders; NWSSP let 14 contracts during the reporting period; 59 All-Wales contracts were let of which 13 were at briefing stage, 42 at ratification stage and 4 were extensions against contracts; There were no declarations of gifts, hospitality, or sponsorship during the reporting period. NWSSP have submitted a nil return to Welsh Government in respect of the quarterly update on limited and no assurance reports for Internal Audits. However, the IT Infrastructure audit would need to be reported in the next quarter. AB presented the Stores Write Off figures highlighting the increase for 2019-20. This is largely due to a reduction in non-Covid patient activity which resulted in more items than usual not being used and consequently going out-of-date. AB also highlighted that the amounts written off were very insignificant in the context of the issues from the stores during the period GJ raised questions as to contracting activity for printers which is a single tender action and therefore not subject to a full tender process. CW to obtain the obtain further clarification for why a full tender did not take place. The Chair noted that the value was missing from the Scan4Safety contract in the report. CW confirmed that the amount was £2.25m. 	<p>Discussion Noting</p> <p>CW</p>
6.3	<p>Annual Review</p> <ul style="list-style-type: none"> CW presented the 2020-21 Annual Review to the Committee, which highlights the achievements of NWSSP for this period. The Review contains case studies from individual departments aligning to our organisational goals, with a section dedicated to the work carried out in response to the Pandemic. The Review was developed later than usual due to COVID and the resulting demand on operational services. The Review will be translated and then published on the NWSSP website and will be shared with NHS Wales organisations. MV congratulated NWSSP on the achievements highlighted in the Annual Review and commented positively on the content and the professional manner in which it had been presented. VM was also very complimentary of the Annual Review. 	<p>Discussion Noting</p>
6.4	<p>Review of Standing Orders</p> <ul style="list-style-type: none"> PS updated the committee on recent changes to Shared Services Partnership Standing Orders. In particular, the delegated expenditure limits of £5m were reintroduced following approval by Velindre University Trust Board in December and will remain in place until June 2022. 	<p>Discussion Noting</p>

Item		Status
6.5	Corporate Risk Register <ul style="list-style-type: none"> PS presented the Corporate Risk Register which contains one red risk relating to the pressure on Recruitment and Payroll functions due to the increased demand resulting from the recovery and reset work across Health Boards. This risk is being mitigated through the modernisation programme that is currently being implemented. 	Discussion Noting
6.6	Tracking of Audit Recommendations <ul style="list-style-type: none"> PS presented the tracking of audit recommendation paper to the committee and noted the following summary: <ul style="list-style-type: none"> The tracker contains information on 63 reports, of which 15 achieved substantial assurance, 29 reasonable assurance, and 19 reports were generated with no assurance applicable (e.g. Advisory reports); The tracker contains 244 recommendations, of which 233 were implemented, 9 were not yet due, 1 is outstanding and 1 is not within NWSSP's gift to implement. <p>PS is hopeful that the outstanding recommendations would be actioned by the date of the next Committee meeting.</p>	Discussion Noting
7. ITEMS FOR INFORMATION		
7.1	Welsh Language Standards Annual Report 2020-21	For Info
7.2	Audit Committee Forward Plan 2021-22.	For Info
7.3	Plan on a Page	For Info
8. ANY OTHER BUSINESS		
8.1	Any Other Business <ul style="list-style-type: none"> No further issues were raised. 	Noting
DATE OF NEXT MEETING: Tuesday, 5 April 2022 from 14:00-16:00 via Teams		

Actions arising from the meeting held on 25 January 2022			
Item	Responsibility	Description	Status
2.0	PS	NWSSP Update To provide the Committee with an update on the NWSSP COVID-19 Public Inquiry Governance Readiness Group.	Complete, included in Managing Director update on agenda.
3.2	AR	ICT Internal Audit Report Management and Internal Audit to review the recommendations and management responses to clarify the actions to be taken.	Complete.
3.2	JJ	ICT Internal Audit Report Internal Audit to review and amend the title of the Internal Audit report.	Complete.
4.2	SW	Audit Wales Stock/Inventories Report 2021/22 SW to bring back an update to the Committee.	On the agenda.
6.2	PS	Governance Matters To obtain further clarification regards to single tender action for PCS printers. Further clarification concerning the Single Tender Action (STA) has been sought and is summarised as follows - <ul style="list-style-type: none"> • <i>Replacing the scanners with products from another manufacturer would require us to re-write bespoke (in-house) software that is written specifically to integrate with the IBML solution. This would take 6 to 9 months to achieve with a resource cost of £75k. We would need to run the existing scanners while this work is happening. The new scanners would have to be stored until that work is complete.</i> • <i>The footprint of the new IBML products exactly matches the existing products. There may need to be physical changes to the environment to select replacements from a different manufacturer.</i> • <i>IBML has a specific network and server architecture, which is currently set up in Companies House and Mamhilad. This could (depending on solution) require expenditure on replacement server hardware of around £50k.</i> • <i>We have been assured by Kodak that there has been an allowance in their quote for expenditure on the software upgrade that we had already incurred. This was not specifically documented, but by comparing the quote for the software modules, we estimate that the costs for the “transferrable” software amount to £55,575.</i> 	Complete.

--	--	--	--

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	2.0
PREPARED BY	Peter Stephenson, Head of Finance and Business Development
PRESENTED BY	Neil Frow, Managing Director
RESPONSIBLE HEAD OF SERVICE	Neil Frow, Managing Director
TITLE OF REPORT	NWSSP Update

PURPOSE

To update the Committee on recent developments within NWSSP.

Introduction

This paper provides an update into the key issues that have impacted upon, and the activities undertaken by, NWSSP, since the date of the last meeting in January.

IMTP

The IMTP has now been formally submitted to Welsh Government for their consideration.

Donation of Equipment and Medical Consumables to Ukraine

As part of a UK-wide response co-ordinated by the Department for Health and Social Care (DHSC), to the war in Ukraine, Welsh Government asked NWSSP to identify any surplus equipment and consumables that could be donated to Ukraine. Review of current stocks identified items to the value of £524k that could be donated as they are surplus to current requirements, including:

- PPE - where a number of lines are still above the 16-week figure;
- Consumables – where the impact of COVID has meant that usage has been reduced and surplus stocks have built up; and
- Ventilators – where we were provided with additional pandemic stock that has not been used.

Approval for release of these items was received from Welsh Government. The items are being flown out to Ukraine so there is a limit on what is required and how much can be carried on each plane journey. DHSC came back with a requirement for approximately £131k of items from our list, and these were packed on the 11th of March and then flown out on the 13th of March. Other flights are likely to follow.

Ukraine – Business Continuity

In response to the situation in Ukraine, and the resultant fear of an increased risk of potential cyber-attacks, business continuity measures have been revisited and refreshed. All staff have been reminded of the need to guard against potential cyber-attacks through the use of strong passwords, acceptance of all security updates, turning off devices overnight and immediately reporting any suspicious e-mails and associated links. All directorates and key teams have updated their business continuity action cards to provide guidance in the event of a significant and sustained loss to IT systems.

Matrix House

The purchase of Matrix House in Swansea, for which the business case was approved by the Committee in November, is continuing, and should be complete by the end of the March. The building is currently 75% occupied by NHS Wales, with PHW and WAST as tenants in addition to NWSSP. Acquisition of this asset will lead to a reduction in future revenue costs to NHS Wales and the opportunity to create a wider public sector hub.

COVID Public Inquiry Planning

Following the recent publication of the draft terms of reference for the UK COVID-19 Public Inquiry, colleagues in Legal & Risk Services have provided guidance to the whole of NHS Wales on the potential implications. Consultation on the draft terms of reference is open until the 7th of April and it is expected that evidence will be gathered throughout 2022 with public hearings commencing in 2023. Within NWSSP we are both actively engaged with the NHS Wales COVID-19 Inquiry Network, and we continue to prepare internally through the Inquiry Readiness Governance Group. This meets on a regular basis and includes a number of Directors with dedicated legal support. Barristers have also been engaged and they will shortly be

presenting to the Senior Leadership Group on their plans to support NWSSP in responding to the Inquiry.

Financial Position

In addition to the agreed £2m of non-recurrent re-investments within NWSSP to accelerate benefits and efficiencies and approval of the additional £1.25m distribution to NHS Wales and Welsh Government, the review of the financial position at the end of February has provided confidence that the year-end forecast break-even position will be achieved. The Risk Pool DEL expenditure to M11 is £89.0m, compared to £91.1m at this point last financial year. The M11 DEL forecast of £123m remains in line with the original IMTP forecast of £123.5m indicating we are on target to fully utilise the total Welsh Government resource available by the end of the financial year. We continue to review opportunities to increase DEL expenditure in 2021/22 in agreement with Welsh Government. We have confirmation of increased capital funding of £16.924m in our CEL at the end of February. £4.67m has been spent to date. The majority of this capital funding was issued in quarters 3 & 4, hence the significant expenditure to be incurred in Month 12, including the completion of the purchase of Matrix House.

CIVAS

The CIVAS Unit at IP5 was recently subject to its 3rd inspection by the MHRA under the Human Medicines Regulations of 2012. Although a number of points were raised during the inspection, these are all being rectified, and the Inspector was content for us to continue to operate the facility under licence with the next scheduled inspection in 24 months' time.

IP5

The Minister for Health and Social Care visited our IP5 facility on 17th March, providing an opportunity to demonstrate to her the range of services that now operate from this facility. The Minister's visit was well received by all staff based at IP5.

TRaMS

Following the February Programme Board meeting it was agreed that the costed design for the South-East Wales Hub be reviewed and reduced in order to ensure that the scope was in line with the Programme Business Case. During February 2022 the User Requirement Specifications have been revised and the proposed number of clean rooms and isolators has been reduced. The Project Manager and Cost Advisor have been asked to confirm the Professional fee requirement for any redesign work and what the reduced capital cost will be for the SE Hub. An update will be taken to the TRaMS Programme Board on 21st March and if the scope of the proposed changes is agreed a fee redesign request will be made to Welsh Government.

Laundry Services

Currently the programme is in the final stages of a value engineering review of the proposed costs for the two new builds for North and South-West Wales. As per the Programme Business Case the South-East Wales laundry at Greenvale will be refurbished with some equipment replacement. The proposed costs of the value engineered new builds and the Greenvale refurbishment will be presented to the Programme Board on 23rd March for consideration and if agreed will be incorporated in the OBCs that are in the process of being completed.

Decarbonisation

The NWSSP Decarbonisation Action Plan was reviewed by the Senior Leadership Group at its March meeting and will go to the Partnership Committee in May for information. NWSSP has a key role to play in the decarbonisation agenda, both in achieving our own internal targets and in supporting NHS Wales as a whole. One of the key initial internal objectives is to ensure that there is an accurate and reliable baseline to enable us to measure improvement and change across the organisation. This can be challenging, given the addition of new services such as laundry, and the many shared locations that NWSSP occupy across Wales. Externally, there is a focus on green electricity, food waste recycling, promotion of electric vehicles, and improving energy consumption rates across the whole of the NHS Wales Estate.

Energy Costs

Due to the nature of energy markets and high expenditure, the Energy Price Risk Management Group (EPRMG) was formed in 2005 to manage exposure to risk across the NHS Wales energy contracts. The overarching aim of the group is to minimise the impact of energy price rises through proactive management and forward buying. The group is chaired by a former DoF and consists of key HB/Trust stakeholders, coming together periodically to manage contractor performance, take account of current and forthcoming market factors, and agree upon purchasing strategy.

There have been very significant increases in gas and electricity prices during the year, particularly during recent weeks following the outbreak of the Ukraine war. The EPRMG strategy of purchasing ahead has meant that NHS Wales has benefitted substantially and avoided a significant element of the price hikes for gas and electric. Whilst this strategy has protected NHS Wales from the huge increase in market prices for 2021/22 it is likely that there will be very significant hikes in energy costs in 2022/23. The EPRMG will attempt to minimise these additional costs by meeting regularly (currently three times a week), taking advice from Energy Market experts (currently once a week) and regularly considering its purchasing strategy and approach (in every meeting).

The increase in energy costs is very unwelcome, but is unavoidable given the current war in Ukraine, the sanctions applied to Russia and the removal of Russian Gas and Oil from supplying the global market. However, our collective approach will attempt to manage the energy costs for NHS Wales as best as we can over the year ahead.

International Women's Day

NWSSP celebrated International Women's Day on the 8th of March through a series of events across the day. This included a number of key speakers from within NWSSP, networking opportunities and a Menopause Café. The speakers included Tracy Myhill, Chair: Alison Ramsey, Director of Planning, Performance, and Informatics: and Daniela Mahapatra, Deputy Director of Legal & Risk Services.

Once for Wales Risk Management

As part of the development of the Datix Once-For-Wales Concerns Management Database, there is a separate module and associated workstream for risk management. This is currently being led by NWSSP via chairing a Task and Finish Group that includes representatives from every NHS Wales organisation and which currently meets weekly. There is a recognition that some aspects of the new module will be tailored to suit individual organisation needs, but there is general agreement from the Task and Finish Group members on the approach, and this should lead to greater consistency and opportunity to compare and contrast risks on an NHS Wales basis.

**Neil Frow,
Managing Director, NWSSP,
April 2022**

Date issued: March 2022

Audit Wales update for the NWSSP Audit Committee – April 2022

Introduction

- 1 This document provides the NWSSP Audit Committee with an update on current and planned Audit Wales work, together with information on the Auditor General's planned programme of studies and publications together with the work of our Good Practice Exchange (GPX).

Audit Progress update

- 2 Our 2021-22 financial audit work and associated audit assurance arrangements is ongoing and we are on track to complete this work and issue our findings to the various NHS external audit teams during April in line with the agreed timescales.
- 3 For information, we have also attended a number of stock counts at some of the stores facilities operated by Shared Services to inform our opinion work on the 2021-22 financial statements of Velindre University NHS Trust.
- 4 There are no significant matters arising from any of this work that we need to bring to the attention of the Audit Committee. We intend to report our final findings to the Audit Committee meeting in July 2022.

General Audit Wales Update

- 5 Other areas of Audit Wales activity of potential interest are outlined below for your information.
- 6 For latest news and updates you can also [subscribe to our newsletter](#).

Good practice events and products

- 7 We continue to seek opportunities for finding and sharing good practice from all-Wales audit work through our forward planning, programme design and good practice research. Up to date details of future events are available on our GPX [webpages](#).

Recent Audit Wales Publications

- 8 Since the previous update the following national reports and outputs have been published:
- [Care homes commissioning for older people](#) (December 2021)
 - [Joint working between Emergency Services](#) (January 2022)
- 9 For information, two Public Interest Reports have also been recently published in regard to:
- [The process that led to a departure payment to the Chief Executive of Pembrokeshire County Council represented a serious breakdown in governance](#) (January 2022); and
 - [Deficiencies in Blaenau Gwent County Borough Council's governance and oversight arrangements in respect of a Council-owned company, Silent Valley Waste Services Limited](#) (January 2022).
- 10 Audit Committee members may also be interested in the [Auditor General's consultation upon his programme of work for 2022-23 and beyond](#). Consultation closes on 8 April 2022.

Other Planned Audit Wales work

- 11 Some of our planned outputs for the coming period include:
- Welsh Government accounts commentary;
 - Welsh Government setting of well-being objectives;
 - Welsh Government workforce;
 - Orthopaedic services;
 - Unscheduled care – data tool and commentary;
 - NHS waiting times – data tool and planned care commentary;
 - Collaborative arrangements for managing local public health resources;
 - Supporting NHS staff well-being;
 - NHS waiting times data tool;
 - Welsh Government workforce;
 - Unscheduled care;
 - Covid-19 response and recovery – third sector support;
 - Covid-19 response and recovery - business support;
 - Broadband Infrastructure; and
 - Flood risk management.

NHS WALES SHARED SERVICES PARTNERSHIP

Audit Committee

April 2022

Audit & Assurance Services Internal Audit Progress Report



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Shared Services
Partnership



CONTENTS

- 1.** Introduction
- 2.** Delivery of the Internal Audit Plan 2021/22
- 3.** Outcomes from Finalised Audits
- 4.** Planning Update
- 5.** Engagement

Appendix A - Assignment Status Schedule

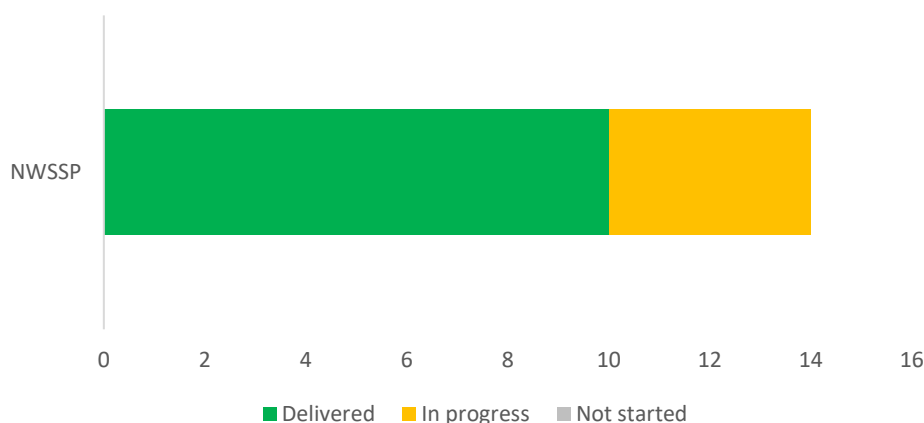
1. Introduction

The purpose of this report is to:

- Highlight the progress of the 2021/22 Internal Audit Plan to the Audit Committee: and
- Provide an overview of other activity undertaken since the previous meeting.

2. Progress against the 2021/22 Internal Audit Plan

There are 16 reviews in the 2021/22 Internal Audit Plan, and overall progress is shown below.



3. Outcomes from Finalised Audits

Three Internal Audit Reports, from the 2021/22 plan have been finalised since the previous meeting of the committee and are highlighted in the table below along with the allocated assurance ratings. The full versions of these reports are included on the agenda as separate items.

ASSIGNMENT	ASSURANCE RATING	
Purchase to Pay (P2P)	Reasonable	
Legal & Risk Directorate	Substantial	
Primary Care Services Contractor Payments.	Substantial	

4. Planning and Delivery Update

Work to progress the delivery of the Internal Audit Plan for 2021/22 has been continuing broadly to plan through the year. The assignment status schedule at Appendix A sets out the planned audit work for the year along with current progress.

In addition to the finalised reports, the audits of Medical Examiner Service and Payroll are currently progressing well. The advisory work covering Project Governance is also currently in progress.

The planned audit work on agile working has been deferred following discussion with management.

The Internal Audit plan for 2022/23 has been prepared and is also presented to April meeting of the Audit Committee for approval.

5. Other Internal Audit Activity & Engagement

Ongoing liaison and planning meetings have continued to take place in this period including with the Director of Finance and Head of Finance & Business Development, Audit Committee Chair and Audit Wales. In addition, meetings with Directors and senior managers have taken place as part of the individual audits being delivered.

6. Recommendation

The Audit Committee is invited to note the progress with the delivery of the Internal Audit Plan.

Appendix A: Progress against 2021/22 Internal Audit Plan

Review	Status	Rating	Key matters arising	Anticipated Audit Committee ¹
Primary Care Payment Systems	Final	Substantial	1 Medium and 1 Low Priority	April 22
Payroll	wip			June 22
Procure to Pay (P2P)	FINAL	Reasonable	1 high, 3 Medium and 1 Low Priority	April/June
Medical Examiner Service	wip			June 22
Laundry Service	FINAL	Reasonable	6 Medium and 3 Low Priority.	October 21
Student Awards Follow up	FINAL	Reasonable	3 Medium Priority.	October 21
Corporate Governance (AGS)	Planning	--	----	(In annual report)
Legal & Risk Directorate	FINAL	Substantial	1 Medium Priority.	April 22
Stores	Final	Reasonable	3 Medium Priority.	January 22
Salary Sacrifice	Final	Substantial	2 Low Priority.	January 22
Welsh Infected Blood Scheme (WIBSS)	Final	Substantial	1 Medium Priority.	January 22
IM&T (Infrastructure)	Final	Limited	2 High and 7 Medium Priority.	January 22
Capital Project Governance Advisory	wip			June 22
Single Lead Employer	FINAL	n/a	Advisory Review	June 21
Agile Working(advisory)	deferred			---

¹ May be subject to change



Office details:

Contact details: james.johns@wales.nhs.uk

Webpage: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Primary Care Services Contractor Payments

Final Internal Audit Report

March 2022

NHS Wales Shared Services Partnership

NWSSP Audit and Assurance

Contents

Executive Summary 3

1. Introduction..... 4

2. Detailed Audit Findings 6

Appendix A: Management Action Plan..... 10

Appendix B: Glossary of Terms 13

Appendix C: Assurance opinion and action plan risk rating 14

Review reference:	NWSSP-2122-13
Report status:	Final
Fieldwork commencement:	29 November 2021
Fieldwork completion:	17 March 2022
Draft report issued:	22 March 2022
Management response received:	25 March 2022
Final report issued:	25 March 2022
Auditors:	Donna Morgan, Principal Auditor Mair Evans, Principal Auditor
Executive sign-off:	Andrew Evans, Director of Primary Care Services
Distribution:	Nicola Phillips, Deputy Director of Primary Care Services Ceri Evans, Head of Transaction Services Kelly Dixon, Processing Team Manager Julie Turner, All Wales Payment Lead
Committee:	Velindre University NHS Trust Audit Committee for NWSSP



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

Acknowledgement

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Executive Summary

Purpose

The overall objective of the review was to evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors



Overview

We have concluded Substantial assurance overall, with one medium priority matter arising:

- An escalation process is needed to deal with GP practices failing to submit quarterly capitation reports, which inform the calculation of the Global Sum payment.

One low priority matter arising concerned areas for refinement and enhancement – details are provided at Appendix A.

Report Classification

		Trend
Substantial	Few matters require attention and are compliance or advisory in nature.	 2020/21
	Low impact on residual risk exposure	

Assurance summary¹

Assurance objectives	Assurance
1 General Medical Services	Reasonable
2 General Dental Services	Substantial
3 General Ophthalmic Services	Substantial
4 Pharmacy and Prescribing Services	Substantial
5 Covid 19 Arrangements	N/A

Key Matters Arising

		Assurance Objective	Control Design or Operation	Recommendation Priority
1	Capitation Reports	1	Operation	Medium

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

1. Introduction

- 1.1 The audit of Primary Care Services Contractor Payments processed by NHS Wales Shared Services Partnership (NWSSP) Primary Care Services (PCS) was completed in line with the 2021/22 Internal Audit Plan.
- 1.2 PCS is a division of NWSSP, responsible for contract management, reimbursement, post payment verification and information services for medical, dental, ophthalmic and pharmacy/prescribing services. Claims processing and payment systems vary according to the contractor type. However, during the year progress has been made to migrate contractor details from the current payment system, National Health Application and Infrastructure (NHAIS) to Oracle. Internal audit reviewed the payment system migration and project management in 2020/21, the following final reports refer:
 - NWSSP-2021-01 PCS Payment System Data Migration (part 1 of 2)
 - NWSSP-2021-02 GOS Payment System Project Management (part 2 of 2)
- 1.3 This audit has tested payment activity in NHAIS, K2, Compass and Oracle systems through appropriate sample profiling.
- 1.4 The overall objective of this audit was to evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors.

The following objectives were reviewed:

All Services

- adequate policies and procedures are in place and up to date;
- the All Wales Medical, Dental, Pharmaceutical and Ophthalmic Performers lists are monitored and accurately processed; and
- payment control sheets are fully completed and appropriately authorised.

General Medical Services

- Global Sum and Seniority/Partnership premium payments are accurately calculated and processed based on patient list size and the Statement of Financial Entitlement; and
- payments in respect of the Quality Audit and Improvement Framework (QAIF), enhanced services claims and rent/water/rates are accurately processed and agree to supporting documentation where required.

General Dental Services

- annual contractual activity as agreed with the Health Boards is promptly and accurately input into the Compass system;
- contract changes/variations are authorised by NHS organisations prior to processing;
- additional payments (i.e. travel, subsistence and non-domestic rates) are accurately processed and supported by claim forms; and

- timely notification to NHS organisations of payments awaiting authorisation on Compass, including the temporary arrangements introduced during the pandemic.

General Ophthalmic Services

- payments are accurately processed and supported by vouchers; and
- vouchers are fully completed by both the practitioner and patient.

Pharmacy and Prescribing Services

- scripts submitted by Welsh dispensing contractors are recorded, sorted and scanned;
- scripts are processed and checked to ensure accuracy;
- an evaluation of the quality audits that are undertaken to identify errors will be undertaken;
- payment schedules (FP47) are authorised appropriately and submitted in a timely manner;
- payments made to pharmacists are accurate and supported by appropriate backing documentation; and
- stakeholders receive accurate and timely monthly reports.

Covid 19 Arrangements

- contractor payments based on historic claims are reconciled to actual claims and adjusted for over / under payments;
- covid bonus payments are processed in accordance with Welsh Government guidance; and
- remote monitoring measures are in place to ensure payment anomalies are identified and investigated.

1.5 The risks considered in the review are as follows:

- procedural guidance to support the processing of contractor payments has not been documented;
- payments are incorrectly processed resulting in under/overpayment of contractors;
- payments are made without appropriate authorisation or supporting documentation;
- potential fraudulent claims; and
- information provided to stakeholders is inaccurate.

2. Detailed Audit Findings

General Medical Services

- 2.1 Policies and procedures were up to date and accessible via SharePoint.
- 2.2 We did not identify any issues from our sample testing of inclusions on the Medical Performers' List.
- 2.3 Practices submit patient list numbers (capitation reports) to PCS each quarter which are used to inform the Global Sum payment to practices. Inaccurate patient list numbers could result in under/overpayment of the Global Sum.
- 2.4 We were provided with records confirming capitation report submissions for April, July and October 2021, and January 2022. For April 2021, submissions ranged from 55% - 71% of practices within respective health boards. By January 2022 the submission rate had declined, ranging from 21% - 50%.
- 2.5 Responsibility for ensuring returns are submitted resides with the individual health boards. However, we were advised that due to resourcing issues it has been difficult for PCS to actively pursue all outstanding returns, particularly when for the quarter ending January 2022 68% of practices did not submit their practice list numbers. We recognise that the risk of significant overpayment is relatively small, and adjustments for any under/overpayments can be made on receipt of a return for a subsequent period. **[See Matter Arising 1 in Appendix A]**
- 2.6 We conducted testing of the derivation of Global Sum payments to practices, referencing the testing carried out on the capitation figures on which these are based. We reviewed the verification work conducted by PCS processing teams to verify sums prior to their payment and found no exceptions in the sample items tested (with the exception of the issues noted above).
- 2.7 Sample testing of enhanced services payments found that all claims had been correctly recorded on the payments spreadsheet, calculated at the correct rate and accurately inputted onto Open Exeter.
- 2.8 Sample testing of payments made to practices in respect of the Quality Assurance and Improvement Framework (QAIF) confirmed that all had been correctly calculated and applied in line with the data received from the relevant health board.
- 2.9 Sample testing of rent / water / rates payments confirmed that all were supported by appropriate documentation and there was evidence of checking by PCS staff prior to payment.
- 2.10 Sample testing of BACS control sheets confirmed that all had been fully completed and appropriately authorised prior to the expected processing dates.

Conclusion:

- 2.11 Noting the issues identified at paragraphs 2.4 & 2.5 relating to the receipt of quarterly capitation reports and the associated risk of under/overpayment of the Global Sum to GP practices, we have concluded **Reasonable** assurance for General Medical Services.

General Dental Services

- 2.12 Policies and procedures were up to date and accessible via SharePoint.
- 2.13 We did not identify any issues from our sample testing of inclusions in respect of the Dental Performers' List.
- 2.14 Sample testing of payment amendment schedules confirmed that all contract changes had been authorised by the Health Board and all variations input had been checked and matched information held in the Compass system.
- 2.15 Sample testing of changes to dentist contracts confirmed that all had been approved by the Health Board, checked by the PCS Contracts Team then processed and passed for payment in an efficient manner.
- 2.16 We did not identify any issues from our sample testing of additional payments. Forms are appropriately reviewed and are only accepted when substantiating information is provided.
- 2.17 Re-imbursement of non-domestic rates paid to a sample of providers were also tested and the associated information was found to be accurate and complete.

Conclusion:

- 2.18 Noting the above, we have concluded **Substantial** assurance for General Dental Services.

General Ophthalmic Services

- 2.19 Policies and procedures were up to date and accessible via SharePoint.
- 2.20 We did not identify any issues from our sample testing of inclusions in respect of the Ophthalmic Performers' List.
- 2.21 Sample testing of GOS 1, 3, 4, 5 & 6 claim forms² submitted by practitioners to claim funding for performing sight tests and spectacle repair/replacement confirmed that all forms had been fully completed by the patient and signed off where applicable by the practitioner.
- 2.22 We identified one minor issue relating to GOS 4 forms (for the repair or replacement of glasses) where 11% of the sample tested did not state the reason

² A GOS 2 form constitutes a patient's prescription. It is not an application for payment in the same manner as GOS 1, 3, 4, 5 and 6 forms.

for the repair / replacement. All related to patients under the age of 16 for whom we were advised this information isn't required. Consequently, no finding is raised in this respect.

- 2.23 All sampled BACS control sheets had been appropriately checked and authorised prior to the expected processing dates.

Conclusion:

- 2.24 Instances were identified where the GOS4 form did not state the reason for spectacle repair/replacement and although we were advised that this is acceptable for patients under the age of 16, we were unable to substantiate this. Noting that this is a minor issue, we have concluded **Substantial** assurance for General Ophthalmic Services.

Pharmacy Services

- 2.25 Policies and procedures relating to pharmacy services available to all staff via SharePoint.
- 2.26 Sample testing of pharmacies on the Pharmaceutical Performers' List (these included changes to ownership and new contracts) did not identify any issues.
- 2.27 For the processing of prescriptions, pricing validation against drug file and tariff reference material was carried out and revealed no errors.
- 2.28 It was evident that quality audits were being undertaken in accordance with established practices. Detailed reworking of a sample of audit reviews across the year noted minor discrepancies on related audit batches which had been identified and corrected as part of the audit process, prior to our review.
- 2.29 Quality audits cover the two categories of prescription: Group 1 (priced automatically) and Group 1a: priced manually by a PCS officer. We were advised that around 80% of prescriptions fall into Group 1 and are therefore at low risk of error. Whilst no issues were identified with the execution of the quality audits, there is opportunity to enhance the process by taking a risk-based approach and focusing resource on the higher risk Group 1a prescriptions which have an inherent risk of human error due to manual pricing. **[See Matter Arising 2 at Appendix A]**
- 2.30 All sampled BACS control sheets had been appropriately checked and authorised prior to the expected processing dates.
- 2.31 Review of a sample of FP47A(C) payment schedules confirmed that all reconciled to the corresponding PD1 reports with accurate payment to the pharmacist. We confirmed that PD1 reports are published on time and within the target dates set by Welsh Government.

Conclusion:

- 2.32 Noting the above, we have concluded **Substantial** assurance for Pharmacy & Prescribing Services.

Covid-19 Arrangements: Update for Management Information

- 2.33 Adjustments were made to contractor activity through the temporary suspension of services, as directed by the Welsh Government during the pandemic in 2020. During this period, payments were made to practices using an estimated / historic average payment model. Reconciliations against actual activity were undertaken to identify any under/overpayment and retrospective adjustments made where required. We confirmed that the final reconciliation was undertaken in June 2021.
- 2.34 PCS originally planned to undertake a Post Payment Verification (PPV) review of claims activity within each practice over a two-year period, recognising the increased threat of fraud arising from the suspension of PPV reviews during the pandemic. However, we were subsequently informed that PPV were not permitted to complete retrospective checks, with reliance being placed on the reconciliations against actual activity instead.
- 2.35 In March 2021, the Welsh Government announced that NHS and Social Care workers would receive a Covid-19 bonus payment. Contractors were required to identify eligible employees and submit a claim for payment. The Payments Officer demonstrated the process for checking eligibility and ensuring that duplicates (e.g., where a doctor is employed at a GP practice and by a Health Board) were identified and removed.
- 2.36 In most cases payments were made by PCS to the contractor, to distribute to eligible employees via their own payroll. However, where the contractor was unable or unwilling to do this, payments were processed via NWSSP Payroll Services (approximately 280 payments). The payments team worked closely with NWSSP Payroll Services to ensure that only legitimate staff with the correct information (i.e., they had legitimate national insurance numbers, workplace addresses, the contractor's code was correct) would be processed and confirmed in a statement to the practice.
- 2.37 At the time of audit PPV were in the process of reviewing these payments, checking 10% of all contractors in all 4 disciplines from the different Health Boards across Wales, this equates to approximately 200 claimants. The exercise commenced in January 2022 and was 75% complete at the time of reporting. We were advised that overall, the evidence provided has been sufficient in verifying the payments claimed, with a small number of queries to investigate (e.g., where a contractor has not yet distributed the bonus payment to an employee, which may require recovery).

Conclusion:

- 2.38 The above is reported for management information, consequently an assurance rating is **not applicable** for this objective.

Appendix A: Management Action Plan

Matter Arising 1: Patient List Sizes Reports (Operation)	Impact										
<p>Practices submit patient list numbers (capitation reports) each quarter which are used to inform the Global Sum payment to practices. Inaccurate patient list numbers could result in under/overpayment of the Global Sum.</p> <p>We were provided with records confirming capitation report submissions for April, July and October 2021, and January 2022. For April 2021, submissions ranged from 55% - 71% of practices within respective health boards. By January 2022 the submission rate had declined, ranging from 21% - 50%. The all-Wales position for each quarter is summarised below:</p> <table border="1" data-bbox="107 710 752 922"> <thead> <tr> <th>Period</th><th>% of Capitation Reports Received</th></tr> </thead> <tbody> <tr> <td>April 2021</td><td>64%</td></tr> <tr> <td>July 2021</td><td>58%</td></tr> <tr> <td>October 2021</td><td>52%</td></tr> <tr> <td>January 2022</td><td>32%</td></tr> </tbody> </table> <p>Responsibility for ensuring returns are submitted resides with the individual health boards. However, we were advised that due to resourcing issues it has been difficult for PCS to actively pursue all outstanding returns, particularly when for the quarter ending January 2022 68% of practices did not submit their practice list numbers. We recognise that the risk of significant overpayment is relatively small, and adjustments for any under/overpayments can be made on receipt of a return for a subsequent period.</p>	Period	% of Capitation Reports Received	April 2021	64%	July 2021	58%	October 2021	52%	January 2022	32%	<p>Potential risk of:</p> <ul style="list-style-type: none"> Overpayments to GP practices due to inaccurate or unreliable patient list numbers.
Period	% of Capitation Reports Received										
April 2021	64%										
July 2021	58%										
October 2021	52%										
January 2022	32%										
Recommendations	Priority										
<p>Formal deadlines for the submission of quarterly capitation reports should be agreed with health boards and communicated to GP practices, with an agreed escalation process for non-compliance.</p>	<p>Medium</p>										

Agreed Management Action	Target Date	Responsible Officer
<p>PCS has already commenced a review of this reconciliation process (Oct 21) and ascertained that we can remove all requirements for GP practices to submit this data.</p> <p>In partnership with DHCW , PCS will obtain the required practice system data to enable this quarterly reconciliation to be completed. The practices as at April 22 will be advised that this process change means that they no longer have to submit this data. The process change will enable the reconciliation exercise to be completed without practice interaction and removes the need to introduce an escalation process following non submission of practice data.</p> <p>New process in place for April 22. Recommendation acknowledged, actioned and closed 31.03.22</p>	31.03.2022	Nicola Phillips, Deputy Director of PCS

Matter Arising 2: Quality Audit Process (Design)		Impact
<p>Quality audits cover the two categories of prescription: Group 1 (priced automatically) and Group 1a: priced manually by a PCS officer.</p> <p>We were advised that around 80% of prescriptions fall into Group 1 and are therefore at low risk of error. Whilst no issues were identified with the execution of the quality audits, there is opportunity to enhance the process by taking a risk-based approach and focusing resource on the higher risk Group 1a prescriptions which have an inherent risk of human error due to manual pricing.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Inefficient use of resources • Prescription errors are not identified and corrected potentially resulting in overpayment and financial loss.
Recommendations		Priority
<p>Management should consider adopting a risk-based approach for the quality audits and focus resource on the Group 1a prescriptions which have a higher risk of human error due to manual pricing.</p>		Low
Agreed Management Action	Target Date	Responsible Officer
<p>Recommendation acknowledged. This will require generation of reports for any errors identified in Group 1 and PCS officer will manually key the items to be checked in Group 1A. This will require developer resource to implement.</p>	30.09.22	Sarah Jones, Deputy Head of Transaction Services

Glossary of Terms

BACS – Formerly known as Bankers’ Automated Clearing Services, BACS is an electronic system used to make payments directly from one bank account to another.

Compass – The Dental Contract Management System.

FP47A(C) – The summary payment forms for pharmaceutical services.

GDS – General Dental Services.

GMS – General Medical Services.

GOS – General Ophthalmic Services.

GOS 1 – This form relates to NHS funded sight tests.

GOS 3 – This form relates to NHS funded glasses and lenses.

GOS 4 – This form relates to NHS funded repairs and replacements.

GOS 5 – This form relates to privately funded sight tests.

GOS 6 – This form relates to NHS domiciliary visits to patients.

Open Exeter – Provides access to GP financial information.

PCS – Primary Care Services.

PD1 Reports – Provides statistical data relating to prescriptions dispensed in Wales aggregated by dispensing contractor type for each Local Health Board.

PSU002 – The Active Chemist Prescription Batch Report.

PSU003 – The Active Dispensing Doctor Prescription Batch Report.

QOF – Quality Outcomes Framework.

QAIF – Quality Assurance Improvement Framework

SharePoint – The Health Board’s document management system.

SLA – Service Level Agreement.

SOP – Standard Operating Procedure

Appendix C: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Legal and Risk Services Directorate Final Internal Audit Report

January 2022

NHS Wales Shared Services Partnership

Audit and Assurance Services



Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



Contents

Executive Summary 3

1. Introduction..... 4

2. Detailed Audit Findings 4

Appendix A: Management Action Plan..... 8

Appendix B: Assurance opinion and action plan risk rating 9

Review reference:	NWSSP-2122-03
Report status:	Final
Fieldwork commencement:	15 December 2021
Fieldwork completion:	20 January 2022
Draft report issued:	25 January 2022
Management response received:	26 January 2022
Final report issued:	26 January 2022
Auditors:	Laura Jane Leavesley, Principal Auditor
Executive sign-off:	Mark Harris, Director of Legal & Risk Services
Distribution:	Daniela Mahapatra, Deputy Director of Legal & Risk Services Lowenna Taylor, Business Support Manager
Committee:	Velindre University NHS Trust Audit Committee for NWSSP



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

Acknowledgement

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Executive Summary

Purpose


The purpose of the review is to establish whether appropriate arrangements are in place for the governance and performance and risk monitoring of the Legal and Risk Services Directorate.

Overview

We have identified no significant issues for reporting in our review.

One medium priority matter arising has been identified in relation to PADR compliance. Further details are provided in Appendix A.

Report Classification

		Trend
Substantial assurance	Few matters require attention and are compliance or advisory in nature.	n/a
		Low impact on residual risk exposure.

Assurance summary¹

Assurance objectives	Assurance
1 Governance structures	Substantial
2 Risks management	Substantial
3 IMTP development	Substantial
4 Monitoring of IMTP objectives	Substantial
5 Performance appraisal and development reviews (PADRs)	Reasonable
6 Statutory and mandatory training	Substantial
7 Agile working	Substantial

Matters Arising

	Objective	Control Design or Operation	Recommendation Priority
1	PADR Compliance	5 Operation	Medium

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulation the overall audit opinion

1. Introduction

- 1.1 The Legal & Risk Services Directorate Review will be completed in line with the 2021/22 Internal Audit Plan. The relevant lead Executive is the Director of Legal & Risk Services.
- 1.2 Legal & Risk Services undertake legal representation and provide legal advice for all health bodies in NHS Wales. The Directorate has achieved *Lexcel* and *Customer Service Excellence* accreditation.
- 1.3 The team of 122² consists of qualified solicitors supported by trainee solicitors, paralegals, secretarial and administrative staff.
- 1.4 The budget for 2021/22 is £3.915m (excluding Welsh Risk Pool Services), with an underspend of £643k at the end of quarter two.
- 1.5 The potential risks considered in the review are as follows:
 - non-compliance with corporate policies and procedures;
 - inadequate workforce management arrangements impacting on Directorate performance and staff turnover; and
 - inadequate risk management arrangements resulting in key risks materialising.

2. Detailed Audit Findings

Governance

Objective 1: Governance structures include clear reporting lines which support the key operational functions of finance, workforce, planning and performance

- 2.1 The Legal and Risk Services Directorate organogram demonstrates a clear hierarchical structure and reporting lines.
- 2.2 Management meetings are held monthly and internal quarterly reviews are completed for each service area. These are in the same format as the formal Directorate Quarterly Reviews and include finance, workforce and performance updates. Meetings are operational so are not minuted however the highlights are shared in a briefing note to all staff.
- 2.3 Directorate Quarterly Review meetings review current year performance with regards to IMTP priorities, KPIs, risks, finance and workforce. The quarter two undertaken in October 2021 noted that:
 - most performance actions are complete, with two ongoing and one not yet due;
 - positive variance on both income and expenditure; and

² Full time equivalents at the end of quarter 2

- falling quarterly sickness rate (0.94% for Q2).

Conclusion:

2.4 Noting the above, we have concluded **Substantial** assurance for this objective.

Objective 2: Risks are identified and recorded, with action taken to mitigate and escalate where appropriate

- 2.5 A risk register is maintained and is consistent with the corporate format. There are only four risks on the register, with one red risk relating to limitations with current technology support arrangements – further detail is provided under objective 7.
- 2.6 All risks have been assessed on the basis of likelihood and consequence, and assigned an inherent, current and target risk score and RAG rating. Actions have been identified for all risks with deadlines for achieving the target risk score appropriate to the level of risk.
- 2.7 Risks are reviewed as part of the Quarterly Review, with escalation to the corporate risk register where appropriate.

Conclusion:

2.8 Noting the above, we have concluded **Substantial** assurance for this objective.

Planning & Performance

Objective 3: Arrangements are in place to ensure the IMTP is developed in accordance with the corporate framework

- 2.9 The L&RS divisional plan forms part of the NWSSP IMTP and sets out the aspirations of the division, along with any support requirements including finance, IT and workforce. It has been developed in line with corporate framework and has been proposed for future years 2020 - 2023 (Medium Term) ahead of completion deadline.
- 2.10 Key priorities include:
- deliver the Once for Wales Concerns Management System across Wales;
 - improve outcomes in negotiated settlements in respect of damages to costs ratio;
 - develop the service, liaising with other NWSSP divisions, to meet the needs of Primary Care providers;
 - implement new Case Management system;
 - progress review of the effectiveness of staff deployment across the business; and
 - develop strategy and plan the quality of recruitment and staff progression.

Conclusion:

2.11 Noting the above, we have concluded **Substantial** assurance for this objective.

Objective 4: IMTP objectives are monitored to ensure achievement

- 2.12 Delivery of IMTP priorities, performance actions and key performance indicators (KPIs) are monitored via the Quarterly Review process.
- 2.13 The Q2 Quarterly Review reported most of the 14 performance actions are complete, with two ongoing and one not yet due. All KPI targets have been achieved.

Conclusion:

- 2.14 Noting the above, we have concluded **Substantial** assurance for this objective.

Workforce**Objective 5: Performance appraisal and development reviews (PADRs) are relevant and timely with 360-degree inputs**

- 2.15 The PADR process actively involves employees, helping staff to understand what is expected of them in their role through objective setting and feedback. The corporate approach is to agree work and performance objectives then regularly review and discuss progress, with the aim that employees become engaged and take responsibility for their own performance and development.
- 2.16 Divisional PADR compliance is monitored via the Quarterly Review process. Workload pressures and IT issues impacting on agile working were cited as the reason for 69.67% compliance for Q1. Whilst action is being taken to address this and compliance increased to 72.72% in Q3, it remains below the NWSSP target of 90%. **[See Matter Arising 1 in Appendix A]**
- 2.17 We reviewed a sample of 14 completed PADR's and confirmed that the majority had been completed within the correct timeframe. All were comprehensive and covered personal development with several demonstrating that employee had taken up additional training or educational courses during 2021. We also note good practice in the cross training of employees to mitigate key dependencies due to the pandemic and agile working.
- 2.18 Evidence was seen of feedback from both line management and 360 feedback from colleagues. PADR's were all agreed by employee and line manager.

Conclusion:

- 2.19 The PADRs reviewed were of good standard and action is being taken to ensure compliance with PADR targets improves, although compliance as at Q3 remains below the NWSSP target. Consequently, we have concluded **Reasonable** assurance level for this objective.

Objective 6: Statutory and mandatory training requirements are complied with

2.20 Mandatory training compliance is monitored and reported as part of the 'Current Performance - Staff Wellbeing' section of the Quarterly Review and demonstrated an increase from 2021 Q1 of 83.29% to 2021 Q2 90.98%. We are aware of issues in the transfer of certain statutory and mandatory training records as part of the ESR payroll transfer earlier in 2021.

Conclusion:

2.21 Noting the above, we have concluded **Substantial** assurance for this objective.

Objective 7: Agile working is monitored and effective during remote working to ensure that productivity is not decreasing, and overtime is controlled and not excessive

2.22 The requirement for remote working during COVID-19 has accelerated the longer-term aim for NWSSP to transition to agile working practices. NWSSP has developed an Agile Working Strategy to manage and drive the changes initiated as a consequence of the pandemic.

2.23 Discussion with the Director of Legal & Risk Services noted that remote working has had little impact on productivity, which is monitored to an extent through the "case hours completed" KPI and currently achieving target.

2.24 The risk register identifies a red risk relating to limitation with current technology impacting on agile working and staff morale. Actions are ongoing to address this issue.

2.25 The majority of PADR's reviewed stated that overall, flexible working has improved their outlook at work and increased their productivity. Where PADRs included target case hours, in most cases these were being met.

Conclusion:

2.26 Noting the above, we have concluded **Substantial** assurance for this objective.





Appendix A: Management Action Plan

Matter Arising 1: PADR Compliance (Operation)		Impact
<p>Divisional PADR compliance is monitored via the Quarterly Review process. Workload pressures and IT issues impacting on agile working were cited as the reason for 69.67% compliance for Q1. Whilst action is being taken to address this and compliance increased to 72.72% in Q3, it remains below the NWSSP target of 90%.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Non-compliance with Health Board policies and procedures. • Lack of staff development. • Failure to address issues associated with employee performance leading to increased risks and poor staff morale.
Recommendations		Priority
<p>PADR's should be completed within allocated timeframes by all employees of Legal and Risk Services (LARS)</p> <p>LARS should seek to address the issues impacting on PADR compliance with a view to achieving the NWSSP target compliance rate of at least 90% by the end of Q4 2021-22.</p>		Medium
Agreed Management Action	Target Date	Responsible Officer
<ul style="list-style-type: none"> • All managers with outstanding PADRs in their team have been asked to organise and record completed PADRs on ESR ASAP. • All managers have been asked to set reoccurring PADR meetings in their diaries for all staff to ensure they are completed on time for future years, and also recording pay progression dates to ensure compliance with the new policy • Look to develop and use new Case Management System to provide additional prompts and reminders on PADRs 	1 March 2022	L&R Team Leaders
	1 March 2022	L&R Team Leaders
	30 September 2022	Lowenna Taylor/Dawn Benning

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally, issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Procure to Pay (P2P)

Final Internal Audit Report

March 2022

NHS Wales Shared Services Partnership

Audit and Assurance

Contents

Executive Summary 3


1. Introduction..... 4

2. Detailed Audit Findings 5

Appendix A: Management Action Plan..... 12

Appendix B: Assurance opinion and action plan risk rating 18

Review reference:	NWSSP-2122-15
Report status:	Final
Fieldwork commencement:	2 December 2021
Fieldwork completion:	21 March 2022
Draft report issued:	24 March 2022
Debrief meeting:	23 & 29 March 2022
Management response received:	30 March 2022
Final report issued:	30 March 2022
Auditors:	Jennifer Usher, Principal Auditor Adam Cranswick, Principal Auditor Laura Leavesley, Principal Auditor
Executive sign-off:	Andy Butler, Director of Finance & Corporate Services Jonathan Irvine, Director of Procurement & Health Courier Services,
Distribution:	Claire Salisbury, Assistant Director of Procurement Services Russell Ward, Head of Accounts Payable & Enablement
Committee:	Velindre University NHS Trust Audit Committee for NWSSP



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

Acknowledgement

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Executive Summary

Purpose

The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP Procure to Pay (P2P) service.

Overview

We have concluded Reasonable assurance overall, with one high priority matter arising relating to the need to establish and address the root cause(s) of invoices on hold, which continue to increase each year. Failure to pay suppliers promptly poses a risk to service continuity and patient safety.

We have also identified two medium priority matters arising in relation to:

- independent checking of supplier bank account additions/amendments; and
- authorisation of non-PO Invoices.

Three low priority matters arising have been identified relating to minor non-compliance and opportunities for enhancement of existing processes.

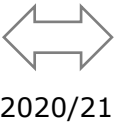
Full details of matters arising, and associated recommendations are provided at Appendix A on page 12.

Report Classification

Trend



Some matters require management attention in control design or compliance.
Low to moderate impact on residual risk exposure until resolved



Assurance summary¹

Assurance objectives		Assurance
1	Central Sourcing procurement of goods and services	Reasonable
2	Amendments and additions to the Supplier Masterfile	Reasonable
3	Invoices are supported by a purchase order (PO) in line with the No PO No Pay Policy	Reasonable
4	Non-PO invoices	Reasonable
5	Invoices on hold are monitored and cleared on a regular basis to ensure compliance with PSPP	Reasonable
6	COVID-19 revised payment arrangements are complied with	Substantial
7	Mechanisms are in place to ensure that duplicate payments are avoided or detected	Substantial
8	Previous audit recommendations	Reasonable

Key Matters Arising

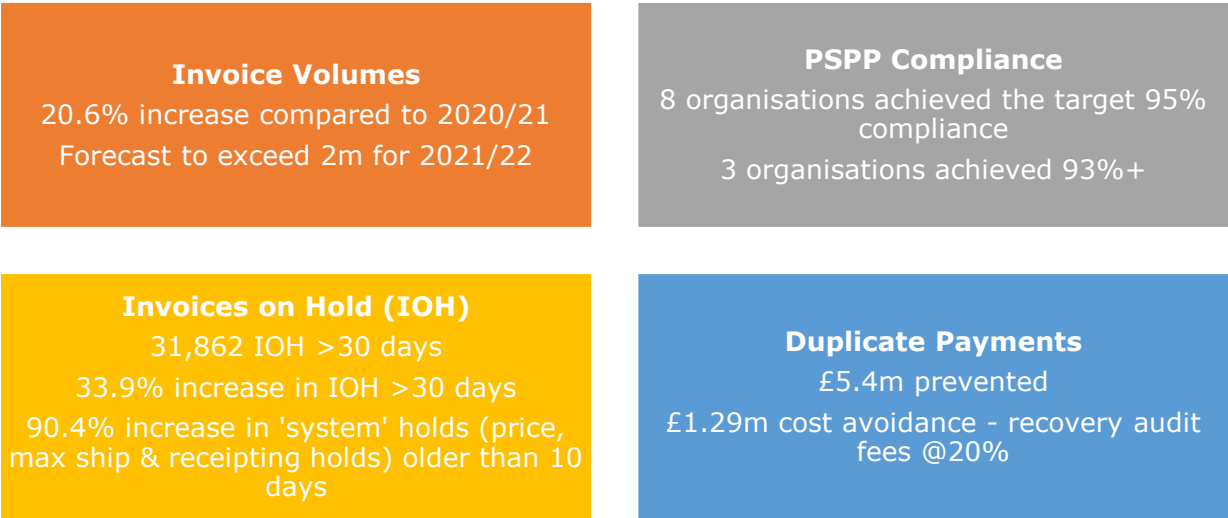
		Assurance Objective	Control Design or Operation	Recommendation Priority
1	Supplier Bank Account Additions & Amendments	2	Operation	Medium
2	Authorisation of Non-PO Invoices	4	Operation	Medium
3	Invoices on Hold	5	Design	High

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

1. Introduction

- 1.1 A review of the Procure to Pay (P2P) process operated by the NHS Wales Shared Services Partnership (NWSSP) Finance & Corporate Services and Procurement Services has been completed in line with the 2021/22 Internal Audit Plan.
- 1.2 NWSSP provides a complete P2P service to NHS Wales through sourcing, frontline local procurement, supply chain, accounts payable and e-Enablement functions.
- 1.3 Sourcing teams focus on an all-Wales proactive procurement strategy to maximise value for money, whilst frontline procurement teams concentrate on the bespoke needs of their respective health bodies.
- 1.4 The accounts' payable function processes over 150,000 invoices per month. In line with the Public Sector Payment Policy (PSPP), NHS Wales has an obligation to pay its suppliers within 30 days of receipt of invoice. NHS bodies report compliance to Welsh Government in the monthly monitoring returns. To facilitate this, Accounts Payable report against key performance indicators to health bodies on a monthly basis.

1.5 Accounts payable performance – February 2022:



- 1.6 The potential risks considered in the review are as follows:
- purchases and payments are made without due authority;
 - payments are made for goods/services not received;
 - payments are made to the wrong supplier or for the wrong amount;
 - duplicate payments are not prevented or detected;
 - late payments resulting in breach of Public Sector Payment Policy;
 - failure to achieve value for money; and
 - fraud.
- 1.7 The review focused on procurement activity undertaken by Central Sourcing and excluded activity within the Frontline Teams, which will be subject to separate review in 2022/23.

2. Detailed Audit Findings

Objective 1: Goods and services are procured via competitive tender/quotation exercise and in accordance with the Public Contracts Regulations 2015, Standing Orders and Standing Financial Instructions

- 2.1 A record of contracts is maintained in the Electronic Contract Management (ECM) module of the Bravo procurement system. This identified contracts awarded by Central Sourcing during 2021/22 with a total value of £166.5m.
- 2.2 A sample of 13 contracts/procurement exercises (with a total value of £120.6m) were reviewed to establish whether:
- a formal procurement exercise had been completed in line with the tender threshold requirements set out within the Public Contract Regulations 2015;
 - contract awards have been subject to NWSSP internal governance arrangements (where applicable) and/or approved by the contracting organisations in line with Standing Orders / Standing Financial Instructions;
 - contracts have been notified to and/or approved by Welsh Government in line with the agreed process (where applicable); and
 - contract award / VEAT notices have been published on Sell 2 Wales (where applicable).
- 2.3 Three contracts did not have evidence of approval from all participating organisations. These related to frameworks and whilst it is considered good practice to confirm agreement with the participating organisations, there is no commitment of expenditure or obligation to use them. Consequently, no finding is raised in this respect. All remaining procurements had been approved by the health bodies (sometimes by Frontline Teams on their behalf) or through relevant all-Wales groups/committees.

Conclusion:

- 2.4 Noting the above, we have concluded **Reasonable** assurance for this objective.

Objective 2: There is adequate control over the creation and amendment of credit Masterfile data

- 2.5 Access to the supplier masterfile is restricted to the Supplier Maintenance Team and reviewed on a quarterly basis.
- 2.6 Additions and amendments to the supplier masterfile are processed and independently checked within the Supplier Maintenance Team to ensure accuracy.
- 2.7 In response to the heightened fraud risk due to an increase in the number of attempted bank mandate frauds, controls around the processing of supplier bank changes were enhanced during 2021:
- ✓ improved verification checks with the supplier (Mar 21)

- ✓ implementation of a rigorous bank account mandate checklist (Mar 21)
- ✓ independent review and approval of bank account amendments (Mar 21) and additions (Jan 22) by the Head of Finance & Business Development
- ✓ use of Experian bank account verification service (Jun 21)

2.8 We reviewed a sample of 60 additions / amendments to the supplier bank details processed during the period January 2021 to February 2022. All were verified to available source documentation and confirmed to have been promptly and accurately processed. However, the following exceptions were identified:

- two bank amendments (post 1 Mar 21) / additions (post 1 Jan 22) had not been reviewed/approved by the Head of Finance & Business Development;
- five had no evidence of Experian bank verification checks; and
- two had no evidence of independent accuracy checking by the Supplier Maintenance Team.

2.9 The Experian check is a two-step process, firstly validating account number and sort code then matching to the payee details. Supplier Maintenance Team have undertaken 1564 Experian checks between 1 June 2021 – 16 March 2022 with 642 (41%) resulting in no match (for which there is no fee). Where this is the case, additional verification checks are undertaken by the Head of Finance & Business Development using a personal banking application, with documented justification for approved additions/amendments where there is still no match (e.g., banks not participating in verification schemes).

[See Matter Arising 1 in Appendix A]

Conclusion:

2.10 Controls for additions/amendments to the supplier masterfile have been significantly enhanced during the year although some instances of non-compliance were identified, as detailed at paragraph 2.8. Nevertheless, sample testing confirmed all additions/amendments reviewed had been promptly and accurately processed. We have therefore concluded **Reasonable** assurance for this objective.

Objective 3: Invoices are supported by a purchase order (PO) in line with the No PO No Pay Policy and systems ensure that invoice values paid are in accordance with agreed prices

2.11 In line with the all-Wales No PO No Pay Policy, invoices without a purchase order (PO) that are not on the agreed all-Wales exceptions list should be placed on hold and payment withheld until the supplier provides a valid PO number. Performance data for January 2022 reported a 25% increase in No PO No Pay holds since March 2021, with concerns raised regarding a lack of escalation process or sanctions for non-compliant health board/trust officers and suppliers. We understand that this issue is included on the workplan for the newly formed NWSSP P2P Group². This

² Internal Audit has representation on these Groups

Group has been created at the request of the NWSSP Director of Finance & Corporate Services and the Managing Director to address IOH issues.

- 2.12 Sample testing of 130 non-PO invoices identified 15 invoices/payments that were not covered by the exceptions list but had not been placed on hold to obtain a valid PO number. However, based on the invoice description/supplier type we were satisfied that a PO may not be appropriate for these and instead the exceptions list requires updating to incorporate examples such as parking fines, payments to PCS contractors and Welsh Health Specialist Services Committee invoices which are all non-PO. We understand that this was included on the work plan of the Finance Academy P2P Group², however this group has not met for over 13 months but is scheduled to reconvene later this year. **[See Matter Arising 4 at Appendix A]**
- 2.13 Invoice matching arrangements are determined at supplier set-up, with the default setting requiring a 3-way match between the invoice, PO and order receipt. If a PO invoice does not fully match the PO details (within agreed tolerances) or has not been receipted on Oracle it is automatically placed on hold by the system. Invoice matching tolerances are set within Oracle and are generally standardised for all NHS Wales organisations.

Conclusion:

- 2.14 Management is aware of the need to agree an escalation process with sanctions for non-compliance with the No PO No Pay Policy, and update the all-Wales exceptions list which is fundamental to the operation of the policy. We recognise that these actions require collective input from all NHS Wales organisations and are reflected on the work plans for the newly formed NWSSP P2P and Finance Academy P2P Groups for 2022/23. Accordingly, we have concluded **Reasonable** assurance for this objective.

Objective 4: Non-PO invoices and manual payments are appropriately authorised for payment and accurately processed

- 2.15 Sample testing of 130 non-purchase order invoices/payments confirmed that all were supported by an official invoice/request for payment, recorded against the correct supplier and for the correct amount. The following exceptions were identified in relation to authorisation to pay, although we recognise that Accounts Payable are reliant on health bodies to maintain their authorised signatory lists:
- no evidence of authorisation to pay was received in respect of two invoices/payments;
 - one approver was not identified on the respective authorised signatory list;
 - one authorising signature was illegible so could not be checked to the approved signatory list; and
 - in four cases the invoice value exceeded the approvers financial limit.

[See Matter Arising 2 in Appendix A]

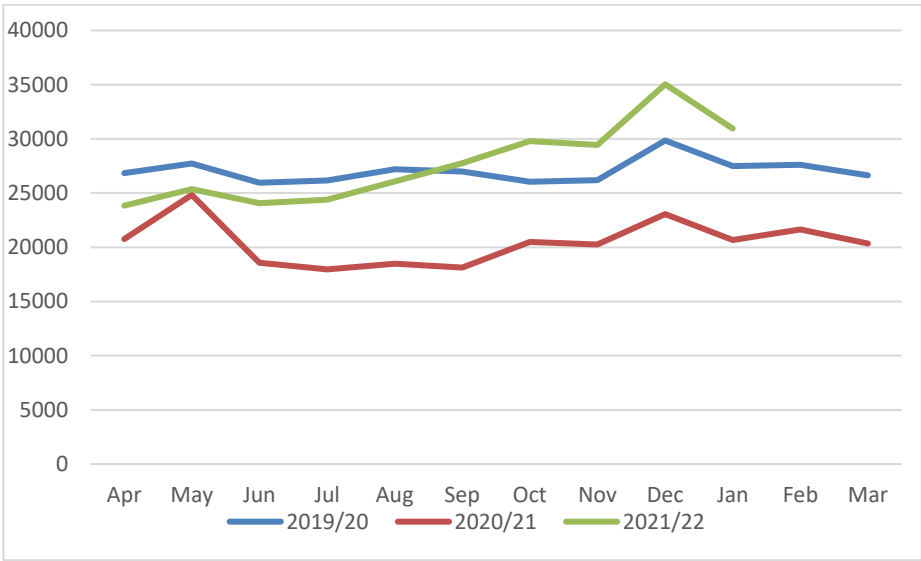
Conclusion:

2.16 Noting the above, we have concluded **Reasonable** assurance for this objective.

Objective 5: Invoices on hold are monitored and cleared on a regular basis to ensure compliance with PSPP

2.17 Arrangements for managing invoices on hold (IOH) have been strengthened following the previous internal audit. In January 2022 an IOH Guide was developed and circulated to all procurement and accounts payable staff. The guide covers all IOH processes, explains the roles and responsibilities, rules for disputed invoices and individual working instructions with scenarios. We understand that eEnablement are supporting the development of business intelligence and analysis tools to facilitate the IOH process.

2.18 Sample testing of invoices on hold identified evidence to demonstrate action taken/ongoing to actively investigate, follow up and resolve invoice holds. However, the volume of purchase orders, invoices and invoice holds continue to rise, with the January 2022 position (30,944 invoices on hold) representing a 29.8% increase in invoice holds since April 2021. Figure 1 illustrates the volume of invoices on hold for more than 30 days, over a three-year period:



2.19 In 2019/20 a temporary, centralised IOH Team was established to focus on aged invoices on hold. We understand that this was effective in clearing invoice holds with a similar exercise scheduled for September 2022 focusing on invoices on hold prior to 1 April 2021. However, this does not address the root cause(s) of invoices being placed on hold in the first place.

2.20 Accounts Payable are responsible for releasing and in some cases resolving many of the invoice holds. However, addressing the root cause of the hold predominantly rests with Procurement and health bodies, for example:

Hold	Volume	Value	Cause
Quantity Received	33,110	£100.4m	Order not receipted by health body
Price	8,100	£9.3m	Discrepancy between item price on PO and invoice
Awaiting Authorisation	6,138	£20.9m	Manual authorisation to pay required in the absence of a PO from the health body

[See Matter Arising 3 in Appendix A]

- 2.21 Whilst the volume of invoices on hold inevitably impacts on Public Sector Payment Performance (PSPP), year to date cumulative performance remains on target for most organisations. This is partly attributable to an increase in the number of disputed invoices (which stops the clock for PSPP purposes) under the No PO No Pay policy.
- 2.22 Sample testing identified two instances where we considered an invoice to have been inappropriately marked as 'in dispute' based on the criteria set out within the IOH Guide. Evidence was provided to demonstrate the ongoing investigation and resolution of these. **[See Matter Arising 5 in Appendix A]**

Conclusion:

- 2.23 We recognise the positive steps taken to improve the management of IOH, with the development of the IOH Guide, creation of the new NWSSP P2P Group and focus on aged IOH. However, this does not address the root cause of invoice holds, which continue to increase year on year. Failure to pay suppliers in accordance with agreed terms could pose a risk to service continuity and patient safety. Consequently, we have concluded **Reasonable** assurance for this objective.

Objective 6: The COVID-19 revised payment arrangements are complied with.

COVID Prompt Payment Arrangement

- 2.24 The Cabinet Office issued a series of [Procurement Policy Notes](#) (PPN) providing guidance on best practice for public sector procurement during the pandemic. PPN 02/20 sets out information and guidance for public bodies on the payment of suppliers to ensure service continuity during and after the current COVID-19 outbreak.
- 2.25 It was agreed at the NHS Wales Directors of Finance Forum in March 2020 that NHS Wales would support business during COVID-19 with the aim of paying suppliers quicker to improve their cash flow. A two-way matching process was introduced to allow purchase order invoices up to a value of £500 (excl VAT) to be paid without requirement for confirmation of receipt of the order, providing the invoice matches purchase order. This arrangement has been extended to 31st March 2022 via the Finance Academy (all-Wales) P2P Group, with retrospective checking undertaken by health bodies to ensure that orders not received are escalated to the supplier.

- 2.26 We understand that this group will be reviewing arrangements during 2022/23 for automated email reminders for receipting which allows the requisitioner to receipt an order via the email without having to login to Oracle, in the hope that this will improve receipting compliance.
- 2.27 AP performance data for February 2022 reported NWSSP AP have released 23,652 invoices with a value of £3.75m under this arrangement, during 2021/22.
- 2.28 Sample testing of manually released receipting holds over the value of £500 did not identify any significant issues.

Conclusion:

- 2.29 Noting the above, we have concluded **Substantial** assurance for this objective.

Objective 7: Mechanisms are in place to ensure that duplicate payments are avoided or detected

- 2.30 The Oracle system will not allow an invoice to be entered more than once against the same organisation and supplier site. However, duplicates can occur if an invoice is entered incorrectly.
- 2.31 FiscalTec forensic software is used to identify duplicate invoices prior to payment. Potential duplicates are placed on hold in Oracle to prevent payment until investigation is complete, and those confirmed to be a duplicate are cancelled.
- 2.32 A review of the duplicate logs for the period April to December 2021 noted only four duplicate payments totalling £3,077.90, three of which have been recovered. Performance data for January 2022 reported that FiscalTec has prevented £4.9m of duplicate payments during the year.

Conclusion:

- 2.33 Noting the above, we have concluded **Substantial** assurance for this objective.

Objective 8: Recommendations arising from the previous internal audit have been implemented

- 2.34 Progress in implementing recommendations arising from the previous internal audit (report NWSSP-2021-10) has been assessed under the objectives above and recommendations raised where appropriate.

Ref	Finding	Priority	Status
1	Contract Approvals	High	Implemented (Central Sourcing) Will also be followed up as part of the 2022/23 review of Frontline Procurement Teams
2	Contract Award / VEAT Notices	Medium	Implemented (Central Sourcing) Will also be followed up as part of the 2022/23 review of Frontline Procurement Teams

3	Single Actions	Tender	Medium	Will be followed up as part of the 2022/23 review of Frontline Procurement Teams
4	Supplier Accounts	Bank	Medium	Ongoing New finding – see para. 2.8 and Matter Arising 1
5	No PO No Pay Policy		Medium	Implemented No further matters arising, although see para. 2.12
6	Authorisation Non-PO Invoices	of	Medium	Ongoing New finding – see para. 2.15 and Matter Arising 2
7	Invoices on Hold		Medium	Ongoing New finding – see para. 2.18-2.20 and Matter Arising 3

Conclusion:

2.35 Accordingly, we have concluded **Reasonable** assurance for this objective

Appendix A: Management Action Plan

Matter Arising 1: Supplier Bank Account Additions and Amendments (Operation)		Impact
<p>We reviewed a sample of 60 additions / amendments to the supplier bank details processed during the period January 2021 to February 2022. All were verified to available source documentation and confirmed to have been promptly and accurately processed. However, the following exceptions were identified:</p> <ul style="list-style-type: none"> • two bank amendments (post 1 Mar 21) / additions (post 1 Jan 22) had not been reviewed/approved by the Head of Finance & Business Development; • five had no evidence of Experian bank verification checks; and • two had no evidence of independent accuracy checking by the Supplier Maintenance Team. <p>The Supplier Maintenance Team have undertaken 1564 Experian checks between 1 June 2021 – 16 March 2022 with 642 (41%) resulting in no match (for which there is no fee). Where this is the case, additional verification checks are undertaken by the Head of Finance & Business Development using a personal banking application, with documented justification for approved additions/amendments where there is still no match (e.g., banks not participating in verification schemes).</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Payments are made to the wrong supplier or the wrong amount; and • Fraud
Recommendations		Priority
1.1 All additions/amendments to supplier bank details should be subject to review and approval by a senior member of the finance team prior to processing, and independently reviewed within the Supplier Maintenance Team after processing to confirm accuracy.		Medium
1.2 Management should consider the effectiveness of the Experian bank verification service to assess whether it is delivering the expected benefits and represents value for money.		Low
Agreed Management Action	Target Date	Responsible Officer
1.1 Agreed. All staff involved with the bank amendment process will be reminded as to what the process to be followed is.	30 April 2022	Head of Accounts Payable & Enablement

1.2 Agreed. An initial conversation will be held with Experian, to understand the reasons for the low matching rate and to ensure that staff are following the correct checking process. In addition, a review of the market will be undertaken to see if there any alternative options to Experian.	31 May 2022	Head of Accounts Payable & Enablement
--	-------------	---------------------------------------

Matter Arising 2: Authorisation of Non-PO Invoices (Operation)		Impact
<p>Sample testing of 130 non-purchase order invoices/payments confirmed that all were supported by an official invoice/request for payment, recorded against the correct supplier and for the correct amount. The following exceptions were identified in relation to authorisation to pay, although we recognise that Accounts Payable are reliant on health bodies to maintain their authorised signatory lists:</p> <ul style="list-style-type: none"> • no evidence of authorisation to pay was received in respect of two invoices/payments; • one approver was not identified on the respective authorised signatory list; • one authorising signature was illegible so could not be checked to the approved signatory list; and • in four cases the invoice value exceeded the approvers financial limit. 		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Payments are made to the wrong supplier or the wrong amount paid; • Payments are made without due authority; and • Fraud.
Recommendations		Priority
2.1 Invoices or requests for payment that have not been approved in accordance with the organisations purchase order hierarchy / authorised signatory list must be placed on hold and returned to the organisation for appropriate authorisation.		Medium
Agreed Management Action	Target Date	Responsible Officer
2.1 Agreed. All staff involved with the no PO/Manual process will be reminded as to the arrangements to ensure that the correct authorisation is obtained	30 April 2022	Head of Accounts Payable & Enablement

Matter Arising 3: Invoices on Hold (Design)		Impact
<p>Accounts Payable performance data report for January 2022 reports a 29.8% increase in the number of invoices on hold for more than 30 days, since 1 April 2021. In 2019/20 a temporary, centralised IOH Team was established to focus on aged invoices on hold. We understand that this was effective in clearing invoice holds with a similar exercise scheduled for September 2022 focusing on invoices on hold prior to 1 April 2021.</p> <p>However, this does not address the root cause(s) of invoices being placed on hold in the first place. Whilst Accounts Payable are responsible for releasing and in a minority of cases resolving some of the invoice holds, addressing the root cause of the hold predominantly rests with Procurement and health bodies.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Late payments resulting in breach of Public Sector Payment Policy Suppliers placing organisations on 'stop', impacting on service continuity and patient safety
Recommendations		Priority
<p>3.1 A deep dive review is required to establish the root cause of key invoice holds and identify corrective action to prevent recurrence. This will require a collaborative approach between Central Sourcing, Local Procurement Teams, Accounts Payable and health bodies, as well as involvement of the supplier where appropriate, depending on the hold type.</p>		High
Agreed Management Action	Target Date	Responsible Officer
<p>3.1 Agreed.</p> <p>A collaborative approach involving representatives from Health Organisations, Procurement Services and Accounts Payable is necessary for this to succeed. Monthly reporting will be undertaken.</p> <p>An NWSSP P2P Group has been established and a work plan has been agreed. The Groups initial focus will be to investigate those Invoices on Hold that are the responsibility of NWSSP for resolving and releasing eg Price Holds etc</p> <p>In addition, the Finance Academy All Wales P2P Group will reconvene on the 14 July. The input from this Group is key to investigating and resolving Invoices on Hold where responsibility resides with the Health Organisation eg Awaiting Authorisation holds etc</p>	<p>30 June 2022</p> <p>30 Sept 2022</p>	<p>Director of Procurement Services</p> <p>Director of Finance & Corporate Services</p> <p>Head of Accounts Payable & Enablement</p>






Matter Arising 4: Finance Academy P2P Group (Operation)		Impact
<p>Management is aware of the need to agree an escalation process with sanctions for non-compliance with the No PO No Pay Policy, and update the all-Wales exceptions list which is fundamental to the operation of the policy. We recognise that these actions require collective input from all NHS Wales organisations and are reflected on the work plans for the newly formed NWSSP P2P and Finance Academy P2P Groups for 2022/23. The Finance Academy P2P Group has not met for over 13 months although we were advised that it is scheduled to reconvene later this year.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Non-compliance with the No PO No Pay Policy • Payments made to the wrong supplier or for the wrong amount, in the absence of a PO • Payments made without due authority, in the absence of a PO
Recommendations		Priority
<p>4.1 The importance of the Finance Academy P2P Group, as a forum for an all-Wales collaborative approach to address issues and enhance the P2P process, should be escalated to the Finance Academy Board to make formal arrangements to reconvene the Group.</p>		Low
Agreed Management Action	Target Date	Responsible Officer
<p>4.1 Agreed. The Head of AP and Director of Finance & Corporate Services have met with the Chair of the Finance Academy P2P Group and the Group will reconvene on the 14 July 2022. In addition, it is proposed to hold a 'Summit' meeting with the Finance Academy Lead Director of Finance, prior to the 14 July meeting.</p>	14 July 2022	Director of Finance & Corporate Services

Matter Arising 5: Invoices in Dispute (Operation)		Impact
Sample testing identified two instances where we considered an invoice to have been inappropriately marked as 'in dispute' (which stops the clock for PSPP purposes), based on the criteria set out within the IOH Guide.		Potential risk of: <ul style="list-style-type: none"> Late payments resulting in breach of Public Sector Payment Policy.
Recommendations		Priority
5.1 Invoices should only be placed as in dispute as in line with the prescribed criteria within the Invoice on Hold guide.		Low
Agreed Management Action	Target Date	Responsible Officer
5.1 Agreed. AP staff will be reminded of the process for placing an invoice in dispute. The vast majority of disputes are notified to AP by Procurement and Health Board staff. This will also need to be communicated to the Finance Academy All Wales P2P Forum, when it reconvenes	30 April 2022	Head of Accounts Payable & Enablement

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Annual Internal Audit Plan

Internal Audit Charter

March 2022

NHS Wales Shared Services Partnership

Contents

1.	Introduction	3
1.1	National Assurance Audits	3
2.	Developing the Internal Audit Plan	4
2.1	Link to the Public Sector Internal Audit Standards	4
2.2	Risk based internal audit planning approach	4
2.3	Link to the Trust's systems of assurance	6
2.4	Audit planning meetings.....	6
3.	Audit risk assessment	7
4.	Planned internal audit coverage	7
4.1	Internal Audit Plan 2022/23.....	7
4.2	Keeping the plan under review.....	8
5.	Resource needs assessment	8
6.	Action required	9
	Appendix A: Internal Audit Plan 2022/2023	10
	Appendix B: Key performance indicators (KPI)	13
	Appendix C: Internal Audit Charter	14

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared in accordance with the agreed audit brief and the Audit Charter, as approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services and addressed to Non-Executive Directors or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership (NWSSP) and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction

This document sets out the Internal Audit Plan for 2022/23 (the Plan) detailing the audits to be undertaken and an analysis of the corresponding resources. It also contains the Internal Audit Charter which defines the over-arching purpose, authority and responsibility of Internal Audit and the Key Performance Indicators for the service.

The Accountable Officer (the NWSSP Managing Director) is required to certify, in the Annual Governance Statement, that they have reviewed the effectiveness of the organisation's governance arrangements, including the internal control systems, and provide confirmation that these arrangements have been effective, with any qualifications as necessary including required developments and improvement to address any issues identified.

The purpose of Internal Audit is to provide the Accountable Officer and the Board, through the Audit Committee, with an independent and objective annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control. The opinion should be used to inform the Annual Governance Statement.

Additionally, the findings and recommendations from internal audit reviews may be used by management to improve governance, risk management, and control within their operational areas.

The Public Sector Internal Audit Standards (the Standards) require that 'The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered in accordance with the internal audit charter and how it links to the organisational objectives and priorities.'

Accordingly, this document sets out the risk-based approach and the Plan for 2022/23. The Plan will be delivered in accordance with the Internal Audit Charter and the agreed KPIs which are monitored and reported to you. All internal audit activity will be provided by Audit & Assurance Services, a part of NHS Wales Shared Services Partnership (NWSSP).

1.1 National Assurance Audits

The proposed Plan includes assurance audits on some services that are provided by DHCW, WHSSC and EASC on behalf of NHS Wales. These audits will be included in Appendix A where applicable and when agreed formally. These audits are part of the risk-based programme of work for DHCW, and Cwm Taf Morgannwg UHB (for WHSSC and EASC) but the results, as in previous years, are reported to the relevant Health Board and Trust and are used to inform the overall annual Internal Audit opinion for those organisations.

2. Developing the Internal Audit Plan

2.1 Link to the Public Sector Internal Audit Standards

The Plan has been developed in accordance with Standard 2010 – Planning, to enable the Head of Internal Audit to meet the following key objectives:

- the need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- provision to the Accountable Officer of an overall independent and objective annual opinion on the organisation's governance, risk management, and control, which will in turn support the preparation of the Annual Governance Statement;
- audits of the organisation's governance, risk management, and control arrangements which afford suitable priority to the organisation's objectives and risks;
- improvement of the organisation's governance, risk management, and control arrangements by providing line management with recommendations arising from audit work;
- confirmation of the audit resources required to deliver the Internal Audit Plan;
- effective co-operation with Audit Wales as external auditor and other review bodies functioning in the organisation; and
- provision of both assurance (opinion based) and consulting engagements by Internal Audit.

2.2 Risk based internal audit planning approach

Our risk-based planning approach recognises the need for the prioritisation of audit coverage to provide assurance on the management of key areas of risk, and our approach addresses this by considering:

- the organisation's risk assessment and maturity;
- the organisation's response to key areas of governance, risk management and control;
- the previous years' internal audit activities; and
- the audit resources required to provide a balanced and comprehensive view.

Our planning takes into account the NHS Wales Planning Framework and other NHS Wales priorities and is mindful of significant national changes that are taking place, in particular the ongoing impact of COVID-19 and the significant backlog in NHS treatment. In addition, the plan aims to reflect the significant local changes occurring as identified through the Integrated Medium-Term Plan (IMTP) and other changes within the organisation, assurance needs, identified concerns from our discussions with

management, and emerging risks.

We will ensure that the plan remains fit for purpose by recommending changes where appropriate and reacting to any emerging issues throughout the year. Any necessary updates will be reported to the Audit Committee in line with the Internal Audit Charter.

While some areas of governance, risk management and control will require annual consideration, our risk-based planning approach recognises that it is not possible to audit every area of an organisation's activities every year. Therefore, our approach identifies auditable areas (the audit universe). The risk associated with each auditable area is assessed and this determines the appropriate frequency for review.

In addition, we will, if requested, also agree a programme of work through both the Board Secretaries and Directors of Finance networks. These audits and reviews may be undertaken across all NHS bodies or a particular subset, for example at Health Boards only.

Therefore, our audit plan is made up of a number of key components:

- 1) Consideration of key governance and risk areas: We have identified a number of areas where an annual consideration supports the most efficient and effective delivery of an annual opinion. These cover the Governance and Board Assurance Framework, Risk Management, Clinical Governance and Quality, Financial Sustainability, Performance Monitoring & Management and an overall IM&T assessment. In each case we anticipate a short overview to establish the arrangements in place including any changes from the previous year with detailed testing or further work where required. Within NWSSP we also consider areas where annual audit work will both support the most efficient and effective delivery of an annual opinion and provide assurance to other NHS Wales organisations. These cover Primary Care Services Contractor Payments, Purchase to Pay and Payroll.
- 2) Organisation based audit work – this covers key risks and priorities from the Board Assurance Framework and the Corporate Risk Register together with other auditable areas identified and prioritised through our planning approach. This work combines elements of governance and risk management with the controls and processes put in place by management to effectively manage the areas under review.
- 3) Follow up: this is follow-up work on previous limited and no assurance reports as well as other high priority recommendations. Our work here also links to the organisation's recommendation tracker and considers the impact of their implementation on the systems of governance and control.
- 4) Work agreed with the Board Secretaries, Directors of Finance, other executive peer groups, or Audit Committee Chairs in response to common risks faced by a number of organisations. This may be advisory work in order to identify areas of best practice or shared learning.
- 5) The impact of audits undertaken at other NHS Wales bodies that impacts

on the NWSSP, including Digital Health and Care Wales (DHCW).

6) Where appropriate, Integrated Audit & Assurance Plans will be agreed for major capital and transformation schemes and charged for separately. Health bodies are able to add a provision for audit and assurance costs into the Final Business Case for major capital bids.

These components are designed to ensure that our internal audit programmes comply with all of the requirements of the Standards, supports the maximisation of the benefits of being an all-NHS Wales wide internal audit service, and allows us to respond in an agile way to requests for audit input at both an all-Wales and organisational level.

2.3 Link to NWSSP's systems of assurance

The risk based internal audit planning approach integrates with the NWSSP systems of assurance; therefore, we have considered the following:

- a review of NWSSP's vision, values and forward priorities as outlined in the Annual Plan and three year Integrated Medium Term Plan (IMTP);
- an assessment of the governance and assurance arrangements and the contents of the corporate risk register;
- risks identified in papers to the NWSSP Partnership Committee and its Audit Committee;
- key strategic risks identified within the corporate risk register and assurance processes;
- discussions with Executive Directors regarding risks and assurance needs in areas of corporate responsibility;
- cumulative internal audit knowledge of governance, risk management, and control arrangements (including a consideration of past internal audit opinions);
- new developments and service changes;
- legislative requirements to which the organisation is required to comply;
- planned audit coverage of systems and processes provided through other NHS Wales Bodies;
- work undertaken by other supporting functions of the Audit Committee including Local Counter-Fraud Services (LCFS);
- work undertaken by other review bodies including Audit Wales and Healthcare Inspectorate Wales (HIW); and
- coverage necessary to provide assurance to the Managing Director in support of the Annual Governance Statement.

2.4 Audit planning meetings

In developing the Plan, in addition to consideration of the above, the Head of Internal Audit has met and spoken with the Director of Finance and

Corporate Services and the Head of Finance and Business Development to discuss current areas of risk and related assurance needs. Meetings have been held, and planning information shared, with the NWSSP Senior Leadership Group and Chair of the Audit Committee.

The draft Plan has been provided to the NWSSP Senior Leadership Group to ensure that Internal Audit's focus is best targeted to areas of risk.

3. Audit risk assessment

The prioritisation of audit coverage across the audit universe is based on both our and the organisation's assessment of risk and assurance requirements as defined in the Board Assurance Framework and Corporate Risk Register.

The maturity of these risk and assurance systems allows us to consider both inherent risk (impact and likelihood) and mitigation (adequacy and effectiveness of internal controls). Our assessment also takes into account corporate risk, materiality or significance, system complexity, previous audit findings, and potential for fraud.

4. Planned internal audit coverage

4.1 Internal Audit Plan 2022/23

The Plan is set out in Appendix A and identifies the audit assignments, lead executive officers, outline scopes, and proposed timings. It is structured under the six components referred to in section 2.2.

Where appropriate the Plan makes cross reference to key strategic risks identified within the corporate risk register and related systems of assurance together with the proposed audit response within the outline scope.

The scope, objectives and audit resource requirements and timing will be refined in each area when developing the audit scope in discussion with the responsible executive director(s) and operational management.

The scheduling takes account of the optimum timing for the performance of specific assignments in discussion with management, and Audit Wales requirements if appropriate.

The Audit Committee will be kept apprised of performance in delivery of the Plan, and any required changes, through routine progress reports to each Audit Committee meeting.

The majority of the audit work will be undertaken by our regionally based teams with support from our national Capital & Estates team, in terms of capital audit and estates assurance work, and from our IM&T team, in terms of Information Governance, IT security and Digital work.

4.2 Keeping the plan under review

Our risk assessment and resulting Plan is limited to matters emerging from the planning processes indicated above.

Audit & Assurance Services is committed to ensuring its service focuses on priority risk areas, business critical systems, and the provision of assurance to management across the medium term and in the operational year ahead. As in any given year, our Plan will be kept under review and may be subject to change to ensure it remains fit for purpose. We are particularly mindful of the level of uncertainty that currently exists with regards to the ongoing impact of and recovery from the COVID-19 pandemic. At this stage, it is not clear how the pandemic will affect the delivery of the Plan over the coming year. To this end, the need for flexibility and a revisit of the focus and timing of the proposed work will be necessary at some point during the year.

Consistent with previous years, and in accordance with best professional practice, an unallocated contingency provision has been retained in the Plan to enable Internal Audit to respond to emerging risks and priorities identified by the Executive Management Team and endorsed by the Audit Committee. Any changes to the Plan will be based upon consideration of risk and need and will be presented to the Audit Committee for approval.

Regular liaison with Audit Wales as your External Auditor will take place to coordinate planned coverage and ensure optimum benefit is derived from the total audit resource.

5. Resource needs assessment

The plan has been put together on the basis of the planning process described in this document. The plan includes sufficient audit work to be able to give an annual Head of Internal Audit Opinion in line with the requirements of Standard 2450 – Overall Opinions.

Audit & Assurance Services confirms that it has the necessary resources to deliver the agreed plan.

Provision has also been made for other essential audit work including planning, management, reporting and follow-up.

If additional work, support or further input necessary to deliver the plan is required during the year over and above the total indicative resource requirement a fee may be charged. Any change to the plan will be based upon consideration of risk and need and presented to the Audit Committee for approval.

The Standards enable Internal Audit to provide consulting services to management. The commissioning of these additional services, by NWSSP, unless already included in the plan, is discretionary. Accordingly, a separate fee may need to be agreed for any additional work.

Under the approach we have adopted for a number of years, the top slice provided to us to undertake the internal audit programme is sufficient to deliver the proposed plan for 2022/23.

6. Action required

The Audit Committee is invited to consider the Internal Audit Plan for 2022/23 and:

- approve the Internal Audit Plan for 2022/23;
- approve the Internal Audit Charter; and
- note the associated Internal Audit resource requirements and Key Performance Indicators.

James Johns

Head of Internal Audit, Audit & Assurance Services
NHS Wales Shared Services Partnership

Appendix A: Internal Audit Plan 2022/2023

Planned output	Audit Ref	Corporate Risk Ref	Outline Scope	Executive Lead	Outline Timing
Annual Governance Statement	N/A	N/A	To review and comment on the draft statement.	Director of Finance and Corporate Services	Q4
Risk Management & Assurance Mapping	1		To review the arrangements of for risk management, assurance mapping and directorate risk registers.	Director of Finance and Corporate Services	Q3
Recruitment Services	2	A9	To review the adequacy of the systems and controls in place for the management of the Service.	Director of People, O.D & Employment Services	Q2
Student Awards	3	A9	Follow up Audit and potential further testing compliance with a range of policies and procedures.	Director of People, O.D & Employment Services	Q2-3
Health Courier Services	4	A2	To test compliance with a range of policies and procedures, key aspects of risk and governance within the Service.	Director of Procurement Services	Q2
Laundry Services	5	A10	To test compliance with a range of policies and procedures, key aspects of risk and governance within the Service.	Director of Procurement Services	Q2
Cyber Security	6	A6	To review arrangements in place to management risks associated with Cyber Security.	Director of Planning, Performance & Informatics	Q2-3

Operational ICT Infrastructure Follow up	7		Follow up of the review of the management of the ICT Operational In infrastructure	Director of Planning, Performance & Informatics	Q3-4
SMTL (Surgical Materials Testing Laboratory)	8		To test compliance with a range of policies and procedures, key aspects of risk and governance within the Service.	Director SMTL	Q2-3
Procurement Services - Front Line Teams	9		To review the consistency of operations with Procurement Services of front-line procurement teams and to ensure that procurement procedures are being complied with.	Director of Procurement Services	Q1-2
Primary Care Contractor Services	10		To provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments.	Director of Primary Care Services	Q2-4
Employment Services-Payroll	11	A9	To review the adequacy of the systems and controls in place for the management of Payroll Services	Director of People, O.D & Employment Services	Q2-4
Purchase to Pay	12	A4/A5	To review the adequacy of the systems and controls in place for key risk areas in the Purchase to Pay Process.	Director of Finance / Procurement Services	Q2-4
Capital & Estates Assurance – Decarbonisation	13		To review arrangements and plans for Decarbonisation.	Director of Finance / Specialist Estates Services	Q2
Provision for Development of Integrated Audit & Assurance Plans.	-		Provision to develop integrated audit and assurance plans for major projects /programmes.	Director of Finance / Specialist Estates Services	---

Internal Audit Management	--	--	Provision for audit planning, management, Audit Committee, liaison and follow up.	-----	----
NHS Wales national audit work	--	--	To collate the assurances derived from the review of NHS Wales bodies that provide services to this organisation and contribute to its overall system of control.	-----	----

Appendix B: Key performance indicators (KPI)

KPI	SLA required	Target 2022/23
Audit plan 2022/23 agreed/in draft by 30 April	✓	100%
Audit opinion 2021/22 delivered by 31 May	✓	100%
Audits reported versus total planned audits, and in line with Audit Committee expectations	✓	varies
% of audit outputs in progress	No	varies
Report turnaround fieldwork to draft reporting [10 days]	✓	80%
Report turnaround management response to draft report [15 working days minimum]	✓	80%
Report turnaround draft response to final reporting [10 days]	✓	80%

Appendix C: Internal Audit Charter

1 Introduction

- 1.1 This Charter is produced and updated annually to comply with the Public Sector Internal Audit Standards. The Charter is complementary to the relevant provisions included in the organisation's own Standing Orders and Standing Financial Instructions.
- 1.2 The terms 'board' and 'senior management' are required to be defined under the Standards and therefore have the following meaning in this Charter:
- *Board means the NWSSP Partnership Committee (Hosted by the Board of Velindre NHS Trust) with responsibility to direct and oversee the activities and management of the organisation. The Board has delegated authority to the Audit Committee in terms of providing a reporting interface with internal audit activity; and*
 - Senior Management means the Managing Director as being the designated Accountable Officer for NHS Wales Shared Services Partnership. The Managing Director has made arrangements within this Charter for an operational interface with internal audit activity through the Head of Finance & Business Development (Board Secretary).
- 1.3 Internal Audit seeks to comply with all the appropriate requirements of the Welsh Language (Wales) Measure 2011. We are happy to correspond in both Welsh and English.

2 Purpose and responsibility

- 2.1 Internal audit is an independent, objective assurance and advisory function designed to add value and improve the operations of NHS Wales Shared Services Partnership. Internal audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 2.2 Internal Audit is responsible for providing an independent and objective assurance opinion to the Accountable Officer, the Board and the Audit Committee on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In addition, internal audit's findings and recommendations are beneficial to management in securing improvement in the audited areas.

-
- 2.3 The organisation's risk management, internal control and governance arrangements comprise:
- the policies, procedures and operations established by the organisation to ensure the achievement of objectives;
 - the appropriate assessment and management of risk, and the related system of assurance;
 - the arrangements to monitor performance and secure value for money in the use of resources;
 - the reliability of internal and external reporting and accountability processes and the safeguarding of assets;
 - compliance with applicable laws and regulations; and
 - compliance with the behavioural and ethical standards set out for the organisation.
- 2.4 Internal audit also provides an independent and objective consulting service specifically to help management improve the organisations risk management, control and governance arrangements. The service applies the professional skills of internal audit through a systematic and disciplined evaluation of the policies, procedures and operations that management have put in place to ensure the achievement of the organisations objectives, and through recommendations for improvement. Such consulting work contributes to the opinion which internal audit provides on risk management control and governance.

3 Independence and Objectivity

- 3.1 Independence as described in the Public Sector Internal Audit Standards as the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Head of Internal Audit will have direct and unrestricted access to the Board and Senior Management, in particular the Chair of the Audit Committee and Accountable Officer.
- 3.2 Organisational independence is effectively achieved when the auditor reports functionally to the Audit Committee on behalf of the Board. Such functional reporting includes the Audit Committee:
- approving the internal audit charter;
 - approving the risk based internal audit plan;
 - approving the internal audit resource plan;
 - receiving outcomes of all internal audit work together with the assurance rating; and
 - reporting on internal audit activity's performance relative to its plan.

-
- 3.3 While maintaining effective liaison and communication with the organisation, as provided in this Charter, all internal audit activities shall remain free of untoward influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.
 - 3.4 Internal Auditors shall have no executive or direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.
 - 3.5 This Charter makes appropriate arrangements to secure the objectivity and independence of internal audit as required under the standards. In addition, the shared service model of provision in NHS Wales through NWSSP provides further organisational independence.
 - 3.6 In terms of avoiding conflicts of interest in relation to non-audit activities, Audit & Assurance has produced a Consulting Protocol that includes all of the steps to be undertaken to ensure compliance with the relevant Standards that apply to non-audit activities.

4 Authority and Accountability

- 4.1 Internal Audit derives its authority from the Board, the Accountable Officer and Audit Committee. These authorities are established in Standing Orders and Standing Financial Instructions adopted by the Board.
- 4.2 The Minister for Health and Social Services has determined that internal audit will be provided to all health organisations by the NHS Wales Shared Services Partnership (NWSSP). The service provision will be in accordance with the Service Level Agreement agreed by the Shared Services Partnership Committee and in which the organisation has permanent membership.
- 4.3 The Director of Audit & Assurance leads the NWSSP Audit and Assurance Services and after due consultation will assign a named Head of Internal Audit to the organisation. For line management (e.g. individual performance) and professional quality purposes (e.g. compliance with the Public Sector Internal Audit Standards), the Head of Internal Audit reports to the Director of Audit & Assurance.
- 4.4 The Head of Internal Audit reports on a functional basis to the Accountable Officer and to the Audit Committee on behalf of the Board. Accordingly, the Head of Internal Audit has a direct right of access to the Accountable Officer, the Chair of the Audit Committee and the Chair of the organisation if deemed necessary.
- 4.5 The Audit Committee approves all Internal Audit plans and may review any aspect of its work. The Audit Committee also has regular

private meetings with the Head of Internal Audit.

- 4.6 In order to facilitate its assessment of governance within the organisation, Internal Audit is granted access to attend any committee or sub-committee of the Board charged with aspects of governance.

5 Relationships

- 5.1 In terms of normal business the Accountable Officer has determined that the Board Secretary will be the nominated executive lead for internal audit. Accordingly, the Head of Internal Audit will maintain functional liaison with this officer.
- 5.2 In order to maximise its contribution to the Board's overall system of assurance, Internal Audit will work closely with the organisation's Board Secretary (Head of Business Finance and Business Development) in planning its work programme.
- 5.3 Co-operative relationships with management enhance the ability of internal audit to achieve its objectives effectively. Audit work will be planned in conjunction with management, particularly in respect of the timing of audit work.
- 5.4 Internal Audit will meet regularly with the external auditor, Audit Wales, to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to seek opportunities for co-operation in the conduct of audit work. In particular, Internal Audit will make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate.
- 5.5 The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework.
- 5.6 The Head of Internal Audit will take account of key systems being operated by organisation's outside of the remit of the Accountable Officer, or through a shared or joint arrangement, such as the Digital Health and Care Wales, WHSSC and EASC.
- 5.7 Internal Audit strives to add value to the organisation's processes and help improve its systems and services. To support this Internal Audit will obtain an understanding of the organisation and its activities, encourage two-way communications between internal audit and operational staff, discuss the audit approach and seek feedback on work undertaken.
- 5.8 The Audit Committee may determine that another Committee of the organisation is a more appropriate forum to receive and action individual audit reports. However, the Audit Committee will remain the final reporting line for all our audit and consulting reports.
-

6 Standards, Ethics, and Performance

- 6.1 Internal Audit must comply with the Definition of Internal Auditing, the Core Principles, Public Sector Internal Audit Standards and the professional Code of Ethics, as published on the NHS Wales e-governance website.
- 6.2 Internal Audit will operate in accordance with the Service Level Agreement (updated 2021) and associated performance standards agreed with the Audit Committee and the Shared Services Partnership Committee. The Service Level Agreement includes a number of Key Performance Indicators, and we will agree with each Audit Committee which of these they want reported to them and how often.

7 Scope

- 7.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management arrangements, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes but is not limited to:
 - reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
 - reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations, and reports on whether the organisation is in compliance;
 - reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
 - reviewing and appraising the economy and efficiency with which resources are employed, this may include benchmarking and sharing of best practice;
 - reviewing operations or programmes to ascertain whether results are consistent with the organisation's objectives and goals and whether the operations or programmes are being carried out as planned;
 - reviewing specific operations at the request of the Audit Committee or management, this may include areas of concern identified in the corporate risk register;
 - monitoring and evaluating the effectiveness of the organisation's risk management arrangements and the overall system of assurance;

- ensuring effective co-ordination, as appropriate, with external auditors; and
 - reviewing the Annual Governance Statement prepared by senior management.
- 7.2 Internal Audit will devote particular attention to any aspects of the risk management, internal control and governance arrangements affected by material changes to the organisation's risk environment.
- 7.3 If the Head of Internal Audit or the Audit Committee consider that the level of audit resources or the Charter in any way limit the scope of internal audit or prejudice the ability of internal audit to deliver a service consistent with the definition of internal auditing, they will advise the Accountable Officer and Board accordingly.

8 Approach

- 8.1 To ensure delivery of its scope and objectives in accordance with the Charter and Standards, Internal Audit has produced an Audit Manual (called the Quality Manual). The Quality Manual includes arrangements for planning the audit work. These audit planning arrangements are organised into a hierarchy as illustrated in Figure 1.

Figure 1: Audit planning hierarchy

NHS Wales Level	NWSSP overall audit strategy	Arrangements for provision of internal audit services across NHS Wales
Organisation Level	Entity strategic 3-year audit plan	Entity level medium term audit plan linked to organisational objectives
	Entity annual internal audit plan	Annual internal audit plan detailing audit engagements to be completed in year ahead leading to the overall HIA opinion
Business Unit Level	Assignment plans	Assignment plans detail the scope and objectives for each audit engagement within the annual operational plan

- 8.2 NWSSP Audit & Assurance Services has developed an overall audit strategy which sets out the strategic approach to the delivery of audit services to all health organisations in NHS Wales. The strategy also includes arrangements for securing assurance on the national transaction processing systems including those operated by DHCW and NWSSP on behalf of NHS Wales.
- 8.3 The main purpose of the Strategic 3-year Audit Plan is to enable the Head of Internal Audit to plan over the medium term on how the

assurance needs of the organisation will be met as required by the Standards and facilitate:

- the provision to the Accountable Officer and the Audit Committee of an overall opinion each year on the organisation's risk management, control and governance, to support the preparation of the Annual Governance Statement;
- audit of the organisation's risk management, control and governance through periodic audit plans in a way that affords suitable priority to the organisation's objectives and risks;
- improvement of the organisation's risk management, control and governance by providing management with constructive recommendations arising from audit work;
- an assessment of audit needs in terms of those audit resources which 'are appropriate, sufficient and effectively deployed to achieve the approved plan';
- effective co-operation with external auditors and other review bodies functioning in the organisation; and
- the allocation of resources between assurance and consulting work.

8.4 The Strategic 3-year Audit Plan will be largely based on the Board Assurance Framework where it is sufficiently mature, together with the organisation-wide risk assessment.

8.5 An Annual Internal Audit Plan will be prepared each year drawn from the Strategic 3-year Audit Plan and other information and outlining the scope and timing of audit assignments to be completed during the year ahead.

8.6 The strategic 3-year and annual internal audit plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation.

8.7 The annual internal audit plan will be developed in discussion with executive management and approved by the Audit Committee on behalf of the Board.

8.8 The NWSSP Audit Strategy is expanded in the form of a Quality Manual and a Consulting Protocol which together define the audit approach applied to the provision of internal audit and consulting services.

8.9 During the planning of audit assignments, an assignment brief will be prepared for discussion with the nominated operational manager. The brief will contain the proposed scope of the review along with the relevant objectives and risks to be covered. In order to ensure the scope of the review is appropriate it will require agreement by the

relevant Executive Director or their nominated lead and will also be copied to the Board Secretary.

9 Reporting

9.1 Internal Audit will report formally to the Audit Committee through the following:

- An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement.
- The Head of Internal Audit opinion will:
 - a) State the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
 - b) Disclose any qualification to that opinion, together with the reasons for the qualification;
 - c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
 - d) Draw attention to any issues Internal Audit judge as being particularly relevant to the preparation of the Annual Governance Statement;
 - e) Compare work actually undertaken with the work which was planned and summarise performance of the internal audit function against its performance measurement criteria; and
 - f) Provide a statement of conformity in terms of compliance with the Public Sector Internal Audit Standards and associated internal quality assurance arrangements.
- For each Audit Committee meeting a progress report will be presented to summarise progress against the plan. The progress report will highlight any slippage and changes in the programme. The findings arising from individual audit reviews will be reported in accordance with Audit Committee requirements; and
- The Audit Committee will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan on any recommendations for improvement agreed with management including target dates for completion.

9.2 The process for audit reporting is summarised below:

- Following the closure of fieldwork and the resolution of any queries, Internal Audit will discuss findings with operational

managers to confirm understanding and shape the reporting stage through issue of a discussion draft report;

- Operational management will receive discussion draft reports which will include any proposed recommendations for improvement within 10 working days following the closure of fieldwork. Operational management will be required to respond to the discussion draft report within 5 working days of issue.
- The discussion draft report will give an assurance opinion on the area reviewed in line with the criteria at Appendix B (unless it is a consulting review). The discussion draft report will also indicate priority ratings for individual report findings and recommendations;
- Following the receipt of comments on the discussion draft (for factual accuracy etc), operational management will be required to respond to the draft report in consultation with the relevant Executive Director within 15 working days of issue, identifying actions, identifying staff with responsibility for implementation and the dates by which action will be taken;
- Reminder correspondence will be issued to the Executive Director and the Board Secretary 5 working days prior to the set response date.
- Where management responses are still awaited after the 20 working days deadline, or are of poor quality, the matter will be immediately escalated to the Executive Director and copied to the Board Secretary (Head of Finance and Business Development) and Chair of the Audit Committee.
- If non-compliance continues, the Board Secretary (Head of Finance and Business Development) and the Chair of the Audit Committee will decide on the course of action to take. This may involve the draft report being submitted to the Audit Committee, with the Executive Director being called to the meeting to explain the situation and why no responses/poor responses have been received;
- Internal Audit issues a Final report to Executive Director within 10 working days of receipt of complete management response. Within this timescale Internal Audit will quality assess the responses, and if necessary, return the responses, requiring them to be strengthened.
- Responses to audit recommendations need to be SMART:
 - Specific
 - Measurable
 - Achievable

- Relevant / Realistic
 - Timely.
 - The relevant Executive Director, Board Secretary (Head of Finance and Business Development) and the Chair of the Audit Committee will be copied into any correspondence.
 - The final report will be copied to the Accountable Officer and Board Secretary and placed on the agenda for the next available Audit Committee.
- 9.3 Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision may be made for a follow-up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.
- 9.4 Timescales are to be included in all initial scopes sent prior to commencing an audit.

10 Access and Confidentiality

- 10.1 Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation.
- 10.2 All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors.
- 10.3 Where there is a request to share information amongst the NHS bodies in Wales, for example to promote good practice and learning, then permission will be sought from the Accountable Officer before any information is shared.

11 Irregularities, Fraud & Corruption

- 11.1 It is the responsibility of management to maintain systems that ensure the organisation's resources are utilised in the manner and on activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.

-
- 11.2 Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.
- 11.3 If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Local Counter Fraud Service (LCFS) in accordance with the organisation's Counter Fraud Policy & Fraud Response Plan and the agreed Internal Audit and Counter Fraud Protocol.

12 Quality Assurance

- 12.1 The work of internal audit is controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the Public Sector Internal Audit Standards, is being achieved.
- 12.2 The Director of Audit & Assurance will establish a quality assurance and improvement programme designed to give assurance through internal and external review that the work of Internal Audit is compliant with the Public Sector Internal Audit Standards and to achieve its objectives. A commentary on compliance against the Standards will be provided in the Annual Audit Report to the Audit Committee.
- 12.3 The Director of Audit & Assurance will monitor the performance of the internal audit provision in terms of meeting the service performance standards set out in the NWSSP Service Level Agreement. The Head of Internal Audit will periodically report service performance to the Audit Committee through the reporting mechanisms outlined in Section 9.

13 Resolving Concerns

- 13.1 NWSSP Audit & Assurance was established for the collective benefit of NHS Wales and as such needs to meet the expectations of client partners. Any questions or concerns about the audit service should be raised initially with the Head of Internal Audit assigned to the organisation. In addition, any matter may be escalated to the Director of Audit & Assurance. NWSSP Audit & Assurance will seek to resolve any issues and find a way forward.
- 13.2 Any formal complaints will be handled in accordance with the NWSSP complaint handling procedure. Where any concerns relate to the conduct of the Director of Audit & Assurance, the NHS organisation will have access to the Managing Director of Shared Services.

14 Review of the Internal Audit Charter

14.1 This Internal Audit Charter shall be reviewed annually and approved by the Board, taking account of advice from the Audit Committee.

Simon Cookson
Director of Audit & Assurance
NHS Wales Shared Services Partnership
February 2022



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ
Website: [Audit & Assurance
Services - NHS Wales Shared
Services Partnership](#)



NHS WALES SHARED SERVICES PARTNERSHIP

Audit Committee – 5th April 2022

**Counter Fraud Progress Report for the period
1st January 2022 to 31st March 2022
Agenda item 5.1**

**NIGEL PRICE
COUNTER FRAUD
CARDIFF & VALE UNIVERSITY HEALTH BOARD**

NHS WALES SHARED SERVICES PARTNERSHIP

AUDIT COMMITTEE 5th APRIL 2022

COUNTER FRAUD PROGRESS REPORT

1. Introduction
 2. Current Case Update
 3. Progress and General Issues
- Appendix 1 Summary Plan Analysis
- Appendix 2 Assignment Schedule

Mission Statement

To provide the NWSSP with a high-quality NHS Counter Fraud Service, which ensures that any report of fraud is investigated in accordance with the Directions for Countering Fraud in the NHS and all such investigations are carried out in a professional, transparent and cost-effective manner.

1. INTRODUCTION

1.1 In compliance with the Directions on Countering Fraud in the NHS, this report details the current Counter Fraud and Corruption work carried out, by the Local Counter Fraud Specialists, for the period 1st January 2022 to the 31st March 2022.

The report's style has been adopted, in consultation with the Velindre NHS Trust and NWSSP's Finance Directors, to inform and update the Audit Committee of any significant changes in cases during the reporting period.

Progress of the NWSSP Annual Counter Fraud Work-Plan of 75 allocated days, is reported in **Appendix 1**. By 31st March 2022 all the allocated days of Counter Fraud work have been completed.

Any significant changes in the progress and work undertaken are outlined in point 2 below.

2. CURRENT CASE UPDATE

One new investigation has been opened and closed during this reporting period. One investigation remains open.

3. PROGRESS AND GENERAL ISSUES

3.1 Fraud Awareness Presentations

No presentations have been delivered during this reporting period. However, a presentation to the Education Steering Group took place on the 24th March, the purpose of which was to consider including counter fraud in the organisation's mandatory training. An update will be given during the committee meeting. The feedback from all the presentations carried out during the year shows that 100% of the delegates are more comfortable discussing with counter fraud any concerns they may have that a fraud may be happening.

3.2 Counter Fraud Resources Update

The counter fraud department consisted of a manager, 2 accredited investigators and one admin support role. Since January 2021 the manager had been on long-term sick leave and has now retired. In September 2021 the person in the admin support role left. As a result, the department was considerably under resourced. The decision was made to replace the admin role with an investigator who has now been appointed and started on the 4th January 2022. A new manager has been appointed and starts on the 1st April 2022.

2.3 recruiting Agency Pre-Employment Risk Assessment Exercise

Following an investigation in another organisation a risk-assessment exercise has been conducted to test the due diligence checks carried out by recruiting agencies before staff are recommended for employment in NHS Wales Shared Service Partnership. the latest details of the exercise are:

A health board recruited a new member of staff who had been provided by a recruiting agency. It was later discovered that their stated qualifications and experiences were false. An investigation by the Local Counter Fraud Services revealed a weakness in the recruiting process.

Following that incident, a risk assessment exercise has been conducted across several organisations to confirm that agencies apply robust checks on the claims made by potential employees. Agencies contracted to supply staff to the NHS must comply with requirements to complete pre-employment checks as set out in the NHS Employment Check Standards 2016.

The risks of employing unqualified and untrained staff in an organisation can have a considerable negative impact on;

1. Patient Safety,
2. Staff Safety
3. Health and safety within the workplace.
4. Financial Management.
5. the professional reputation of the organisation.

At the time of reporting it has not been possible to complete this exercise in NWSSP due to difficulties in obtaining a full list of agencies which were used during the 2020/21 financial year. In the other exercises a total of 17 different agencies have been checked. Details of 103 agency workers out of the total 384 provided by these agencies have been assessed. Across all of the Agencies whose practices were reviewed, only one agency was found not have completed satisfactory checks. It was established that there was a disconnect in understanding between the health board and the agency. The Agency stated they believed the Health Board to be conducting the relevant checks regarding experience where the health board believed them to have been completed by the Agency.

Although not yet specifically conducted for NWSSP it is likely that the agencies used will overlap with those already checked. It is believed that the results of any future checks would result in similar findings.

The following recommendations have been made by the LCSF to mitigate any future risks:

1. When requesting staff from a recruiting agency, include a note that highlights that it is the agencies' responsibility to complete pre-employment checks.
2. Conduct 'mini local audits' at regular intervals. At periodic intervals randomly select a worker who is being supplied, request the agency to provide all of the pre-

employment/due diligence check information. This will ensure regular random checks are completed to ensure standards are kept high.

3. Include in the requisition document any information regarding restrictions on working hours/visas. The agencies hold this information and should not allow working over these restrictions but it is important to know this as the end 'employer' to avoid any inadvertent breaches to these restrictions.
4. When recruiting for a role that requires specific qualifications or registration ensure that it is clearly set out in the requisition that they are required and that it is expected that the Agency will ensure that these are held by the worker prior to their commencing work.
5. In relation to agency suppliers, they should be informing the organisation of any changes to agency workers situation or who are no longer working for them in order to provide a more effective service. This could be a quarterly or bi-annual process in order to keep Health Board records current and to reduce the risk of financial loss to the organisation.

A NWSSP specific exercise can be completed when the required information is available, however, in the absence of this the above recommendations are believed to be necessary at this time.

This exercise has shown that the agencies supplying staff have completed the majority of the required checks effectively and accurately, one shortcoming was identified which gave rise to potential risks to that organisation. However, the above recommendations will mitigate this risk in the future.

Recruiting staff through agencies and relying on an agency to complete thorough checks will always carry some level of risk. However, this risk can be reduced by setting out clearly and precisely what is required and expected from the agencies and conducting regular checks that it is being completed, as detailed above in the recommendations.

APPENDIX 1

COUNTER FRAUD SUMMARY PLAN ANALYSIS 2021/22

AREA OF WORK	NWSSP	Days to Date
General Requirements		
Production of Reports to Audit Committee	3	4
Attendance at Audit Committees	3	3
Planning/Preparation of Annual Report and Work Programme	5	5
Annual Activity		
Creating an Anti Fraud Culture	0	2
Presentations, Briefings, Newsletters etc.	14	14
Other work to ensure that opportunities to deter fraud are utilised	0	0
Prevention		
The reduction of opportunities for Fraud and Corruption to occur	0	0
Detection		
Pro-Active Exercises (e.g. Procurement)	17	17
National Fraud Initiative 2021	2	5
Investigation, Sanctions and Redress		
The investigation of any alleged instances of fraud	25	25
Ensure that Sanctions are applied to cases as appropriate	4	0
Seek redress, where fraud has been proven to have taken place	2	0
TOTAL NWSSP	75	75

APPENDIX 2
COUNTER FRAUD ASSIGNMENT SCHEDULE 2021/22

Case Ref	Allegation	Background	Open/Closed
INV/21/000 12	False claim for Bursary and childcare funding	Information was received that the subject had falsely claimed to be a single parent to receive a higher amount of bursary funding and child care. The information stated the subject was living with her long-term partner.	Opened 09/04/2021
INV/22/003 66	Failed to notify the NHS of being overpaid	The subject had been overpaid for several months and failed to report it.	Closed 09/03/2022

Nk MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.1
PREPARED BY	Jane Tyler, Senior Finance and Business Partner
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Inventory Stock Assurance Progress
PURPOSE To update the Audit Committee on the arrangements that have been put in place to assist Audit Wales in obtaining assurance over the opening and closing stock balances.	

Introduction

In order to support all Wales response to Covid 19, NWSSP have procured and supplied PPE stocks for NHS, Primary Care and Social Care organisations in Wales and have put in place a stockpile of PPE items as agreed with Welsh Government to provide pandemic resilience and support the vaccination programme. This has resulted in significant additional stock holding within NWSSP Inventory and a necessary expansion into external storage facilities.

The below details the stockholdings for all NWSSP storage facilities as at 31st March 2021 and 28th February 2022.

Storage Facility	March 2021 £'m	February 2022 £'m
NHS Store Bridgend	2.687	3.300
NHS Store Denbigh	1.699	1.747
WG / NHS Store St Athan	7.495	4.356
NHS Store Newport	21.882	18.231
NHS Store Newport Brexit Stocks	4.358	2.772
External Storage South West	22.531	14.848
External Storage South East	2.442	17.272
External Storage North	5.884	2.776
Vested Stock	20.155	4.622
Total Stockholding	89.135	69.924

For 2020/21 Financial Accounts Audit Wales were unable to attend a physical stocktake of NWSSP's inventory balance as a result of Covid-19 restrictions, they were therefore unable to obtain sufficient appropriate audit evidence through a physical stocktake as mandated by the Auditing Standard and, consequently, issued a qualified 'limitation of scope' opinion on the 2021-21 financial statements. Whilst Audit Wales were unable to attend the physical stocktakes all stock adjustments, inventory notes and vested stocks were audited with no issues identified.

This report provides the Audit Committee with an update on the stock taking and assurance arrangements put in place by NWSSP to assist Audit Wales in undertaking their annual audit. In particular it focusses on:

- Stocktaking arrangements
- Verification of opening stocks

Stocktaking arrangements

The following table highlights that Audit Wales have now attended stocktaking in all external stores and St Athan and the daily cycle count in IP5, at which a number of random stock counts were also facilitated.

Store	Monthly/ Perpetual	Attendance date
External SW – Bridgend (Owens)	Monthly	23/02/2022
External SE – Tredegar (Gerry Jones)	Monthly	23/02/2022
External NW – Denbigh (Delsol)	Monthly	08/03/2022
St Athan WG/NWSSP Store	Monthly	16/03/2022
IP5 NWSSP Store	Perpetual	29/03/2022
Bridgend NWSSP Store	Perpetual	TBC
Denbigh NWSSP Store	Perpetual	TBC

External Stores - The arrangements in place for stocktaking in the non-NHS external storage facilities are as follows:

- *External Storage Southwest:* Monthly physical stock takes undertaken by NWSSP staff and reconciled to the NWSSP Inventory system.
- *External Storage Southeast and North:* Monthly visits are carried out by NWSSP staff to undertake random sample stock checks. These suppliers operate their own internal Inventory Management Systems

from which they provide a stock holding report which is reconciled to the NWSSP Inventory system.

Audit Wales have attended all external stores stock takes as detailed in the above table. The Regional Supply Chain Managers who facilitated the visits have confirmed no issues were found.

WG/NWSSP Store - At St Athan/Picketston Store perpetual stock taking is currently being implemented but was not in place all year, therefore, a full stock take has been carried out to provide full assurance. Audit Wales attended this stock take in March. The Regional Supply Chain Manager who facilitated this visit has confirmed no significant issues were found.

NWSSP Stores - Within NWSSP Stores perpetual stock taking is enabled through daily cycle counting. This is an integral component of the Warehouse Management System (WMS) in operation in all NWSSP Stores and enables the periodic counting of individual items throughout the course of the year to ensure the accuracy of inventory quantities and values. On a daily basis the system automatically (randomly) selects a number of items to be cycle counted and all items are selected during the financial year. Audit Wales attended the daily cycle counting in IP5 on 29th March at which a number of random stock counts were also carried out. The Regional Supply Chain Manager who facilitated this visit has confirmed no significant issues were found in the cycle count and only a very minor discrepancy in the random stock counting.

Based on Audit Wales feedback at the IP5 visit we understand that no further attendance at the remaining stores is planned. We have requested confirmation that this is the case.

Verification of Opening Stocks

During recent meetings with Audit Wales, it was suggested that we should seek to provide a reconciliation of the stock position as per last year's accounts to the current month end stock position; on a month and site by site basis. This this would then provide assurance of the opening stock which alongside satisfactory testing of stores transactions and stocktaking assurance would avoid the need to qualify the accounts due to unverified opening stocks.

Such a reconciliation requires:

- Opening stock.
- Purchases in month.
- Stock issues
- Stock adjustments (stock price adjustments, write on/off, out of date, cycle count etc.)

Given the significant number of transactions it was not possible to produce such data utilising the existing reporting arrangements. As a result, we commissioned the Oracle Central Team to develop a sophisticated and complex programme within QlikView to enable a reconciliation to be produced. To date this has been actioned within the developments database cloned in mid-February enabling reconciliation to 10 months to the end of January 2022. Data for February and March to complete the full year will be made available to the Oracle Central Team in early April 2022 and the reconciliation fully completed for the 12 months.

The 10-month reconciliation produced is included Appendix A. This demonstrates that the test programme has worked.

The test reconciliation has been shared with Audit Wales for comment and we have asked for confirmation that this will provide sufficient evidence alongside the stock taking and transactional testing assurance to avoid qualification in the Final Accounts linked to opening stocks. Once we have received confirmation, we will run the programme for the full financial year on 1st April 2022

Recommendation

The Audit Committee is asked to note actions in place to ensure full stock assurance for 2021/22 Final Accounts

Stock Reconciliation 2021/22	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22
Brought Forward Inventory	61,249,956.66	67,027,305.05	64,874,142.67	70,925,604.99	82,261,599.56	83,254,661.09	77,046,832.30	74,046,232.55	70,192,913.02	66,803,296.26
Cost Management Adjustments:										
Account alias issue	209,086.86	132,966.34	1,141,759.40	96,501.81	27,390.26	62,825.99	66,800.38	5,501,643.60	132,941.57	308,085.45
Account alias receipt	1,529,422.18	973,699.02	1,312,386.21	17,723,892.86	6,013,545.83	1,489,199.71	1,194,878.60	23,045,016.44	1,232,067.00	1,389,028.84
Average cost update	5,453,393.13	-	7,974,641.92	-	2,505,971.76	4,389.46	-	13,646,063.10	18,615.65	-
Cycle Count Adjust	8,282.89	8,218.05	9,917.77	8,268.99	22,077.15	30,659.25	909.13	4,263.39	3,768.49	774,143.79
Int Req Intr Rcpt	-	-	-	-	-	-	-	-	-	-
PO Receipt	5,669,452.72	4,229,770.91	5,871,339.51	4,052,638.61	4,971,197.15	4,371,722.16	2,646,729.16	2,975,183.93	4,583,182.94	7,819,083.72
Return to Vendor	109,158.25	96,960.47	20,792.92	54,841.31	116,124.80	5,529.92	6,548.64	12,878.79	300,729.44	128,440.93
RMA Receipt	55,150.62	246,640.51	42,505.84	111,383.50	26,361.19	24,910.40	29,434.02	188,711.24	163,973.22	23,339.54
Sales order issue	6,603,542.26	7,381,564.06	7,976,941.07	7,866,411.27	14,945,011.49	11,990,256.44	9,431,819.61	8,259,572.26	8,950,016.07	8,086,673.30
Under Investigation (Upgrade issue)							3,373.77			
Cost Manager Period Error				2,542,435.00	2,542,435.00		2,637,810.00	2,637,810.00		
Carried Forward Inventory	67,027,305.05	64,874,142.67	70,925,604.99	82,261,599.56	83,254,661.09	77,046,832.30	74,046,232.55	70,192,913.02	66,803,296.26	68,285,692.47
Inventory System Balance	67,027,309.04	64,874,148.39	70,925,616.59	82,261,601.51	83,254,688.01	77,046,866.08	74,046,237.81	70,192,888.25	66,803,277.27	68,285,675.05
Difference	3.99	5.72	11.60	1.95	26.92	33.78	5.26	24.77	18.99	17.42

Appendix A

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.2
PREPARED BY	Jane Tyler, Senior Finance and Business Partner
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Valuation of PPE - England and Wales

PURPOSE
To update the Audit Committee on Personal Protective Equipment (PPE) Valuation issues in England and Wales.

Introduction

Over the past weeks there has been significant media coverage of the write-offs of PPE as shown in the Department of Health & Social Care (DHSC) 2020/21 accounts for England. This report has been prepared at the request of the Audit Committee chair and sets out the Welsh position against each of the issues reported in England and set out below.

The DHSC estimates that there has been a loss in value of £8.7 billion of the £12.1 billion of PPE purchased in 2020-21, and that their impairment relates to the following broad categories:

- £0.67 billion of PPE which cannot be used, for instance because it is defective,
- £2.6 billion of PPE which is not suitable for use within the health and social care sector but which the DHSC considers may be suitable for other uses (although these potential other uses are as yet uncertain),
- £0.75 billion of PPE which is in excess of the amount that will ultimately be needed, and
- £4.7 billion of adjustment to the year-end valuation of PPE due to the market price of equivalent PPE at the year-end being lower than the original purchase price.

In Wales PPE to the value of £385m have been purchased during the period March 2020 to February 2022. PPE stocks as at 28 February amounted to £58m; reflecting the Welsh Government policy to maintain a PPE

stockholding of 16 weeks at the highest issue rates during the pandemic. This level of stockholding will inevitably pose challenges in stock turnover and requires ongoing work to monitor and assess the risk of obsolescence.

The following provides detail of the Wales position against the DHSC issues as outlined above.

1. PPE which cannot be used

In Wales there are currently no stocks of PPE which fall into this category. Where goods have been received which do not meet the agreed purchase specification, resolution is actively sought with the supplier.

There is one significant order against which stocks have been identified as potentially faulty. This is currently being investigated and discussions are ongoing with the suppliers to resolve:

- Fluid resistant Gowns – 2,242,676 gowns with a value of £9.42m (link to point 4 below)

We are currently anticipating that this stock will either be determined as being useable or will be replaced by the supplier.

2. PPE unsuitable for use within the health and social care sector but might be suitable for other uses

Wales currently hold no stocks of PPE which fall into this category.

3. PPE which is in excess of the amount that will ultimately be needed

We have interpreted this category as representing stocks which may go out of date before use.

Within the existing Welsh stockpile, the following have been identified as items that are at risk of becoming out of date before they are consumed.

- Fit Test Solutions*** – Due to the implementation of a new fit testing methodology these solutions are no longer required in Wales and as such will become out of date. There are currently 26,000 items in stock at a total value of £0.277m.
- Face Visors*** – At the height of the pandemic 131,000 visors were issued each week. This has now fallen to approximately 14,000 items per week. Consequently, there are approximately 620,000 visors with a book value of £1.055m in stock.

The NWSSP Surgical materials Testing Laboratory (SMTL) have been commissioned by NHS England to investigate the possibility of extending the date life of their Visors. The results of the testing will be reviewed once completed and it may be possible to extend the shelf life of the visors concerned.

- iii. **Type II masks** - A stock of 237,000 Type II masks with a value of £0.159m will reach the end of their date life within a month. This product was widely used prior to the pandemic but has been replaced with the fluid resistant Type IIR mask during covid and there is no longer a market for this product.

A provision of £1.491m will be made for the above items in the 2021/22 accounts. Regular discussions have been held with Welsh Government who have agreed to provide funding to cover the provision .

4. Adjustment to the year-end valuation of PPE

The NHS Wales Manual for Accounts stipulates that

'Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost, and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks'.

We have adopted this policy in the valuation of year end stocks. However, in doing so have identified 2 products which are not moving and now need to be written down to the current market price which we have deemed to represent a reasonable approximation to fair value.

- i. **Gowns** – As highlighted in above NWSSP is holding a stock of 2,242,676 gowns from a single supplier where problems have been experienced with the quality of the items. Due to the ongoing issues, we have been unable to issue the product. This issue is being pursued with the supplier and it is anticipated that this will be resolved through product replacement. Following discussions with Welsh Government it has been considered prudent to revalue the stock at 28p per item resulting in a devaluation of £8.791m
- ii. **Goggles** – Currently a stock of 585,000 goggles is held within stores. Early in the pandemic, national guidance required the

use of goggles, and these were purchased at £5.03 each in early 2020. The guidance was amended to require the use of face visors in mid-2020 and, therefore, these goggles were not issued and remain in store. This product is used as eye protection in some areas of NHS Wales where purchases are made directly with the suppliers. To facilitate the promoting of this product to this new market it is proposed to revalue this product to the current market price of £2.50, a total revaluation of £1.479m.

An impairment adjustment of £10.270m will be made against the value of the above stocks in the 2021/22 accounts. This has been discussed with WG who have agreed to provide funding to cover this.

Comparison Table

The following table provides a comparison of the position in England compared with that in Wales.

	England (2020/21)	%	Wales (2020-2022)	%
Total PPE Purchases	£12.100 billion	100%	£0.347 billion	100%
Defective PPE	£0.670 billion	5.54%	Nil	0.00%
Unsuitable PPE	£2.600 billion	21.49%	Nil	0.00%
Excess PPE	£0.750 billion	6.20%	£0.002 billion	0.43%
Year-end valuation Adjustment	£4.700 billion	38.84%	£0.010 billion	2.96%
Total write off	£8.720 billion	72.07%	£0.012 billion	3.39%

Recommendation

The Audit Committee is asked to note:

- The position in Wales compared with England
- The accounting treatment to be adopted in the 2021-22 accounts.

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.3
PREPARED BY	Jane Tyler, Finance Manager
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Stock Write-Offs & Donations

PURPOSE

To provide background information to the three sub-papers relating to the donations to Ukraine and Namibia, and the general write-off of stock at year-end.

1. INTRODUCTION

NHS Wales health bodies do not have unlimited powers to make special payments or to write-off losses. They must obtain the written approval of the Welsh Government H&SSG Finance Director before writing-off a loss or making, or undertaking to make, any special payment that exceeds their delegated limit.

Annex 4 to Chapter 6 sets out the delegated limits above which Health bodies need to obtain WG approval for the write off of the loss. The delegated limit in is £50,000

We are required to prepare a loss checklist and seek permission from the Audit Committee to formally request Welsh Government approval to write off:

- the value of the additional stock to donated to the Ukraine
- the additional value of the stock originally donated to Namibia
- the value of the stock impairment in the 2021/22 accounts

We have therefore prepared the attached checklists and request the Audit Committee's approval to submit it to Welsh Government as the amount of the write off exceeds the delegated limit provided to the Trust.

2. RECOMMENDATION

NWSSP Audit Committee
5 April 2022

The Audit Committee is asked to:

- **APPROVE** the write-offs of the stock donated separately to Ukraine and Namibia, and the stock impairment in the 2021/22 accounts.

NHS Wales Shared Services Partnership

Checklist to be used when compiling the summary of the case

Category –

Type of case – Surplus PPE and Medical Equipment to be provided to Ukraine

Reference number – NWSSP/Ukraine/ 002

Health Body (name and code) – RQF- NHS Wales Shared Services Partnership hosted by Velindre University NHS Trust

As part of the central UK response to the Ukraine crisis, Welsh Government requested NWSSP to provide a list of PPE and medical equipment that could be made available and donated without having a detrimental impact on NHS Wales. An amount of £524,191.80 (71 pallets) has already been appropriately approved by NWSSP, Velindre and Welsh Government for donation if required.

Following a request from the UK Central response team on the 11th March 17 pallets with a value of £131,173.20 were dispatched to Stanstead for flights scheduled over the weekend 12th/13th March.

Further discussions have been held regarding consumable products we are able to offer and an additional 50 pallets with a value of £10,138.36 have been requested :

Item Code	Description	Number	Price	Total
ECW032	COMPRESSION BANDAGE SYSTEM WITH 4 LAYERS 18-25CM : 801004	80	7.08	566.4
EIR1170	WOUND CLOSURE STRIPS STERILE 6MM X 10CM (BOX 50) : 36519067	44	7.83	344.52
EIR119	CLOSURE WOUND STRIPS STERILE 12MM X 10CM (BOX 300) (50 X 6 STRIPS) : TJ36519068	43	8.29	356.47
EJA111	DRESSING ABSORBENT PAD NON STERILE 10CM X 10CM (PACK100) : PM1158	73	1.49	108.77
EJA113	PAD ABSORBENT 20CM X 10CM (PACK 50) : 1160	60	1.17	70.20
ENU0133	COTTON WOOL BALLS LARGE (PACK 200) : 5957	10600	0.82	8,692.00
				£10,138.36

1. Detail the background of case giving full reason why payment is necessary. Have other alternatives to the payment been investigated? If not, why not? If so, provide details.

This request from WG was a result of the war in Ukraine.

Due to the reduction in Business as Usual work over the last 2 years, these items have not been used to the same extent as previously, so these small volumes can be spared.

<p>2. Was fraud involved? If so complete a fraud report and ensure that the LCFS, the relevant NHS CFS Wales team, Internal and External Auditors, and where relevant the police, are informed of the fraud in accordance with Welsh Government Directions to NHS Wales health bodies on Counter Fraud Measures and using the reporting system as specified by the NHS CFS Wales. Enter dates of completion of fraud report.</p> <p>N/A</p>
<p>3. Was theft or criminal damage involved? If so have the police been informed? If not, give the reasons why not? All security related incidents must be reported to the Local Security Management Specialist once trained, accredited and in place in accordance with forthcoming guidance issued by NHS Security Management Service.</p> <p>N/A</p>
<p>4. For abandoned works, were detailed specifications identified before the scheme went ahead? How did the projected work compare to these detailed specifications? At what level, by whom, and why was the scheme approved? Why was the scheme abandoned and by whom? Could the scheme have been aborted earlier? Was the scheme joint financed? If so, was any agreement signed? Was legal advice taken in the drawing up of an agreement? Is the other party prepared to pay half of the costs of the scheme?</p> <p>N/A</p>
<p>5. For Bad Debts and Claims Abandoned. Were invoices raised on a regular basis? Was the debt monitored and chased regularly? Were services withdrawn upon continued non-payment? Enclose report showing when invoices were raised and where relevant paid.</p> <p>For cases involving businesses – has the business gone into liquidation/receivership? If so, are you listed as a creditor and do you have confirmation of this from the liquidator /receiver? If not, why not? Are any dividends being paid out? Was the financial integrity of the business looked into before goods or services were supplied? If not, why not and have procedures been revised to ensure this is carried out in the future?</p> <p>N/A</p>
<p>6. For rental cases only - did the tenant enter into lease agreements prior to occupation? If not, why not? If the lease was faulty investigate whether action can be taken against legal advisors who drew up the agreement? Provide an analysis of rent and services charges.</p> <p>N/A</p>
<p>7. For private patients cases was an undertaking to pay signed? If not, why not? Was a full estimate of potential costs given and full deposit taken to cover these costs? If not, why not?</p> <p>For overseas private patient's cases – have the relevant embassies been contacted for payment (if applicable)? For overseas visitors, are robust procedures in place in the NHS Body to identify and charge liable overseas visitors? If not, why not? Was the overseas visitor informed that he/she would be liable to pay for the full cost of treatment? Was</p>

treatment, in a clinical opinion, immediately necessary or urgent? If treatment was not urgent why was it given before obtaining a sizeable deposit?

N/A

8. **Stores (only)** - Are any linen losses calculated at 50% of the replacement value? Is this in accordance with the guidance? Is the total loss more than 5% of the total stock value? Confirm that the loss has been valued at book value less net disposal proceeds.

Yes - The items to be donated are valued at book value

9. **For extra contractual payments to contractors.** Have other alternatives to the payment been investigated? If not, why not? If so, provide details. Provide detailed calculations on which the payment is based.

N/A

10. **For ex gratia payments.** Have other options been considered? If not, why not? Explain why an ex gratia payment offers the best value for money. Confirm that the proposed payment does not place the claimant in a better position than if the error had not occurred? If it does, why? In cases of hardship record what evidence exists on this? Provide detailed calculations to support the proposed payment and demonstrate why the proposed sum is in accordance with the relevant paragraphs of this guidance.

For settlements on termination of employment, has relevant central guidance on such payments been followed in all respects? If not, why not?

For clinical negligence and personal injury cases has the relevant central guidance for such cases been followed in all respects? If not, why not?

N/A

11. Is the value of the loss reduced by insurance? If so, record the value of the gross loss and the value of the amount recovered by insurance.

No

12. Have all reasonable steps been taken to recover the loss? Provide details of the attempts that have been made to recover the loss or explain why no action has been taken. Has appropriate legal advice been sought? If not, why not? If advice has been sought, what recommendations were made and have these been followed? If not, why not?

Confirmation has been received from Welsh Government that funding will be provided in full to cover this donation.

<p>13. Identify any failings in the actions of employees, including supervisors. Having considered this, is there a need for disciplinary action? Record what action has been taken or is proposed, or if no action is to be taken, explain why. Include dates, names of individuals and positions.</p> <p>N/A</p>
<p>14. Was there any apparent breakdown of procedures? Detail weakness or fault in system of control or supervision.</p> <p>N/A</p>
<p>15. What proposed improvements have been put forward to correct defects in the existing systems or procedures? Include the timetable for implementation of the improvements. What monitoring measures have been introduced to ensure the improvements are working effectively?</p> <p>N/A</p>
<p>16. Is it necessary to inform the board/chief executive? If not, why not?</p> <p>Yes – the NWSSP Managing Director has been informed</p>
<p>17. Do your SFIs require a Board report for this case? If so, please enclose the report. If not, consider whether in the light of this case your SFIs should be amended to require a Board report in such cases.</p> <p>A meeting of the Finance & Governance Group was held to review the original donation. The donation was approved and the notes of the meeting have been distributed to the Audit Committee Chair. The additional request will be considered by the Audit Committee on 5th April 2022</p>
<p>18. Having completed the above steps, detail the general lessons that can be drawn from this case. If a system weakness has been identified which has possible implications across the NHS the LCFS or the NHS CFS Wales should report the problem to NHS Protect using either the intranet fraud prevention referral system for fraud or the Area Security Management Specialist for security matters so that measures can be taken nationally to amend policy or systems.</p> <p>N/A – unprecedented urgent situation to respond to war in Ukraine</p>
<p>19. Please give details of name and position of person forwarding this case for Welsh Government approval (if applicable). Give the date when this case was first brought to the attention of the Welsh Government H&SSG FD (if applicable).</p> <p>Name - Andy Butler</p> <p>Position - Director of Finance & Corporate Services, NWSSP</p> <p>Date Welsh Government H&SSG FD notified – Steve Elliot – 1 April 2022</p>

20. I have considered fully each point on this checklist and my findings are recorded in the attached case summary and/or in the spaces above. I confirm that the details recorded above and on the attached case summary are complete and accurate, and that all aspects of the checklist have been properly considered and actioned.

Signed by - Andy Butler

21. I confirm that the above details are complete and accurate and all aspects of the checklist have been properly considered and actioned. I agree that write off of this loss offers the best value for money for this case.

This case is novel, contentious or repercussive and I therefore request formal approval from the Welsh Government H&SSG FD

Signed by - Jane Tyler

Date – 01.04 .22

Countersigned by – Andy Butler

Date – 01.04.22

Please note this section must be signed by two senior officers in accordance with the delegated limits set by the board. Please print names and position held in the organisation.

Name – Neil Frow Position held – Managing Director, NWSSP Date: 01/04/22

Countersigned by Tracy Myhill

Position held - Chair, NWSSP

Date: 01/04/22

NHS Wales Shared Services Partnership

Checklist to be used when compiling the summary of the case

Category –

Type of case – Correction to Approved Surplus PPE to be provided to Namibia

Reference number – NWSSP/Covid/005

Health Body (name and code) – RQF- NHS Wales Shared Services Partnership hosted by Velindre University NHS Trust

1. Record the amount involved and the reasons why the loss arose.

Item Code	Description	Number	Approved Total	Approved Total	Increase
KCP401N	PIPETTE FOR RAPID TEST	1,000 Box 300	5,980	5,980	0
KCP400	RAPID TEST CASSETTE	12,000 Pack 25	3,778,708	3,934,800	156,092
QAA066Z	VENTILATOR PORTABLE ADULT : PARAPAC	40 units	0	0	0
			£3,784,688	£3,940,780	£156,092

Following a request from WG. to provide Covid Tests and Ventilators to Namibia aid approval was sought and provided by Welsh Government for a donation of £3,784,688 in July 2022 . When the goods were issues it was identified that due to a price adjustment actual issue cost was £156,092 higher than notified. WG have requested that we submit another form to reflect the additional cost of the donation.

2. Detail the background of case giving full reason why payment is necessary. Have other alternatives to the payment been investigated? If not, why not? If so, provide details.

This request was a result of desperate situations in Africa where health services are overwhelmed by 2nd Covid waves

The items were shipped and have all been received in Namibia as planned.

3. **Was fraud involved?** If so complete a fraud report and ensure that the LCFS, the relevant NHS CFS Wales team, Internal and External Auditors, and where relevant the police, are informed of the fraud in accordance with Welsh Government Directions to NHS Wales health bodies on Counter Fraud Measures and using the reporting system as specified by the NHS CFS Wales. Enter dates of completion of fraud report.

N/A

<p>4. Was theft or criminal damage involved? If so have the police been informed? If not, give the reasons why not? All security related incidents must be reported to the Local Security Management Specialist once trained, accredited and in place in accordance with forthcoming guidance issued by NHS Security Management Service.</p> <p>N/A</p>
<p>5. For abandoned works, were detailed specifications identified before the scheme went ahead? How did the projected work compare to these detailed specifications? At what level, by whom, and why was the scheme approved? Why was the scheme abandoned and by whom? Could the scheme have been aborted earlier? Was the scheme joint financed? If so, was any agreement signed? Was legal advice taken in the drawing up of an agreement? Is the other party prepared to pay half of the costs of the scheme?</p> <p>N/A</p>
<p>6. For Bad Debts and Claims Abandoned. Were invoices raised on a regular basis? Was the debt monitored and chased regularly? Were services withdrawn upon continued non-payment? Enclose report showing when invoices were raised and where relevant paid.</p> <p>For cases involving businesses – has the business gone into liquidation/receivership? If so, are you listed as a creditor and do you have confirmation of this from the liquidator /receiver? If not, why not? Are any dividends being paid out? Was the financial integrity of the business looked into before goods or services were supplied? If not, why not and have procedures been revised to ensure this is carried out in the future?</p> <p>N/A</p>
<p>7. For rental cases only - did the tenant enter into lease agreements prior to occupation? If not, why not? If the lease was faulty investigate whether action can be taken against legal advisors who drew up the agreement? Provide an analysis of rent and services charges.</p> <p>N/A</p>
<p>8. For private patients cases was an undertaking to pay signed? If not, why not? Was a full estimate of potential costs given and full deposit taken to cover these costs? If not, why not?</p> <p>For overseas private patient's cases – have the relevant embassies been contacted for payment (if applicable)? For overseas visitors, are robust procedures in place in the NHS Body to identify and charge liable overseas visitors? If not, why not? Was the overseas visitor informed that he/she would be liable to pay for the full cost of treatment? Was treatment, in a clinical opinion, immediately necessary or urgent? If treatment was not urgent why was it given before obtaining a sizeable deposit?</p> <p>N/A</p>

<p>9. Stores (only) - Are any linen losses calculated at 50% of the replacement value? Is this in accordance with the guidance? Is the total loss more than 5% of the total stock value? Confirm that the loss has been valued at book value less net disposal proceeds.</p> <p>N/A</p>
<p>10. For extra contractual payments to contractors. Have other alternatives to the payment been investigated? If not, why not? If so, provide details. Provide detailed calculations on which the payment is based.</p> <p>N/A</p>
<p>11. For ex gratia payments. Have other options been considered? If not, why not? Explain why an ex gratia payment offers the best value for money. Confirm that the proposed payment does not place the claimant in a better position than if the error had not occurred? If it does, why? In cases of hardship record what evidence exists on this? Provide detailed calculations to support the proposed payment and demonstrate why the proposed sum is in accordance with the relevant paragraphs of this guidance.</p> <p>For settlements on termination of employment, has relevant central guidance on such payments been followed in all respects? If not, why not?</p> <p>For clinical negligence and personal injury cases has the relevant central guidance for such cases been followed in all respects? If not, why not?</p> <p>N/A</p>
<p>12. Is the value of the loss reduced by insurance? If so, record the value of the gross loss and the value of the amount recovered by insurance.</p> <p>No</p>
<p>13. Have all reasonable steps been taken to recover the loss? Provide details of the attempts that have been made to recover the loss or explain why no action has been taken. Has appropriate legal advice been sought? If not, why not? If advice has been sought, what recommendations were made and have these been followed? If not, why not?</p> <p>Confirmation has been received from Welsh Government that funding will be provided in full to cover this donation.</p>
<p>14. Identify any failings in the actions of employees, including supervisors. Having considered this, is there a need for disciplinary action? Record what action has been taken or is proposed, or if no action is to be taken, explain why. Include dates, names of individuals and positions.</p> <p>N/A</p>

<p>15. Was there any apparent breakdown of procedures? Detail weakness or fault in system of control or supervision.</p> <p>N/A</p>
<p>16. What proposed improvements have been put forward to correct defects in the existing systems or procedures? Include the timetable for implementation of the improvements. What monitoring measures have been introduced to ensure the improvements are working effectively?</p> <p>N/A</p>
<p>17. Is it necessary to inform the board/chief executive? If not, why not?</p> <p>The NWSSP Managing Director and NWSSP Chair have been informed</p>
<p>18. Do your SFIs require a Board report for this case? If so, please enclose the report. If not, consider whether in the light of this case your SFIs should be amended to require a Board report in such cases.</p> <p>The original report was prepared and considered in July 2022 – this form will be presented to the Audit Committee on 5th April 2022</p>
<p>19. Having completed the above steps, detail the general lessons that can be drawn from this case. If a system weakness has been identified which has possible implications across the NHS the LCFS or the NHS CFS Wales should report the problem to NHS Protect using either the intranet fraud prevention referral system for fraud or the Area Security Management Specialist for security matters so that measures can be taken nationally to amend policy or systems.</p> <p>N/A – unprecedented urgent situation to respond to Covid</p>
<p>20. Please give details of name and position of person forwarding this case for Welsh Government approval (if applicable). Give the date when this case was first brought to the attention of the Welsh Government H&SSG FD (if applicable).</p> <p>Name - Andy Butler</p> <p>Position - Director of Finance & Corporate Services, NWSSP</p> <p>Date Welsh Government H&SSG FD notified – Feb 2022</p>
<p>21. I have considered fully each point on this checklist and my findings are recorded in the attached case summary and/or in the spaces above. I confirm that the details recorded above and on the attached case summary are complete and accurate, and that all aspects of the checklist have been properly considered and actioned.</p> <p>Signed by - Andy Butler</p>

22. I confirm that the above details are complete and accurate and all aspects of the checklist have been properly considered and actioned. I agree that write off of this loss offers the best value for money for this case.

This case is novel, contentious or repercussive and I therefore request formal approval from the Welsh Government H&SSG FD

Signed by - Jane Tyler

Date – 1.04.22

Countersigned by – Andy Butler

Date – 1.04.22

Please note this section must be signed by two senior officers in accordance with the delegated limits set by the board. Please print names and position held in the organisation.

Name - Neil Frow

Position held – Managing Director, NWSSP

Countersigned by – Tracy Myhill

Position held - Chair, NWSSP

NHS Wales Shared Services Partnership

Checklist to be used when compiling the summary of the case

Category –

Type of case – year end stock impairment

Reference number – NWSSP/Stock Adjustment/001

Health Body (name and code) – RQF- NHS Wales Shared Services Partnership hosted by Velindre University NHS Trust

- Record the amount involved and the reasons why the loss arose.

For the 2021/22 Accounts stock losses totalling £11.6m are proposed against 2 headings

- Within the existing Welsh stockpile there are a small number of items that are at risk of becoming out of date before they are consumed.
- Fit Test Solutions – Due to the implementation of a new fit testing methodology these solutions are no longer required in Wales and as such will become out of date; current stock 26k at a value of £0.280m.
- Face Visors – At the height of the pandemic 131k of these were issued each week, this has fallen to 14k per week and as such stocks have not been issued and are now approaching the end of their date life. We currently have 620k of Visors with a value of £1.05m in stock. SMTL have engaged with NHS England to investigate the possibility of extending the date life of these products in England and Wales will take action based on the outcome of this work.
- Type II masks - A stock of 237,000 Type II masks with a value of £0.159m will reach the end of their date life within a month. This product was widely used prior to the pandemic but has been replaced with the fluid resistant Type IIR mask during covid and there is no longer a market for this product.

A provision of £1.491m will be made for the above items in the 2021/22 accounts.

- Within the Wales PPE stockholding there are currently 2 products which are not moving and continue to be held at the original purchase cost, these now need to be written down to current market price which approximates to fair value.
- Gowns – Currently a stock of 2.24m gowns from a single supplier is held due to problems with the quality of the items. This is being pursued and it is anticipated that this will be resolved through product replacement. However, due to the dispute we have been unable to issue the product and the market price has fallen from £4.20 to 28p, a total devaluation of £8.79m.
- Goggles – Currently a stock of 585k goggles is held within stores. Early in the pandemic, national guidance required the use of goggles, and these were purchased at £5.03 each in early 2020. The guidance was amended to require the use of face visors in mid-2020 and, therefore, these goggles were not issued and remain in store. This product is used

as eye protection in some areas of NHS Wales where purchases are made via non-stock. To facilitate the promoting of this product to this new market it is proposed to revalue this product to the current market price of £2.50, a total revaluation of £1.48m.

A provision will be made for the above revaluation of stocks in the 2021/22 accounts, £10.27m.

1. Detail the background of case giving full reason why payment is necessary. Have other alternatives to the payment been investigated? If not, why not? If so, provide details.

As above

2. **Was fraud involved?** If so complete a fraud report and ensure that the LCFS, the relevant NHS CFS Wales team, Internal and External Auditors, and where relevant the police, are informed of the fraud in accordance with Welsh Government Directions to NHS Wales health bodies on Counter Fraud Measures and using the reporting system as specified by the NHS CFS Wales. Enter dates of completion of fraud report.

N/A

3. **Was theft or criminal damage involved?** If so have the police been informed? If not, give the reasons why not? All security related incidents must be reported to the Local Security Management Specialist once trained, accredited and in place in accordance with forthcoming guidance issued by NHS Security Management Service.

N/A

4. **For abandoned works**, were detailed specifications identified before the scheme went ahead? How did the projected work compare to these detailed specifications? At what level, by whom, and why was the scheme approved? Why was the scheme abandoned and by whom? Could the scheme have been aborted earlier? Was the scheme joint financed? If so, was any agreement signed? Was legal advice taken in the drawing up of an agreement? Is the other party prepared to pay half of the costs of the scheme?

N/A

5. **For Bad Debts and Claims Abandoned.** Were invoices raised on a regular basis? Was the debt monitored and chased regularly? Were services withdrawn upon continued non-payment? Enclose report showing when invoices were raised and where relevant paid.

For cases involving businesses – has the business gone into liquidation/receivership? If so, are you listed as a creditor and do you have confirmation of this from the liquidator /receiver? If not, why not? Are any dividends being paid out? Was the financial integrity of the business looked into before goods or services were supplied? If not, why not and have procedures been revised to ensure this is carried out in the future?

N/A

<p>6. For rental cases only - did the tenant enter into lease agreements prior to occupation? If not, why not? If the lease was faulty investigate whether action can be taken against legal advisors who drew up the agreement? Provide an analysis of rent and services charges.</p> <p>N/A</p>
<p>7. For private patients cases was an undertaking to pay signed? If not, why not? Was a full estimate of potential costs given and full deposit taken to cover these costs? If not, why not?</p> <p>For overseas private patient's cases – have the relevant embassies been contacted for payment (if applicable)? For overseas visitors, are robust procedures in place in the NHS Body to identify and charge liable overseas visitors? If not, why not? Was the overseas visitor informed that he/she would be liable to pay for the full cost of treatment? Was treatment, in a clinical opinion, immediately necessary or urgent? If treatment was not urgent why was it given before obtaining a sizeable deposit?</p> <p>N/A</p>
<p>8. Stores (only) - Are any linen losses calculated at 50% of the replacement value? Is this in accordance with the guidance? Is the total loss more than 5% of the total stock value? Confirm that the loss has been valued at book value less net disposal proceeds.</p> <p>N/A</p>
<p>9. For extra contractual payments to contractors. Have other alternatives to the payment been investigated? If not, why not? If so, provide details. Provide detailed calculations on which the payment is based.</p> <p>N/A</p>
<p>10. For ex gratia payments. Have other options been considered? If not, why not? Explain why an ex gratia payment offers the best value for money. Confirm that the proposed payment does not place the claimant in a better position than if the error had not occurred? If it does, why? In cases of hardship record what evidence exists on this? Provide detailed calculations to support the proposed payment and demonstrate why the proposed sum is in accordance with the relevant paragraphs of this guidance.</p> <p>For settlements on termination of employment, has relevant central guidance on such payments been followed in all respects? If not, why not?</p> <p>For clinical negligence and personal injury cases has the relevant central guidance for such cases been followed in all respects? If not, why not?</p> <p>N/A</p>
<p>11. Is the value of the loss reduced by insurance? If so, record the value of the gross loss and the value of the amount recovered by insurance.</p> <p>No</p>

<p>12. Have all reasonable steps been taken to recover the loss? Provide details of the attempts that have been made to recover the loss or explain why no action has been taken. Has appropriate legal advice been sought? If not, why not? If advice has been sought, what recommendations were made and have these been followed? If not, why not?</p> <p>Confirmation has been received from Welsh Government that funding will be provided in full</p>
<p>13. Identify any failings in the actions of employees, including supervisors. Having considered this, is there a need for disciplinary action? Record what action has been taken or is proposed, or if no action is to be taken, explain why. Include dates, names of individuals and positions.</p> <p>N/A</p>
<p>14. Was there any apparent breakdown of procedures? Detail weakness or fault in system of control or supervision.</p> <p>N/A</p>
<p>15. What proposed improvements have been put forward to correct defects in the existing systems or procedures? Include the timetable for implementation of the improvements. What monitoring measures have been introduced to ensure the improvements are working effectively?</p> <p>N/A</p>
<p>16. Is it necessary to inform the board/chief executive? If not, why not?</p> <p>Yes – the NWSSP Managing Director has been informed</p>
<p>17. Do your SFIs require a Board report for this case? If so, please enclose the report. If not, consider whether in the light of this case your SFIs should be amended to require a Board report in such cases.</p> <p>Audit Committee Report submitted</p>
<p>18. Having completed the above steps, detail the general lessons that can be drawn from this case. If a system weakness has been identified which has possible implications across the NHS the LCFS or the NHS CFS Wales should report the problem to NHS Protect using either the intranet fraud prevention referral system for fraud or the Area Security Management Specialist for security matters so that measures can be taken nationally to amend policy or systems.</p>

19. Please give details of name and position of person forwarding this case for Welsh Government approval (if applicable). Give the date when this case was first brought to the attention of the Welsh Government H&SSG FD (if applicable).

Name - Andy Butler

Position - Director of Finance & Corporate Services, NWSSP

Date Welsh Government H&SSG FD notified – Steve Elliot – Interim Director February 2022

20. I have considered fully each point on this checklist and my findings are recorded in the attached case summary and/or in the spaces above. I confirm that the details recorded above and on the attached case summary are complete and accurate, and that all aspects of the checklist have been properly considered and actioned.

Signed by - Andy Butler

21. I confirm that the above details are complete and accurate and all aspects of the checklist have been properly considered and actioned. I agree that write off of this loss offers the best value for money for this case.

This case is novel, contentious or repercussive and I therefore request formal approval from the Welsh Government H&SSG FD

Signed by - Jane Tyler

Date – 01.04.2022

Countersigned by – Andy Butler

Date – 01.04 .2022

Please note this section must be signed by two senior officers in accordance with the delegated limits set by the board. Please print names and position held in the organisation.

Name -

Position held -

Countersigned by

Position held - Chair, NWSSP

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.4
PREPARED BY	Andy Butler, Director of Finance and Corporate Services
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Energy Costs Update

PURPOSE

To provide the Audit Committee with an update as to the latest position regarding energy costs.

1. BACKGROUND

Due to the nature of the markets and high expenditure, the Energy Price Risk Management Group (EPRMG) was formed in 2005 to manage exposure to risk across the NHS Wales energy contracts. The overarching aim of the group is to minimise the impact of energy price rises through proactive management and forward buying. The contracts and purchases are managed by the EPRMG. This group is chaired by a very experienced former DoF and consists of key HB/Trust stakeholders (e.g., Energy Managers, Finance reps), and meets regularly throughout the year to manage our contractor's performance, take account of current and forthcoming market factors, and agree upon the purchasing strategy for periods between EPRMG meetings. British Gas Account Managers and representatives also attend these meetings to present market overviews to the group, helping inform the most appropriate decision-making and purchasing approach to any given situation.

2021 /22 Energy Costs

There have been very significant increases in gas and electricity prices during the year, particularly during recent weeks following the outbreak of the Ukraine war. The EPRMG strategy of purchasing ahead has meant that NHS Wales has benefitted substantially and avoided most of the price increases for gas and electric supply. For example, the average secured price for Gas for FY21/22 was at 43.85pence per therm and the average amount secured was 84.2% for the period. This compares very favourable with the current

price which is around £2.66 per therm and has been as high as £8 per therm in recent weeks.

2022/23 Energy Costs

Whilst this strategy has protected NHS Wales from the huge increase in market prices for 2021/22 it is likely that there will be very significant hikes in energy costs in 2022/23 because of the current contracts coming to an end.

Working with British Gas we have attempted to estimate the potential costs in 2022/23 based on current prices as set out below. The figures for 21/22 and 22/23 FY are taken from the 'mid total' columns of the latest forecasts that British Gas shared last week, which are based upon any remaining volumes being secured at current market pricing. The current forecasts are as follows

Contract	Historic average	21/22 FY	22/23 FY
Gas	£10,000,000		
	-		
	£15,000,000	£20,838,000	£91,134,000
Electricity	£25,000,000		
	-		
	£30,000,000	£40,263,000	£66,310,000

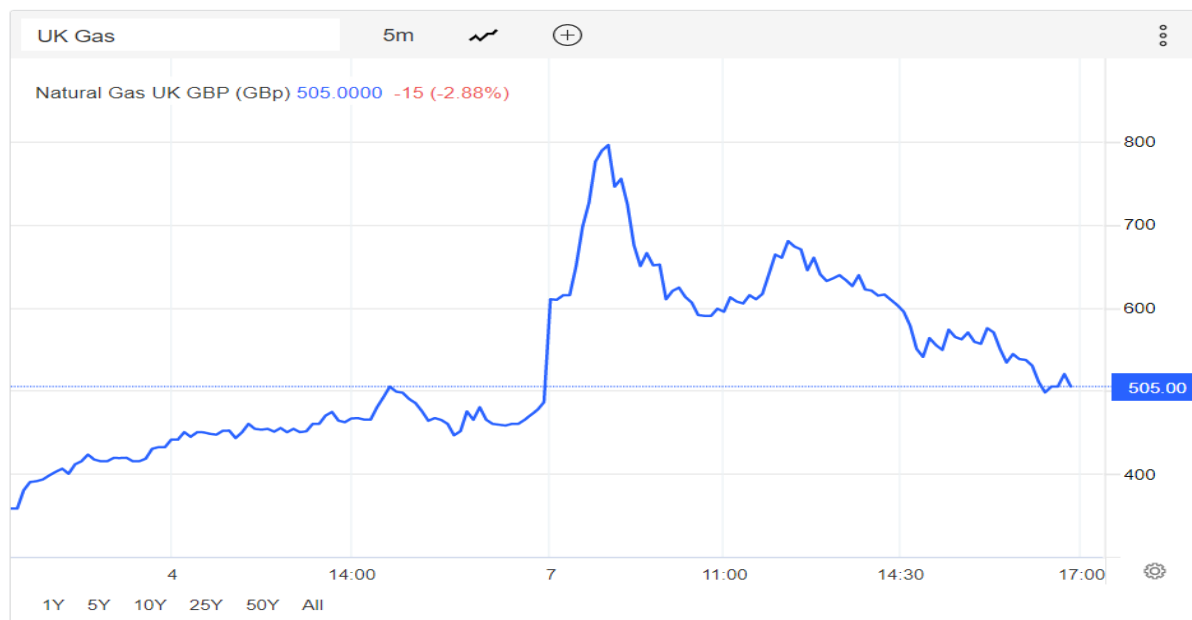
Gas increase - There was a very significant surge in current and future gas prices during 2021. Taking into account the advice provided by British Gas market experts, the group has been reluctant to purchase for many months ahead in order to avoid 'locking into the prevailing high prices. Prices have been monitored on a day-to-day basis and it has not been possible to purchase tranches beyond April 2022 at the prices secured for 2021. The expert market advice received throughout 2021 did not expect these increased current and future price levels to have continued for such a period and the Ukraine crisis has introduced even more uncertainty into the markets as well as prolonging the period of extremely high prices. The current position is that some energy has been bought in advance for April 2022 and the markets continue to be monitored daily to take advantage of any opportunities to buy in advance at more favourable rates. In the event that such opportunities do not arise gas will be purchased on the day ahead rate.

Electricity increase - The position with regard to electricity is less stark as advanced purchases at low price levels were made previously which will provide protection for the period to September 2022. Thereafter, if the market price levels remain at a high level, this will have a significant impact on the second half of 22/23.

Market volatility

It is important to appreciate that the above forecasts are very volatile and can change very quickly as demonstrated by the graph below. This shows that the price per therm for gas on 7th March 2022 started at £4.50@7am, then rose to £8.00 @8am then returned back towards £5.00 by 5pm. Currently (15/3/2022) the price has fallen back to £2.94 per therm.

Uk gas price per therm – 7th March 2022



Conclusion

It is likely that NHS Wales organisations will be subject to very significant increases in energy costs this coming year. Clearly, the EPRMG will attempt to minimise this additional cost by meeting regularly (currently 3 times a week), taking advice from Energy Market experts (currently 1 a week) and regularly considering its purchasing strategy and approach (in every meeting).

The increase in energy costs are very unwelcome, but they are unavoidable given the current war in Ukraine, the sanctions applied to Russia and the removal of Russian Gas and Oil from supplying the global market. However, our collective approach will attempt to manage the energy costs for NHS Wales as best as we can over the year ahead. Briefings on the situation has also been provided to Welsh Government colleagues as well as forecasts of potential cost implications for 2022/23.

2. RECOMMENDATION

The Committee is asked to **NOTE** the report.

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.5
PREPARED BY	Carly Wilce, Corporate Services Manager
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Governance Matters
PURPOSE The purpose of this paper is to provide the Audit Committee with a brief update on governance developments within NWSSP.	

1. STANDING ORDERS AND FINANCIAL INSTRUCTIONS (SOs and SFIs)

There have been no departures from the Standing Orders and financial regulations during the period.

2. CONTRACTS FOR NWSSP

The table overleaf summarises contracting activity undertaken during the period **04 January 2022 to 20 March 2022**. A summary of activity for the period is set out in **Appendix A**.

Description	No.
File Note	7
Invitation to competitive quote of value between £5,000 and £25,000 (exclusive of VAT)	15
Invitation to competitive tender of value between £25,000 and the prevailing OJEU threshold (exclusive of VAT)	1
Single Tender Actions	9
Single Quotation Actions	9
Direct Call Off against National Framework Agreement	2
Invitation to competitive tender of value exceeding prevailing OJEU threshold (exclusive of VAT)	0
Contract Extensions	0
Total	43

3. NWSSP PROCUREMENT SERVICES ALL WALES CONTRACTING ACTIVITY

During the period **4 January 2022 to 16 March 2022**, activity against **64 contracts** have been completed. This includes **20** contracts at the **briefing** stage and **35** contracts at the **ratification** stage. In addition to this activity, **9 extensions** have been actioned against contracts. A summary of activity for the period is set out in **Appendix B**.

4. GIFTS, HOSPITALITY & SPONSORSHIP

There have been **2** declarations as to Gifts, Hospitality or Sponsorship made since the last Audit Committee meeting. These were as follows:

- An offer of overnight accommodation and hospitality which was rejected; and
- Receipt of a £50 hamper within SMTL which had been planned to be donated to Velindre Charitable Funds. Due to COVID restrictions, this could not be actioned, and all items which were perishable, were therefore shared amongst staff.

5. WELSH GOVERNMENT QUARTERLY UPDATE

On a quarterly basis, we issue a letter to Judith Paget at Welsh Government to confirm any Audit Reports which have achieved limited or no assurance. There has been one audit review (ICT Operational Infrastructure) which achieved a limited assurance rating and was reported in quarter 4 for the 2021-22 financial year.

6. RECOMMENDATIONS

The Committee is asked to **NOTE** the report.

APPENDIX A - NWSSP Contracting Activity Undertaken (14/01/2022 to 20/03/2022)

No.	Trust	Division	Procurement Ref No	Date	SFI Reference	Agreement Title/Description	Supplier	Anticipated Agreement Value (ex VAT)	Reason/Circumstance and Issue	Compliance Comment	Procurement Action Required
1.	VEL	TMU	NWSSP-STA-906	05/01/2022	Single Quotation Tender	MHRA Licenced "Specials" manufacturer, supplying specials medicines to health boards	B Braun	£38,566	This device is the only available within the UK that provides the technology to manufacture OPAT and infusion devices whilst providing bespoke compounder control and scheduling capabilities.	Endorsed	No action required
2.	VEL	TMU	NWSSP-STA-907	11/02/2022	Single Quotation Tender	Medical Gas Analyser	AG Instruments Ltd	£21,712.80	This is the only supplier of a comprehensive medical gas analyser with ability to reliably test for impurities in piped gas such as sulphur dioxide and nitrous oxides. Conventional methods of testing for impurities give little assurance and do not comply with the requirements of HTM01-02	Endorsed	Review with Service ongoing requirement to secure longer term requirement if required.
3.	VEL	SMTL	NWSSP-SQA-912	27/01/2022	Single Quotation Tender	Upgrade the fire alarm and install a door access system for the SMTL Laboratory at IP5	Chubb Fire & Security	£14,245.12	Works needed to be integrated with the existing systems in the building and as such need to be completed by Chubb who installed the original system.	Endorsed	No action required
4.	VEL	NWSSP	NWSSP-SQA-914	17/02/2022	Single Quotation Tender	Removal and Replacement of Dock Levellers and replacement of qty 3 Roller Shutter Doors	Bolton Gate	£20,534.77	Bolton Gate Services are the incumbent supplier that have already completed works on IP5 site for the dock levellers. The knowledge to remove the existing dock leveller would not exist for a new supplier.	Endorsed	Future procurement to secure long-term agreement for IP5.
5.	VEL	SMTL	NWSSP-STA-915	01/02/2022	Single Quotation Tender	Purchase of a Fine Control Temperature and Humidity Unit	Riverside	£31,792.61	SMTL have tested many units in the past and none were able to provide the required temperature and RH control like Riverside which were within their accredited tolerances.	Endorsed	No action required

6.	VEL	SMTL	NWSSP-SQA-916	25/01/2022	Single Quotation Tender	Purchase of a COMARK Wireless Temperature and Relative	Comark	£16,694.73	This is the only wireless system which didn't have connectivity issues and faulty probes.	Endorsed	No action required
7.	VEL	NWSSP	NWSSP-SQA-920	One off	Single Quotation Tender	Mass casualty bags that must mirror original specs	Rescue and medial LTD	£7,010.00	NHS Wales Mass Casualty Resilience purposes following a revised Incident Risk Assessment. Specific item manufactured to order with no alternative supplier.	Endorsed	No action required
8.	VEL	Corporate	NWSSP-SQA-933	21/02/2022	Single Quotation Tender	Floors 2 and 3 Matrix house led light replacement	Facility Services Group	£19,441.53	Landlord requirement to use preferred contractor.	Endorsed	No action required
9.	VEL	TMU	NWSSP-SQA-935	01/03/2022	Single Quotation Tender	semi-automated filling device	Bbraun	£24,500.00	The device is the only device available in the UK at present that provides the technology to manufacture OPAT and infusion devices at scale and pace.	Endorsed	Market review to ensure no new entrants or better alternative product in market prior to any future procurements.
10.	VEL	Laundry	NWSSP-STA-922	01/03/2022	Single Quotation Tender	Steam generator treatment	Babcock Wanson	£40,000.00	Warranty for coils is void if another supplier is used.	Endorsed	No action required
11.	VEL	Laundry	NWSSP-SQA-924	01/03/2022	Single Quotation Tender	Input of Timeware time clocks into laundry sites in line with other sites in NWSSP	Timeware	£14,210.40	Clocking in facilities for Laundry staff – existing supplier.	Endorsed	No action required
12.	VEL	IP5	NWSSP-STA-925	07/03/2022	Single Quotation Tender	IP5 Roofing	Waters Roofing	£26,940.00	Roof repairs carried out by an existing contractor with knowledge of IP5 technical requirements.	Endorsed	No action required
13.	VEL	Laundry	NWSSP-STA-937	01/03/202	Single Quotation Tender	Swansea Bay Tunnel Washer Repair	Thomas Broadbent & Sons Lts	£34,408.92	Only supplier able to undertake work. Alternative suppliers were contacted who were unable to work on competitors product.	Endorsed	No action required
14.	VEL	Supply Chain	NWSSP-SQA-939	22/02/2022	Single Quotation Tender	Stock for Mass Casualty Bags required for NHS Wales Mass Casualty	Safeguard Medical	£5,497.00	One supplier/provider, items must exactly mirror existing items already in circulation.	Endorsed	No action required

						Resilience purposes following a revised Incident Risk Assessment					
15.	VEL	Laundry	NWSSP-STA-938	08/03/2022	Single Quotation Tender	Provision of Laundry Soap	Christeyns	£140,000	Short-term STA for 6 months to cover the period until a formal tender can be awarded.	Endorsed	No action required
16.	VEL	Legal and Risk	NWSSP-STA-943	02/03/2022	Single Quotation Tender	Provision of Virtual Cabinet	Get Busy	£34916.4	For the past 2 years there have been preparations for procuring a new solution. It is in significant design and build stage with Welsh Government confirming capital funding. Project completion due mid 2022/2023.	Endorsed	No action required
17.	VEL	TMU	NWSSP-SQA-949	15/03/2022	Single Quotation Tender	Annual Service of the medimix and four syringe fillers	Feelassured Ltd	£12,750	The Medimix is specialist production equipment and the annual service can only be carried by the manufacturer. There are no other organisations or companies with the technical knowledge and experience able to do this work.	Endorsed	No action required
18.	VEL	HCS	NWSSP-STA-920	12/02/2022	Single Quotation Tender	Mass casualty bags that must mirror original specs	Rescue and medial LTD	£7,010	Additional quantities required following revised Incident Risk Assessment.	Endorsed	No action required
19.	VEL	Legal & Risk	NWSSP-RFQ-864	04/11/2021	Request For Quote	ibex gale external hr investigator	Ibex Gale Ltd	£1000	External HR investigator required for specific case.	Endorsed	No action required
20.	VEL	Supply Chain	NWSSP-RFQ-877	23/11/2021	Request For Quote	Replacement Dock Leveller at Denbigh Stores	Bolton Gate Services Ltd	£6,070	Replacement of an old dock leveller. Awarded to lowest price quotation.	Endorsed	No action required
21.	VEL	Supply Chain	NWSSP-RFQ-918	02/02/2022	Request For Quote	Denbigh Stores – Lighting	EG Morris Electrical	£9,110	Replacing the lighting in the main warehouse. Awarded to lowest price quotation.	Endorsed	No action required
22.	VEL	Supply Chain	NWSSP-RFQ-919	02/02/2022	Request For Quote	To Supply and install new heavy duty carpet tiles and take up existing	TSF Contracts Ltd	£14,572	Office upgrade Awarded to lowest price quotation.	Endorsed	No action required

						carpet tiles and remove from site. HQ, Nantgarw					
23.	VEL	IT	NWSSP-RFQ-929	02/02/2022	Request For Quote	Mycompliance_c loud_cyber_sec _awareness_sol ution	Metacomplia nce	£16,400	Awarded to lowest price quotation.	Endorsed	No action required
24.	VEL	Laundry	NWSSP-RFQ-934	22/02/2022	Request For Quote	To Supply and deliver variable compressor for laundry	Compressor Solutions LTD	£12,140	Purchase of new compressor to maintain Laundry Service requirements. Awarded to lowest price quotation.	Endorsed	No action required
25.	VEL	Laundry	NWSSP-RFQ-939	28/02/2022	Request For Quote	Foldmaker 66 universal towel folder	HJ Weir engineering Company	£22,493	To maintain Laundry service requirements Awarded to lowest price quotation.	Endorsed	No action required
26.	VEL	Laundry	NWSSP-RFQ-940	28/02/2022	Request For Quote	Variable Speed Compressor	Sturdy Fluid Power Ltd	£24,260	To maintain Laundry service requirements Awarded to lowest price quotation.	Endorsed	No action required
27.	VEL	PCS	NWSSP-RFQ-940	03/03/2022	Request For Quote	Purchase of 3 full production scanner and 3 year support	Response Technical Services LTD	£23,808	Awarded to lowest price quotation.	Endorsed	No action required
28.	VEL	Supply Chain	NWSSP-RFQ-941	01/03/2022	Request For Quote	Painting flooring and Hatching at Denbeigh Warehouse	Propaint (uK) Ltd	£20,300	Awarded to lowest price quotation.	Endorsed	No action required
29.	VEL	IT	NWSSP-RFQ-947	01/03/2022	Request For Quote	Ekahau pro - software license & Usb adapter	SoftCat	£14,449.71	Awarded to lowest price quotation.	Endorsed	No action required
30.	VEL	TMU	MWSSP-MQ-815	04/05/2021	Multiquote	Clean room and clean equiptment testing	Enbloc Ltd	£10,210	MEAT evaluation used.	Endorsed	No action required
31.	VEL	Laundry	NWSSP-MQ-311586	01/03/2022	Multiquote	Laundry Management and dispatch software	Benchmarke r Ltd	£14,288	MEAT evaluation used.	Endorsed	No action required
32.	VEL	Corporat e	NWSSP-MQ-311459	24/01/2022	Multiquote	Purchase of translation kits	Sound induction system limited	£12,084	MEAT evaluation used.	Endorsed	No action required

33.	VEL	Supply Chain	VEL-NWSSP-MQ-RA310378	30/11/2021	Multiquote	Decoration of Offices at Bridgend Stores	PRW Construction LTD	£24,946	MEAT evaluation used.	Endorsed	No action required
34.	VEL	Corporate	NWSSP-DCO-48965	01/11/2021	Direct Call Off	PROVISION OF WELSH TRANSLATION WITHIN NWSSP	Atebol	£50,000	To support Welsh Language translation Services to NWSSP	Endorsed	Procurement to support renewal activity/
35.	VEL	SMTL	NWSSP-DCO-48533	25/02/22	Direct Call Off	Project management, Principal Designer, Full Design and Surveying services to deliver EFAB funded project for LED lighting installation at IP5 depot in Newport.	Arup	£32,232	Feasibility study to support LED lighting for IP5 utilising WG de-carbonisation funding.	Endorsed	No action required.
36.	VEL	TRAMS	NWSSP-ITT-49805	01/03/2022	Invitation To Tender	Electronic Pharmaceutical Quality (Epmqs)	Sercle	£97,600	New Electronic Pharmaceutical Quality System to support TRAMS. System is required to support Service accreditation.	Endorsed	No Action Required
37.	VEL	TRAMS	VEL-NWSSP-FN-103	10/08/2021	File Note	PG Diploma Pharmaceutical Technology and Quality Assurance	Manchester University	£6,600	The University is the only provider of this course.	Competition not sought in accordance with SFI'S, student had enrolled prior to seeking procurement advice.	Support Service with procurement governance on future requirement.
38.	VEL	SMTL	VEL-NWSSP-FN-111	07/09/2021	File Note	G SUITE - ENTERPRISE Platform	Ancoris	£8,280	Renewal procurement of Google software via a third-party provider.	Competition not sought in accordance with SFI'S.	Procurement to support renewal activity. ECM record as been created to capture future requirement in a timely manner.
39.	VEL	IP5	VEL-NWSSP-FN-129	21/01/2022	File Note	Plumbing and Heating Services	Solvit	£12,658	Unable to use an alternative supplier for heating and plumbing as required by IP5 Landlord. This work had already been undertaken	Competition not sought in accordance with SFI'S.	Procurement engagement with IP5 Facilities Manager has

									and PO was needed to enable payment.		began to identify Service needs and identify a compliant route to market for all requirement.
40.	VEL	Laundry	VEL-NWSSP-FN-132	04/02/2022	File Note	Steam Generator water treatment chemicals	Babcock Wanson Ltd	£16,761	This was an urgent order to replace coils to avoid loss of production.	Competition not sought in accordance with SFI'S.	This work has been added to the Laundry Service workplan.
41.	VEL	Workforce & OD	VEL-NWSSP-FN-132	17/02/2022	File Note	Purchase of Zendesk Talk telephony and software	Zendesk Inc.	£42,117	Additional functionality procured which exceeded agreed STA value.	Extended without appropriate authorisation	Full contract review will be undertaken to support Service.
42.	VEL	TRAMS	VEL-NWSSP-FN-133	15/02/2022	File Note	PTQA courses at Manchester University	Manchester University	£33,000	The University is the only provider of this course.	Competition not sought in accordance with SFI'S.	Service and Procurement meeting to be arranged to support .
43.	VEL	TRAMS	VEL-NWSSP-FN-135	15/02/2022	File Note	MSc Pharmaceutical Technology and QA	Manchester University	£66,000	The University is the only provider of this course.	Competition not sought in accordance with SFI'S.	Service and Procurement meeting to be arranged to support .

APPENDIX B - All Wales Contracting Activity In Progress (04/01/2022-16/03/2022)

No.	Contract Title	Doc Type	Total Value	JI approval <£750K	WG approval >£500k	NF approval £750-£1M	Chair Approval £1M+
1.	CAMHs service The Covid pandemic has had a significant impact on both demand and capacity for CAMHs services. Fluctuations in demand over the course of the pandemic have been experienced; largely linked with school closures. Following the first lockdown period CAMHS services are delivering additional support to education providers and primary care to support the early identification and intervention of distress and reduce a levels of unmet need following the current lockdown. It is anticipated that there will be an increase in demand across the spectrum of need due to adversity faced by some families, in addition to disruptions in normal developmental processes impacting on the social and psychological development of children and young people.	ratification	£1,428,398	CS 04/01/22	20/01/2022	21/01/2022	21/01/2022
2.	HDDA validation of patient services Follow up Validation Project for Patients delayed 0% to 100% plus	ratification	£1,000,000	18/01/2022	02/02/2022	trust gov applies	trust gov applies
3.	CVU Satellite renal dialysis (CVUHB) Nephrology and Transplant Directorate currently manages the provision for satellite dialysis units across six satellite units in South East Wales. These units provide maintenance haemodialysis for adult patients with chronic established renal failure for which these units offer patients vast health and physiological benefits. The aim of providing equitable access for patients is designed to be met by locating satellite units in the community, allowing the provision of accessible renal services. As such, the units are strategically located across South East Wales within 30 minutes of most patients' homes.	ratification	£22,038,731	CS 07/01/22	27/01/2022	trust gov applies	trust gov applies
4.	Proton Beam Therapy In 2018, with the support of NHS Wales Shared Services, WHSSC undertook a procurement exercise to determine whether to commission Proton Beam Therapy (PBT) from the Rutherford Cancer Centre in Newport for the population of south west, mid and south east Wales. The procurement exercise was completed between May and October 2018. In November 2018, the Joint Committee approved a recommendation that the Rutherford Cancer Centre (RCC) could be commissioned by WHSSC to provide PBT for adult patients (aged 25 years and older) in Wales referred via the approved pathway	extension (retrospective)	£700,000	20/01/2022	original approval applies 5/12/18	20/01/2022	n/a
5.	IMHA The purpose of the service will be to provide an Independent Mental Health Advocacy service as required by the amended Mental Health Act 1983. The Mental Health Act 2007 made amendments to the Mental Health Act 1983 (the Act) and introduced a statutory duty for Health Boards in Wales to commission an Independent Mental Health Advocacy for qualifying patients under compulsion of the Act in hospital.	ratification	£10,270,815	20/01/2022	27/01/2022	31/01/2022	08/02/2022
6.	Breathing systems & consumables A breathing system is an assembly of components which connects patient's airway to an anaesthesia machine through which a controlled composition of gas mixture is dispensed. It delivers gas to the patient, removes expired gas and controls the temperature and humidity of the inspired mixture.	briefing	£2,811,768	26/01/2022	31/01/2022	n/a	n/a

7.	MH Disability Surge Beds Omnicron Procurement of additional mental health and learning disability in-patient capacity from the independent and the third sector in/close to Wales to enable additional mental health capacity 5 th January 2022 until 4 th April 2022	ratification	£2,600,000	12/01/2022	12/01/2022	13/01/2022	13/01/2022
8.	BCU Provision of Cisco Unified Communications Equipment and Software To meet the demands for a high quality and robust infrastructure, BCUHB are looking to upgrade the network and telephony infrastructures as part of an ongoing improvement programme at many of its sites across North Wales. BCUHB are looking for a suitable supplier to provide cost effective telephony hardware and software for its established Cisco infrastructures.	ratification	£657,901	18/01/2022	24/01/2022	trust gov applies	trust gov applies
9.	AW100 Scanners Purchase and support/maintenance of 3 x IBML Fusion 7300 document scanners	ratification	£541,937	16/02/2022	03/03/2022	n/a	n/a
10.	SBU Refurb of Fracture Clinic @ Morriston Hospital This scheme is part of Swansea Bay University Health Board's Covid recovery planning process. The scheme involves reconfiguring the Morriston Hospital Physiotherapy template, in order to provide space to accommodate a Fracture/Plaster Clinic area. The existing Hydrotherapy Pool area will be repurposed to accommodate a 6-bay plaster area, and an 8-bay Fractures room, both with ancillary spaces	briefing	£1,500,000	20/01/2022	25/01/2022	trust gov applies	trust gov applies
11.	CTM Works; Configuration of Units 3 & 4, Gwaun Elai Medi Park This contract relates to the reconfiguration and fit out of the recently purchased Unit 3 and 4 at Gwaun Elai Medi Park, adjacent to the Royal Glamorgan Hospital site.	ratification	£2,356,620	20/01/2022	24/01/2022	trust gov applies	trust gov applies
12.	Enteral Feeding Extension Enteral tube feeds are types of liquid nutrition used by adults and children who cannot take in enough daily calories from food and/or nutritional drinks by mouth. For example, the patient may have swallowing difficulties, or a medical condition such as cancer which will result in the need for additional support with nutrition. The feed contains protein, carbohydrate, fat, water, minerals and vitamins. A feeding tube can go into the nose and down to the stomach or through the skin in the abdomen and into the stomach. The feed is administered directly into the stomach via a gravity set or pump	extension	£ -	27/01/2022	n/a zero value	n/a zero value	n/a zero value
13.	Airway Management The contract allows the users to purchase their Nasopharyngeal, Oropharyngeal, Supraglottic airways and Endotracheal, Microlaryngeal and Endobronchial tubes and Bronchoscopes through a compliant All Wales contract	ratification	£736,885	20/01/2022	31/01/2022	31/01/2022	n/a
14.	DHCW DSPP Programme management & delivery P720 specialist resources (consultancy) The Digital Health & Care Strategy for Wales (2015) and the Healthier Wales 2019 established the principles of citizens being in control of their health and social care via effective use of technology and greater access to information. It was considered that by exercising this control that the health and well-being of the people of Wales would be improved. In addition, patients would find the most appropriate service for their needs. They would contribute to and share information about their health and care and manage appointments and communications with professionals.	briefing	£1,800,000	20/01/2022	28/01/2022	trust gov applies	trust gov applies
15.	BCU Provision of Cisco Unified Communications Equipment and Software To meet the demands for a high quality and robust infrastructure, BCUHB are looking to upgrade the network and telephony infrastructures as part of an ongoing improvement programme at many of its sites across North	ratification	£956,321	21/01/2022	25/01/2022	trust gov applies	trust gov applies

	Wales. BCUHB are looking for a suitable supplier to provide cost effective telephony hardware and software for its established Cisco infrastructures						
16.	CVU Strategic Advisor for UHW 2 The vision for UHW is to re-provide the hospital and develop the whole site potentially as a health science quarter, facilitating an enhanced R&D capability and clinical invention through working with a wide range of industry partners. These could range from small start-ups requiring incubator space to larger strategic industry partners who are working with us to scale up innovation in clinical practice	ratification	£2,400,000	24/01/2022	27/01/2022	trust gov applies	trust gov applies
17.	BCU Refurb of Beacons House WAST WAST's cost contribution to the Landlord for the development of Beacon House to allow the accommodation of NEPTS staff for servicing the Grange and relocation of staff from Vantage Point House	ratification	£1,083,975	24/01/2022	10/02/2022	trust gov applies	trust gov applies
18.	Facilities management system The service provided includes various office cleaning, security services & window cleaning. There has over recent months been a requirement by some Health Boards for additional security services to be provided due to premises needing to be manned on a 24-hour basis due to Covid-19. In particular this has been at the newly established mass vaccination centres where additional security services are required.	extension	£13,444,990	25/01/2022	original approval applies 1/4/19	04/02/2022	08/02/2022
19.	Fresh Non Prepared & Prepared Fruit, Vegetables and Salad All fresh fruit and vegetables are currently supplied directly to the individual Health Board or Trust site(s). The proposed contract will continue this route of supply	ratification	£3,515,010	25/01/2022	n/a NPS framework	31/01/2022	08/02/2022
20.	DHCW Dental referral management system The aim of the Dental e-Referral Management System is to manage clinical demand and allocation of referrals, with valid need, to specialist Dental Services. Central Dental Referral Management Services exist in parts of England and are effective in providing a standardised approach to referral management. Such services include all dental specialties and pathways across primary and secondary care.	briefing	£2,250,000	27/01/2022	01/02/2022	n/a	n/a
21.	VEL Provision of Expert Advice, Co-Delivery and Support for Patient Safety and Hard Reduction for PHW This support will enable organisations to improve in their patient safety priorities and the various elements of patient pathways that impact on and are impacted by patient safety	ratification	£1,079,077	28/01/2022	18/02/2022	22/02/2022	23/02/2022
22.	Level 4 Healthcare support worker education & services Health Education and Improvement Wales (HEIW) is undertaking a strategic review of commissioned health professional education and training services across NHS Wales. HEIW commissions both pre-registration and post registration qualifications for both the future and current NHS Wales workforce. Through undertaking the review of education, HEIW has identified a requirement to procure Level 4 Healthcare Support Worker (Nursing) education.	briefing	£23,940,000	28/01/2022	23/02/2022	n/a	n/a
23.	Women and child health consumables Framework Agreement covering the provision of the most commonly used obstetric and gynaecological consumables across NHS Wales.	briefing	£2,336,215	07/02/2022	15/02/2022	n/a	n/a
24.	CVU Inspection, Testing & Servicing of Decontamination Equipment The MDD services for the Cardiff and Vale HB (CVHB)'s is provided by the Hospital Sterilization and Disinfection Unit (HSDU) at UHW and the Sterile Services Unit (SSU) at UHL and within the Community Dental Services. These services provide a decontamination and sterilization service to all	briefing	£2,100,000	01/02/2022	15/02/2022		

	Operating Theatres, Wards, and departments to ensure the CVUHB medical equipment complies to the following statutory and other regulations.						
25.	CVU Radiopharmaceuticals and Krypton Gas Generators Radiopharmaceuticals, or medicinal radiocompounds, are a group of pharmaceutical drugs containing radioactive isotopes. Radiopharmaceuticals can be used as diagnostic and therapeutic agents. Radiopharmaceuticals emit radiation themselves, which is different from contrast media which absorb or alter external electromagnetism or ultrasound. Radiopharmaceuticals are used to produce images of organs or tissues of interest, a process that is called scintigraphy. A type of medical device known as gamma camera is able to detect the gamma rays emitted by the radioisotope.	briefing	£2,000,000	01/02/2022	04/03/2022	n/a	n/a
26.	Hep C This contract is for the provision of antiviral medicines for the treatment of Hepatitis C (HCV). These medicines are designed to stop the virus from multiplying inside the body and thereby preventing liver damage. Current medications have revolutionised the treatment of HCV compared to previous treatments so that HCV is now curable in approximately 9 out of 10 people when treated early.	extension	£20,843,952	07/02/2022	original approval applies 15/4/19	07/02/2022	08/02/2022
27.	BCU Educational Provision for Nursing, Midwifery, Operating Department Practitioner and Healthcare Support Workers Nurses, midwives, operating department practitioners and health care support workers are an essential part of the workforce and their roles and influence recognised at every level of the health service. The Covid pandemic has demonstrated how quickly things have had to change in the NHS and within Education, with this being undertaken very successfully with our partners within Wales. Therefore, it is important that education providers continue to respond to changing Health Board priorities during the Covid recovery phase and into the future.	ratification	£989,646	query to Com team 7/2			
28.	BCU Provision of general dental services for Powys to support patients from Llandrindod Wells with access to a dentist.	briefing	£1,000,000	07/02/2022	21/02/2022	n/a	n/a
29.	BCU Flow Cytometry Managed Service BCUHB is seeking to appoint a suitably qualified contractor to provide a Flow Cytometry Managed Service Contract. Flow Cytometry is highly specialised laboratory testing that includes the diagnosis and follow-up of haematological malignancy, enumeration of stem cells, lymphocyte subset, and the estimation of foetal-maternal haemorrhage.	ratification	£1,590,553	08/02/2022	07/03/2022	trust gov applies	trust gov applies
30.	Low & Mid Tech Medicines homecare services To contract for a Low and Mid Tech Medicines Homecare Service for patients in their own homes throughout Wales as requested by the All Wales Drug Contracting Committee.	ratification	£4,020,048	11/02/2022	22/02/2022	22/02/2022	23/02/2022
31.	Needle Syringe programme The Needle Syringe Programme project was developed in 2016 through a Welsh Government chaired Procurement Subgroup and supported by representatives from third sector Needle Syringe Programme's (NSP), harm reduction experts, substance misuse experts as well as Public Health Wales and Welsh Government.	briefing	£1,600,000	11/02/2022	21/02/2022	n/a	n/a
32.	Emergency Department Well Being and Home Safe Service The purpose of the pilot scheme was to offer support for frail older people and vulnerable adults in emergency departments and to resettle people in their homes with follow-up welfare calls or visits and where necessary to connect them to community services to avoid readmission into the emergency department.	extension	£1,652,678	14/02/2022	original approval applies 12/2/21	15/2/22 with query	

33.	BCU Scanning of patient records to digital health record Scanning of Patient Records that can be ingested into the Digital Health Record.	ratification	£900,000	14/02/2022	24/02/2022	trust gov applies	trust gov applies
34.	DHCW EPMA Framework agreement seeking to establish a new multi-vendor Framework Agreement to enable NHS organisations to call off their requirements on a local basis via a "mini-competition" process. The Framework will consist of not less than two (2) suppliers ("Contractors"), subject to there being at least two (2) compliant submissions. The scope of the Framework Agreement is for the provision of Electronic Prescribing and Medicines Administration solutions, including the ongoing development, upgrade and maintenance of said solutions.	briefing	£105,000,000	11/02/2022	sent to WG 11/2		
35.	HDDA Electronic Document Records Management System EDRMS the purchase of an Electronic Document Records Management System (EDRMS) to support a wider strategic programme of digitalisation of the Health Board's documentation.	ratification	£870,444	16/02/2022	sent to WG 16/2		
36.	CVU Asbestos Analytical Air Monitoring The Capital, Estates and Facilities Team within the Health Board undertakes a significant amount of asbestos remediation works as part of its capital and discretionary project work. It needs to undertake a large amount of ad-hoc air monitoring works to assess and monitor the amount of airborne asbestos fibres levels in the air to ensure that asbestos levels are of a safe limit for a building to be occupied and for remedial works to be undertaken by staff	ratification	£745,500	16/02/2022	sent to WG 17/2		
37.	Enteral Feeding The contract allows the users to purchase their Enteral Feeding consumables, these include but not limited to: Nasogastric Tubes, Enteral Syringes, Nasojejunal Tubes, Gastrostomy Tubes and devices and Enteral accessories.	ratification	£4,462,060	17/02/2022	23/02/2022	16/03/2022	sent to TM 16/3
38.	Clinical Waste collection disposal vac centres Clinical Waste Collection & Disposal at South Wales & North Wales Field Hospitals, Mass Vaccination Centres/Testing Centres & Pathology Laboratories at IP5	briefing	£2,643,549	18/02/2022	21/02/2022	n/a	n/a
39.	Lymphoedema & Compression An All-Wales contract for Lymphoedema & Compression Products was first awarded in 2014. The contract covers a range of compression garments such as off the shelf and made to measure upper and lower limb garments (arm sleeves & stockings) for the treatment of various types of oedema, but also includes products such as compression wraps, glue and donning/doffing aids.	briefing	£6,698,411	22/02/2022	sent to WG 22/2		
40.	BCU WAST EMT training Provision of Future Quals Level 3 Certificate in Emergency Response Ambulance Driving and L4 Diploma for Associate Ambulance Practitioners Training for the Welsh Ambulance Services NHS Trust.	briefing	£1,250,000	CS 28/02/2022	sent to WG 28/2		
41.	BCU EBME Services for Powys Teaching Local Health Board To establish a long-term contract provider for the electrobiomedical engineering servicing of medical devices for Powys Teaching Local Health Board.	ratification	£600,298	CS 01/03/2022	07/03/2022	trust gov applies	trust gov applies
42.	Adult MH & CAMHS The purpose of the service will be to provide hospital provision of medium secure, low secure, locked and open rehabilitation for adult mental health and learning disability services. The agreement will also cover Child and Adolescent Mental Health Services (CAMHS) by externally provided care settings was completed to cover secure and acute CAMHS settings. The service will be provided to the Health Boards in Wales and Manx Care of Nobles Hospital, Isle of Man contracting authority primarily by the independent care sector and/or non-NHS Wales Hospitals.	ratification	£488,000,000	CS 28/02/2022	14/03/2022	16/03/2022	sent to TM 16/3
43.	CVU Renal Dialysis services in South East Wales Cardiff and Vale University Health Board's (CVUHB) Nephrology and Transplant Directorate	ratification	£77,092,732	CS 28/02/2022	08/03/2022	trust gov applies	trust gov applies

	currently manages the provision for satellite dialysis units across six satellite units in South East Wales. These units provide maintenance haemodialysis for adult patients with chronic established renal failure for which these units offer patients vast health and physiological benefits. The aim of providing equitable access for patients is designed to be met by locating satellite units in the community, allowing the provision of accessible renal services. As such, the units are strategically located across South East Wales within 30 minutes of most patients' homes.						
44.	Paediatric stability footwear The contract includes a range of supportive stock footwear for toddlers through to young adults in a variety of styles. The footwear assists with stability and mobility for children with a variety of indications such as low muscle tone, hyper/hypo mobility and gait abnormalities.	ratification	£508,348	14/03/2022	sent to WG 14/3		
45.	Pathology Consumables This All-Wales multi-supplier Framework Agreement commenced 1 st September 2019. The current Framework Agreement is for the supply of Pathology consumables ranging from specimen bags, urine collection, swabs, cell culture plates, test tubes, microscope slides, coverslips, stains, transfer pipettes, post-mortem knives, and petri dishes. All pathology specialities utilise the Framework Agreement including Histopathology & Mortuary, Microbiology, Blood Sciences, Genetics, Welsh Blood Service and Public Health Wales laboratories. The Framework is serviced by 20 suppliers covering 25 Lots.	extension	£6,400,000	CS 15/3/22	original approval applies 29/7/19	16/03/2022	sent to TM 16/3
46.	CVU Early support mental health hub children young people and families health services to set up a early support mental health hub. The development of local easy to access hubs has proven to be an effective way of providing children and young people support when they need it.	briefing	£2,000,000	11/03/2022	sent to WG 11/3		
47.	Examination Gloves Provides a compliant route for all Health Boards and Trusts within NHS Wales to purchase Examination Gloves.	ratification	£3,945,633	14/03/2022	sent to WG 14/3		
48.	CVU Community Opportunities Service (Mental Health Contract Renewal) The service will provide a range of opportunities for social contact and peer support, emotional support, information and vocational support. Where possible gender specific services will be developed e.g., Women only groups. A range of activities – recreational, educational and social for both clients and carers will be offered. Informal advocacy support and access to other services will be available. Access to training and further education will be encouraged and training in life skills courses offered.	ratification	£1,464,802	14/03/2022	sent to WG 14/3		
49.	CVU People with Alzheimer's Support Service The Health Board seeks to award contract for a Support Service for people with Alzheimer's. This service supports the needs of people with mental health problems by empowering the members to identify their own social needs and to take responsibility. This is turn improves skills, confidence and self-esteem to progress to mainstream social activities.	ratification	£539,200	14/03/2022	sent to WG 14/3		
50.	CVU Provision of Adult drop in / resource centre The aim of the service is to provide a welcoming meeting place, services and information on mental health issues and a range of services including opportunities for social contact and peer support. Open Access Resource Centres are attended by people suffering from or recovering from Mental Health issues, all group provide an environment where members feel confident and comfortable in sharing experiences with others	ratification	£760,975	14/03/2022	sent to WG 14/3		

51.	Patient and retail sandwiches NHS Wales Procurement Services (Procurement Services) currently procure sandwiches from the suppliers The Real Wrap Company (Real Wrap) and On A Roll Sandwich Company (On A Roll). Real Wrap supply both patient and retail sandwiches to all NHS Health Boards and Trusts with the exception of Betsi Cadwaladr University Health Board who hold a local agreement with On A Roll. Powys Teaching Health Board, due to their size, insource and make sandwiches on site.	briefing	£2,906,368	11/03/2022	sent to WG 11/3		
52.	CVU Provision of Pre Vocational and Vocational Training Service The aim of this service is to provide a Pre-Vocational and vocational training for people with mental health needs. The service should aim to provide a supportive workplace and learning environment to facilitate social contact and peer support, emotional support and information. The service should ensure the provision of opportunities for work training to people with long term and enduring mental health needs.	briefing	£510,000	14/03/2022	sent to WG 14/3		
53.	DHCW Locum hub GP and wider Primary Care Temporary Workforce Engagement Portal and Reporting Tool (Locum Hub).	extension	£759,000	11/03/2022	original contract approval applies 8/1/20	16/03/2022	n/a
54.	DHCW Advice and Guidance A remote Advice and Guidance (A&G) software communications system (phone / app / dashboard) was introduced as an emergency response to COVID across all of Wales in 2019 under pandemic protocols in order to provide a way for primary care services to gain consistent and immediate access to expert clinical advice at a time when access to secondary care services was limited.	briefing	£5,000,000	query to team 14/3			
55.	Uniforms All Wales Nurses and Other Healthcare Professionals Uniform.	briefing	£4,237,636	14/03/2022	sent to WG 14/3		
56.	HDDA Master Planners Consultancy Project Manager and Multi-disciplinary design team support through the pre-OBC stage of the Healthier Mid and West Wales estates redevelopment programme including technical appraisals and a test-for fit exercise for each of the short-listed sites in order to support the selection of a preferred site for the new Urgent and Planned Care Hospital at Hywel Dda University Local Health Board.	ratification	£576,593	resubmitted 15/3			
57.	Urology The contract allows the users to purchase their indwelling catheters, intermittent catheters, suprapubic catheters, urine collection devices, urine bags & stands, urine leg bags, catheter fixation device, leg bag sleeves, catheter retaining straps, catheter valves, catheter maintenance solution, spigots, sheaths, irrigation sets, urodynamic consumables.	ratification	£1,739,230	JI approved pending CVU/VEL acceptance			
58.	BCU WAST NEPTS provision- Provision of Non-Emergency Patient Transport Services (NEPTS) and Taxi Management to augment frontline operations for Welsh Ambulance Services.	briefing	£38,000,000	14/03/2022	sent to WG 14/3		
59.	BCU Infusion Pumps replacement programme To standardise, upgrade and replace the HB's Infusion Pump fleet.	ratification	£10,133,128	14/03/2022	sent to WG 14/3		
60.	DHCW Specialist resources for DSPP P720 Procurement of Specialist Resources for Digital Services for Patients and the Public ("DSPP") Programme Management and Delivery.	ratification	£1,800,000	14/03/2022	sent to WG 14/3		
61.	Health Visitor documentation The printing and supply of the all Wales Health Visitor documentation and various bespoke case note folders.	ratification	£551,000	query to team 14/3			
62.	Meats & Poultry NPS framework (various) Bacon and Sausage-Raw, Fresh & Frozen Meat.	extension	£9,500,344	14/03/2022	n/a NPS framework	16/03/2022	sent to TM 16/3

	Poultry; Raw, Cooked Frozen & Chilled Cooked Meats.						
63.	DHCW Microsoft Azure additional expenditure The Authority is seeking to establish a short term in addition of £500k to its current subscriptions to allow clinical Services to continue operating ad migration to the "Cloud".In July 2022 a new Microsoft Enterprise Agreement will be called Off via the P159.06 Framework Agreement (estimated to be valued in excess of £125M (ex VAT) which will include all further Azure requirements for Digital Health and Care Wales.	ratification	£1,200,000	14/03/2022	sent to WG 14/3		
64.	Electricity supply - over & sub 100kW sites	extension	£404,193,000	16/03/22	original approval applies 26/2/14	Sent to NF 16/3	

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.6
PREPARED BY	Peter Stephenson, Head of Finance and Business Development
PRESENTED BY	Peter Stephenson, Head of Finance and Business Development
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Corporate Risk Register

PURPOSE

To provide the Audit Committee with an update as to the progress made against the organisation's Corporate Risk Register.

1. INTRODUCTION

The Corporate Register is presented at **Appendix 1** for information.

2. RISKS FOR ACTION

The ratings are summarised below in relation to the Risks for Action:

Current Risk Rating	April 2022
Red Risk	2
Amber Risk	9
Yellow Risk	0
Green Risk	1
Total	12

2.1 Red-rated Risks

There are now two red risks, one relating to the current pressures on the recruitment and payroll functions in particular, due to the unprecedented increased in demand for their services across NHS Wales. The second red risk is a new risk and is highlighted below.

2.2 Changes to Risk Profile

NWSSP Audit Committee
5 April 2022

There are two new risks that have been added to the register since the last meeting of the Committee. These are:

- Given the current level of PPE stock holding there may be items that reach their end of life (expiry date) before being issued for use and need to be written off causing a loss to public funds and possible reputational damage to NWSSP. Adverse publicity on this topic has already been in the national press in England and we are taking steps to minimise any write-offs; and
- A new risk has been added related to the war in Ukraine and the likely impact on prices of goods, not least, but not restricted to, energy costs.

3. RISKS FOR MONITORING

There are now eight risks that have reached their target score, and which are rated as follows:






Current Risk Rating	April 2022
Red Risk	0
Amber Risk	0
Yellow Risk	2
Green Risk	6
Total	8

4. RECOMMENDATION

The Audit Committee is asked to:

- **NOTE** the Corporate Risk Register.

Corporate Risk Register

Ref	Risk Summary	Inherent Risk			Existing Controls & Mitigations	Current Risk			Further Action Required	Progress	Trend since last review	Target & Date
		Likelihood	Impact	Total Score		Likelihood	impact	Total Score				
Risks for Action												
A1	The Northern Ireland model procured to replace the NHAIS system fails to deliver the anticipated benefits within required timescales impacting the ability to pay GPs (Original risk added April 2017)	4	5	20	Legal Counsel advice received. PMO Support Project and Programme Boards in place Heads of Agreement signed	2	5	10	Programme and Project Boards to review progress in lead-up to go-live date for GP payments. Consider options for extension of Local Hosting Arrangements until mid-2022 for PCRM.	Although the system is in a 'technical' live position, following a review of the level of quality assurance needed and practice engagement, all Health Boards will now be on-boarded to the live system by the end of March 2022. PCS are now on schedule to make the first payments from the new system in April 2022.		30-Apr-22
	Escalated Directorate Risk									Risk Lead: Director of Primary Care Services		
A2	Issues with the current version of CLERIC are causing connectivity issues leading to service issues for HCS drivers (added Sept 2021). There is a concern over lack of technical support to oversee the migration to a CLOUD-based service.	5	4	20	Business Continuity Plans implemented - can revert to paper if necessary but very inefficient. New contract signed December 2021	2	4	8	Investigate whether WAST could provide any support (TC)	Security test was successfully completed this week. Migration will be before the end of the month - March 22.		31-Mar-22
	Strategic Objective - Customers									Risk Lead: Director of Procurement Services		
A3	Lack of storage space across NWSSP due to increased demands on space linked to COVID and specific requirements for IP5 (added April 2021)	4	4	16	IP5 Board Additional facilities secured at Picketston	2	4	8	PCS reviewing options for medical records storage - additional space is available from Johnseys on Mamhilad site. Business Case being prepared.	Discussions are on-going with Welsh Government with regards to the Strategic Outline Case for IP5. Welsh Government have also agreed to cover the running costs of the facility for the current financial year as part of the overall COVID and BREXIT contingency arrangements. We are awaiting news on further capital allocations to cover the costs of additional roller-racking for increased stock holding requirements.		31-Mar-22
	Strategic Objective - Service Development									Risk Lead: Director of Procurement Services		
A4	Suppliers, Staff or the general public committing fraud against NWSSP. (added April 2019)	5	3	15	Counter Fraud Service Internal Audit WAO PPV National Fraud Initiative Counter Fraud Steering Group Policies & Procedures Fraud Awareness Training Fighting Fraud Strategy & Action Plan	3	3	9	1. Undertake IA review of enhanced controls to prevent bank mandate fraud (AB/PS 31/03/22) 4. Increase LCFS resource (AB/PS 31/03/22)	Internal audit review underway. C&V have recruited an additional Band 6 LCFS and an 8A to replace Craig Greenstock. NWSSP pursuing secondment opportunity to obtain a dedicated LCFS for NWSSP.		31-Mar-22
	Strategic Objective - Value For Money									Risk Lead: Director of Finance & Corporate Services		
A5	Specific fraud risk relating to amendment of banking details for suppliers due to hacking of supplier e-mail accounts leading to payments being made to fraudsters (added April 2021)	5	3	15	Documented process for bank mandate changes Role of Supplier Maintenance Team Authorisation by Senior Finance Staff Internal Audit Reviews Experian Bank Mandate Checker	1	3	3	Undertake IA review of effectiveness of enhanced controls (AB/PS 31/03/22). Review current arrangements once audit complete (AB/PS 30/04/22)	There were a spate of fraudulent bank mandate amendments during March/April 2021 - some of which were successful. Procedures have been reviewed and enhanced. Experian software procured but coverage not as good as anticipated. Use of post to send out forms seems to have prevented opportunity for fraud. Internal Audit currently underway.		31-Mar-22
	Strategic Objective - Value For Money									Risk Lead: Director of Finance & Corporate Services		

A6	Risk of cyber attack exacerbated if NWSSP, or other NHS Wales organisations, run unsupported versions of software. (added Apr 2019)	5	5	25	Cyber Security Action Plan IGSG Information Governance training Mandatory cyber security e-learn introduced Dec 19 Internal Audit review - Reasonable Assurance (April 2020) Recent investment in training packages (March 2021) Additional appointment to team (July 21) Phishing exercises undertaken (on-going) BCP Action Cards (updated March 22)	2	5	10	Desk top exercise to be undertaken with SLG in either April or May 22.	Team was strengthened in Sept 21 with additional member of staff. Following war in Ukraine staff have been reminded of good housekeeping procedures and guidance reissued. All directorates have completed or updated their action cards relating to the potential loss of IT systems and networks.	➔	31-Mar-22
	Strategic Objective - Service Development									Risk Lead: Director of Planning, Performance & Informatics		
A7	The failure to engage with appropriate specialists (e.g. H&S/Fire Safety, Information Security/IG) sufficiently early enough when considering major developments may result in actions being taken that do not consider all relevant potential issues.	4	4	16	In-house H&S and Fire Safety Expertise Role of PMO Recent appointment of Programme Director Appointment of IP5 Facilities Manager (Jan 22)	2	4	8	PMO to ensure that Project Officers consult appropriately at outset of project. (IR-ongoing) Consider adequacy of resourcing within H&S. (AB/PS - complete)	All organisations contributing towards a Fire & Evacuation Strategy for IP5. Additional H&S staff member recruited (Jan 22)	➔	31-Mar-22
	Strategic Objective - Service Development									Risk Lead: Director of People and OD		
A8	The introduction of new technology and the promotion of the digitisation agenda may impact NWSSP staff in terms of their current roles and responsibilities. (added January 2022)	3	3	9	Learning and Development Programmes	3	3	9	There is a need to ensure that staff are provided with the learning and development opportunities to equip them with the required skills.		➔	31-Mar-23
	Strategic Objective - Staff									Risk Lead: Director of People and OD		
A9	The demand on services within Employment Services as a result of Health Boards taking on substantial numbers of staff to respond to and recover from the pandemic, is unsustainable, leading to poor levels of performance. (added November 2021)	4	4	16	Established working practices governed by Service Level Agreements and measured by reporting of KPIs on monthly basis.	4	4	16	Additional staff being recruited Use of students from Cardiff University Temporary support from other Directorates Modernisation Programme being implemented Accessing KickStart scheme	Focus on training staff on pinch points rather than whole process Backlog in applications in Student Awards reduced from 1800 to <800. Significant reduction in complaints as at Jan 2022	➔	31-Mar-22
	Strategic Objective - Customers									Risk Lead: Director of People and OD		
A10	Given the level of stock holding there may be items that reach their end of life (expiry date) before being issued for use and need to be written off causing a loss to public funds and possible reputational damage to NWSSP. (added January 2022)	5	5	25	Internal Audit Review of Stores Stock Rotation - based on FIFO Donations to India and Namibia	2	5	10	SMTL working on behalf of DHCS on an Accelerated Aging Programme (SMTL 31/05/22) Produce briefing for Audit Committee (AB 31/03/22)	Wales On-Line FoI request robustly responded to on 31/1. SMTL working with DHSC to investigate whether expiry dates can be extended on some PPE equipment Schedules produced and discussed with senior finance officials in WG and Velindre.	✳	31/03/2022
										Risk Lead: Director of Finance & Corporate Services		
A11	The increase in energy prices, exacerbated by the war in Ukraine, is likely to lead to significant price increases across the whole range of goods and services resulting in severe cost pressures for NWSSP and NHS Wales budgets. (added March 2022)	5	5	25	Energy Price Risk Management Group Forward purchase of energy Briefings to Welsh Government	4	5	20	Review of energy costs to March SSPC (AB) Review of general price rises to May SSPC (JI)	Paper on energy costs to March SSPC and deeper dive into general price rises at May SSPC. Daily monitoring of prices and buying ahead at fixed price where possible.	✳	30/06/2022
	Strategic Objective - Value For Money									Risk Lead: Director of Finance & Corporate Services		
A12	The transfer of the laundries to NWSSP expose a number of risks including concerns over health and safety and formality of customer relationships.	4	4	16	All-Wales Programme Business Case Programme Board Regular updates to SLG on progress with Action Plan Draft SLAs approved by SSPC Appointment of Assistant Director for Laundry Services H&S Audits of Laundry Sites	3	3	9	Arrange internal audit review of Laundry service (AB/PS - complete) Prioritised report to be submitted to SLGs to monitor progress. (on-going)	Transfer has now taken place for all of the 5 laundries, although arrangements are different for Hywel Dda and Cwm Taf. Updates provided to SLG. IA review focused on Swansea Laundry provides reasonable assurance. Choice of new sites in North Wales and Swansea apparently well received.	⬇	31-Mar-22
	Strategic Objective - Service Development									Risk Lead: Director of Procurement Services		
Risks for Monitoring												
M1	Disruption to services and threats to staff due to unauthorised access to NWSSP sites. (Added May 2018)	5	4	20	Manned Security at Matrix CCTV Locked Gates installed at Matrix. Security Review Undertaken (reported Dec 18) Increased Security Patrols at Matrix. CTSA undertake annual reviews of high risk buildings e.g. IP5, Picketston	1	4	4	Continue to monitor, and reissue comms to all staff to remind them of need to keep buildings and information secure. (PS 31/08/2020 - complete) Consider whether further review of Site Security is required (PS 31/12/2021)	Security Review undertaken and reported to SMT in Dec 2018. No major findings and all agreed actions implemented or superceded.	➔	
	Strategic Objective - Staff									Risk Lead: Director Specialist Estates Services/Director of Finance and Corporate Services		
M2	There is an increased fire risk with a consequence for protection of buildings at Alder House, Brecon House and Matrix House due to a lack of compartmentation in the roof space. (added Feb 2020)	2	5	10	Fire Safety Officer Risk Assessment - assessed risk to life as low - Update Paper to Feb, May and November SMTs.	1	5	5	Discrete fire risk assessments to be undertaken for each site at the recommended intervals. Risk to remain on Corporate Risk Register to ensure sufficient monitoring. .	Landlords consider any work on compartmentation to be our responsibility. SES reported to Nov 2020 SLT where it was agreed that the risk to life is very low. Further discrete risk assessments to be undertaken and reported back to Feb 2021 SLT.	➔	

	Strategic Objective - Staff									Risk Lead: Director of People and OD		
M3	The total quantum for funding for addressing Covid-19 across Wales remains fluid and uncertain. There is a risk that the organisation's operational cost of addressing the pandemic cannot be contained within available funding resulting in a potential breach of the planned outturn for 2021-22.	3	3	9	Financial modelling and forecasting is co-ordinated on a regular basis; Financial reporting to Welsh Government on local costs incurred as a result of Covid-19 to inform central and local scrutiny, feedback and decision-making; Oversight arrangements in place at SMT level, and through the command structure. Financial Governance Committee considers VFM in all expenditure	1	3	3	Ensure that the costs directly associated with COVID-19 are identified and accurately captured. Provide regular updates to Welsh Government.	WG issued letter on 24/3/21 setting out funding allocations for 2021/22. The sum of £170m is available but this is being distributed only to HBs in the first instance.	➔	
M4	NWSSP are unable to procure sufficient orders of PPE, medical consumables and equipment resulting in clinical staff being able to treat patients safely and effectively.	5	5	25	PPE Winter Plan Finance Governance Committee Streamlined arrangements for Trust Board and WG approvals Increased limits approved for Scheme of Delegation. Regular meetings with UK and Welsh Government. Active involvement in UK Mutual Aid Schemes. Deloitte undertook consultancy work on behalf of WG to assist in this area. Internal Audit Review (Sept 2020)	1	3	3	Audit Wales published their findings on 14 April 2021 and report largely positive but action plan developed to respond to their findings.	The PPE plan has been developed in consultation with key stakeholders. Some pressure from Chief Medical Officers that may lead to Type IIR masks being totally replaced by FFP3 masks. £5m COVID expenditure authorisation limit reinstated.	➔	
M5	By requiring our staff to continue working we expose them to a greater risk of being infected with COVID-19 which may cause them significant health problems.	5	5	25	Vaccination Programme All staff encouraged to work from home where possible. Risk Assessments undertaken for all staff. Social Distancing measures in place in each office. Any staff displaying any symptoms told not to come into office or go home immediately. Testing for front-line staff Weekly Site Leads' meetings to assess position in each office.	1	3	3	Following the updated guidance issued by Welsh Government on 22 Dec additional communications have been issued to all staff. This provide information regarding access to lateral flow tests as well as signposting to the requirements for self-isolation. SLG agreed to reinforce the key message to work from home unless there is a requirement to attend site.	Current measures seem to be effective, but need to be closely monitored in view of Omnicrom variant. Large numbers of staff are working from home and social distancing measures are in place for those staff who need to continue to come into work. Daily reporting of absences shows that the numbers of staff reporting COVID-19 like symptoms continues to be low, but are increasing.	➔	
M6	NWSSP are unable to continue to provide business-critical services due to having insufficient numbers of staff available and able to undertake the work.	5	5	25	Identification of all business-critical services Redeployment of staff to business-critical services Increased provision of laptops and VPN Roll-out of Office 365 Use of Bomgar service for PCS Daily monitoring and reporting of absence figures. IT Update also given to weekly COVID-19 Planning & Response Group.	1	3	3	Updated BCP document covering response to COVID and possible impact of future waves presented to August SMT, and September SSPC. Throughout Oct and Nov the BCP group has asked Divisions to review and refresh BCP arrangements. Consideration of an oncall rota is something that will be taken forward in the new calendar year. Oncall arrangements in place for HCS and Supply Chain teams essential to the BAU and Vaccine	Contact details on the SLG WhatsApp group have been refreshed and updated. The daily report on staff absence shows that absence rates remain low, but OMICRON may increase rates through community transmission so will be monitored closely. The investment in hardware and software has allowed large numbers of staff to work remotely with minimal problems thus far. There are good rates of uptake for the vaccination programme.	➔	
M7	Staff wellbeing is adversely affected through concerns arising from COVID-19 either directly in terms of their health and that of their families, or financially from loss of income of a family member. This includes the risk of "burn-out" for	5	5	25	Regular communications to all staff Reminders of how to access Employee Assistance schemes Mental Health First Aiders Formal Peer Group with phone surgery times	1	3	3	Implement action plan to respond to findings from staff surveys - monitored and managed through Adapt and Future Change Group.	As previously stated, absence rates are very low. Communications are regularly issued and all Directors and Managers are tasked with regularly checking the health and well-being of their staff.	➔	
M8	GP Trainees, who are employed by NWSSP, are exposed to a level of risk of risk of catching COVID-19 but are outside the direct control and influence of NWSSP.	5	5	25	Risk Assessments by Education Supervisor - leads to decision on what PPE is to be provided. Tripartite Agreement	1	3	3	Confirming vaccination rates with staff individually as Health Board reports to total numbers vaccinated suggest under-reporting.	The tripartite agreement was agreed by the Project Board on 7/9/2020 and sets out the general duties of the host organisation for all trainees employed by NWSSP including the general duty to provide a safe working environment. Vaccination of front-line staff further mitigates this risk.	➔	
										Risk Lead: Director of People and OD		



MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
PREPARED BY	Carly Wilce, Corporate Services
PRESENTED BY	Peter Stephenson, Head of Finance & Business Development
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Update on the Implementation of Audit Recommendations
PURPOSE This report provides an update to the Audit Committee on the progress of audit recommendations within NWSSP. Please note that this report does not include figures and assurance ratings for the audit reports listed on the present Audit Committee agenda.	

1. INTRODUCTION

NWSSP records audit recommendations raised by Internal Audit, Audit Wales and other external bodies, as appropriate. It is essential that stakeholder confidence is upheld and maintained; an important way in which to enhance assurance and confidence is to monitor and implement audit recommendations in an effective and efficient way.

2. CURRENT POSITION

The detailed recommendations raised in respect of our services have been captured in a database. A copy of the summary extract is attached at **Appendix A**, for information.

There are **64** reports covered in this review; **17** reports have achieved **Substantial** assurance; **27** reports have achieved **Reasonable** assurance, **1** report has achieved **Limited** assurance and no reports have been awarded **No Assurance**; and **19** reports were generated with **Assurance Not Applicable**. The reports include **241** recommendations for action.

Table 1 - Summary of Audit Recommendations

As at 29 March 2022					
Recommendations		Implemented	Not Yet Due	Overdue	Not NWSSP Action
Internal Audit	197	185	9	2	1
High	18	17	1	0	0
Medium	100	90	8	1	1
Low	67	66	0	1	0
Not Applicable	12	12	0	0	0
External Audit	16	13	2	1	0
High	2	1	0	1	0
Medium	9	7	2	0	0
Low	2	2	0	0	0
Not Applicable	3	3	0	0	0
Other Audit	28	28	0	0	0
High	4	4	0	0	0
Medium	5	5	0	0	0
Low	19	19	0	0	0
Not Applicable	0	0	0	0	0
TOTALS:	241	226	11	3	1

3. Outstanding Recommendations

There is currently one outstanding recommendation relating to Employment Services which is partially complete. However, good progress continues to be made to implement the recommendation.

Full details of the recommendations are set out in Appendix A, for the attention of the Audit Committee.

4. REVISED DEADLINES FOR APPROVAL

There are **two recommendations** that have not been implemented within their target completion date, which are therefore categorised as **Overdue** and for which we are requesting the Audit Committee to approve an extension. The detail of these is as follows-

- Review of National Hosted NHS IT Systems. Oracle Financial Management System:
 - Extension requested from 28/02/2022 to 31/05/2022. This relates to the disaster recovery testing exercise for the Oracle system which was scheduled to take place on the weekend of February 19th and 20th. This was the weekend where Storm Eunice hit the UK and it was therefore not considered appropriate to take systems down in a high-risk environment. The testing has been rescheduled to May of this year.

NWSSP Audit Committee
5 April 2022

- Review of Laundry Services:
 - Extension requested from 31/03/2022 to 31/05/2022. This relates to the completion of appraisals for all Laundry Management and Staff. No evidence of any prior appraisals was included when staff were transferred under TUPE regulations to NWSSP and so all managers and staff had to be appraised. Good progress has been made in completing the appraisals by the agreed deadline of 31st March and we are requesting an extension until the end of May to ensure that the outstanding appraisals are completed.

Full details of the recommendations are set out in **Appendix B**, for the attention of the Audit Committee, where an annual breakdown of all 'not yet implemented' recommendations is provided for assurance and information.

5. RECOMMENDATIONS

The Audit Committee is asked to:

- **NOTE** the report findings and progress made to date regarding implementation of audit recommendations and **APPROVE** the revised deadlines for recommendations now overdue.

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

ID	Internal Audit Report Ref Rec No / Ref NWSSP Service Report Title Report Year	Status	Issue Identified	Risk Rating	Recommendation	Responsibility for Action	Management Response	Original Deadline	Updated Deadline	Update On Progress Made
PROGRESS WITH RECOMMENDATIONS										
FINANCE AND CORPORATE SERVICES										
Cyber Security 2019-20										
CTES										
1.	Review of National Hosted NHS IT Systems. Oracle Financial Management System - IT Controls. AW/2020-21/2	NYD	CTES has completed and a gap analysis assessment of the Oracle FMS to the Information Security Management Standard (ISO 27001) to identify potential improvement areas. The outcome will be a set of recommendations for implementation during 2021-22. It is good security management practice to assess and baseline a comparison to the ISO 27001 standard.	Medium	Complete the accreditation to the Information Security Management Standard (ISO 27001) to identify potential improvement areas.	Stuart Fraser- Acting Head, CTes	Work in Progress - It was agreed by the All Wales Oracle (STRAD) Board that this would be deferred due to high priority projects and in particular the requirement to complete the major Oracle system upgrade in October 2021. It has been agreed by STRAD that we will seek to obtain accreditation by 31 December 2022 and approval has been obtained to appoint a dedicated project manager.	31/12/2022		Still on track to complete by deadline. Update received on 21.02.2022
2.	Review of National Hosted NHS IT Systems. Oracle Financial Management System - IT Controls. AW/2020-21/2	NYD	CTES provides FMS services to the consortium of Welsh NHS organisations. It is good practice IT service management to conform or be accredited to the Information Technology Service Management (ISO 20000) standard. CTES have completed the gap analysis and we were informed during our fieldwork that they aim to complete accreditation during 2021-22 cycle. TES consider there are benefits to complete accreditation to the Information Technology Service Management (ISO 20000) standard for service management.	Medium	Complete CTES accreditation to the Information Technology Service Management (ISO 20000) standard for service management.	Stuart Fraser- Acting Head, CTes	Work in progress It was agreed by the All Wales Oracle (STRAD) Board that this would be deferred due to high priority projects and in particular the requirement to complete the major Oracle system upgrade in October 2021. It has been agreed by STRAD that we will seek to obtain accreditation by 31 December 2022 and approval has been obtained to appoint a dedicated project Manager.	31/12/2022		As above
3.	Review of National Hosted NHS IT Systems. Oracle Financial Management System - IT Controls. AW/2020-21/2	OVERDUE - EXTENSION REQUESTED	The last IT DR test was completed in November 2019 and the scheduled test in November 2020 was deferred due to disruptions caused the pandemic. We were informed during our fieldwork that the next scheduled IT DR test would not be until after both the Oracle version upgrade to 12.2.9 has been completed in October 2021 and the February 2022 Oracle patch release.	High	Complete the Oracle FMS IT Disaster Recovery (DR) test in 2021-22 as soon as is practically possible ensuring all NHS organisations attend the next scheduled test.	Stuart Fraser- Acting Head, CTes	Work in progress CTes are on track to implement the Oracle upgrade in October 2021 and complete a full Business Continuity (BC) & DR test in February2022 across all FMS Services. A change release including latest patch sets planned for January 2022 implementation.	28/02/2022	31/05/2022	19.02.2022 Disaster Recovery postponed due to Storm Eunice, new recovery date of 14/15 May 2022 has been confirmed. Audit Wales were informed of this development. Update received on 21.02.2022 Request deadline extension from Audit Ctte.
Accounts Payable										

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

4.	NWSSP-2021-10 Procure to Pay (P2P) Recommendation 5	NOT NWSSP RESPONSIBILITY	<p>Sample testing of 225 non-purchase order invoices was undertaken to establish whether any not falling under the categories on the exceptions list had been placed on a 'No PO No Pay' hold and dealt with in line with the Policy. Sixteen invoices/payments were considered to require a purchase order but had not been placed on hold. Therefore, they had been paid based on manual authorisation and the supplier and requisitioner not dealt with in accordance with the Policy.</p> <p>The previous audit reported that Welsh Health Specialist Services Committee (WHSSC) invoices are all non-PO and processed manually via dataload. This arrangement is not reflected in the No PO No Pay Policy, which applies to the whole of NHS Wales.</p>	Medium	<p>Management should ensure that non-purchase order invoices that are not covered by the agreed exceptions list are placed on a hold to ensure that the supplier is contacted to provide a purchase order number.</p> <p>The existing arrangement for all WHSSC invoices to be processed as non-PO invoices should be reviewed and if deemed appropriate should be reflected in the all-Wales No PO No Pay Policy.</p>	Head of Accounts Payable	<p>Agreed. However, the current exceptions list needs tidying up and rationalising by the All Wales Finance Academy Forum to ensure that AP staff can easily identify if the items supplied on the invoice are, (a) on the exception list with the invoice then being placed on an Awaiting Authorisation Hold, or (b) not on the exception list, the invoice then being placed on a No PO No Pay hold and processed in accordance with the No PO No Pay Policy. With regards WHSSC invoices, this will be referred to the All-Wales P2P Finance Academy Forum by the Head of Accounts Payable for a decision to be made and the Policy updated accordingly</p>	30/06/2021	<p>Update 10/12/2021</p> <p>An updated list of Exempt commodities has now been circulated to P2P Leads. The Policy has been updated and will be reviewed at the next meeting of the All Wales P2P Finance academy meeting</p> <p>With regards WHSSC transactions, the All-Wales P2P Forum has not met since April 2021 and at the current time there is no indication when it might meet next.</p>
EMPLOYMENT SERVICES									
Payroll									
5.	NWSP-2021-08 EMP/20-21/2 Employment Services Payroll Services 2020-21	OVERDUE	<p>The previous internal audit reported a lack of consistent approach for the monitoring and recovery of overpayments across NHS Wales organisations. Management advised that the overpayment process has been reviewed on an all-Wales basis and they are in the process of developing a single all-Wales overpayment procedure. However, no progress has been made in this respect due to the disruption of the COVID-19 pandemic.</p> <p>Outstanding recommendation from previous 2019-20 internal audit review.</p>	Low	<p>As previously agreed, an all-Wales approach to the management of overpayments should be agreed and adopted across all Payroll teams.</p>	Head of Payroll Subject to WODS and DOFs approval, paper to go to WODS and DOFS by the end of June 2021	<p>We acknowledge the findings of the report, there is a new draft of the Overpayments procedure that will be presented to WODS and DOFS for an all-Wales approach.</p>	30/06/2021	<p>Partial completion:</p> <p>The overpayment Policy has received some comments from the DOF and the Head of Payroll will be meeting with Counter Fraud to discuss in the coming week.</p> <p>Update received on 31 March 2022</p>
Planning, Performance & Informatics									

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

6.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	NYD	There is an inherent lack of resilience for the telecoms system, with the following issues noted: There is only one person with the knowledge of managing it within NWSSP, so when absent there is no capability for managing the system and updating numbers etc.	Medium	The knowledge of the system and how to manage it should be shared within the IT team in NWSSP and back up support factored in to allow cover for times of absence.	Director of Planning, Performance, and Informatics	Work has already commenced to share user guides and this will be progressed to provide additional support within the team.	31/07/2022		
7.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	NYD	There is no performance reporting on the Telecoms system, despite the contract stating that performance reports are to be provided. The lack of performance reporting means that there is very limited information on the system and its use, with no information on call volumes, latency, dropped calls, call quality etc. We note that there have been issues with quality and dropped calls, but this cannot be tracked without the information.	Medium	NWSSP should request that the supplier provide performance reports as per the contractual requirement.	Director of Planning, Performance, and Informatics	We are in the process of procuring a replacement telephony system, as the current contract is due to expire in the next 12 months. We will ensure that the new contract specification clearly captures regular performance reporting requirements.	31/01/2023		

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

8.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	NYD	Performance against service standards is reported by DHCW, however there is no reporting on the detail of the performance of the functions within the SLA. e.g. there is no reporting on how servers are supported and managed that would show the success of this service. Without this NWSSP has no visibility of the status of this service. We note that DHCW have developed internal performance reporting on some aspects of these.	Medium	NWSSP should formally request that DHCW provide performance reports that show the successful delivery of the functional aspects of the service, covering items such as: - patch compliance; - nodes with alerts resolved / unresolved; - server alerts outstanding / dealt with; and - proactive monitoring reports.	Chief Digital Officer	The format and content of our performance and monitoring reports is constantly evolving and will be continue to be reviewed.	31/07/2022		
9.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	NYD	There are a number of old servers and switches still in use within NWSSP. These are out of support, contain security vulnerabilities and represent a security risk to the organisation. We note that some new switches have been purchased, however these have not yet been installed	High	The existing plan to replace all the Windows 2008 servers should be reviewed and where appropriate revised timescales should be agreed and enacted. A funded, rolling replacement programme for infrastructure equipment should be developed.	Chief Digital Officer/ Director of Planning, Performance, and Informatics	1) We will ensure that the replacement plan is reviewed to ensure that it is comprehensive and has identified all relevant servers. 2) A rolling programme for the replacement of infrastructure equipment will also be further developed and funding sought as appropriate.	1) 31/07/2022 2) 31/12/2022		

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

10.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	NYD	An Asset management system is included as a charge within the SLA with DHCW. This as defined as Asset Studio, which we note has been replaced by Snow Asset Management. The service statement for Asset Studio / Snow states that it provides in depth information on the hardware assets to provide a fully rounded view of the IT environment. However servers and switches were never included in Asset Studio, and they are not currently within Snow. As NWSSP do not have access into the CMDB, SCCM or Dell OpenManage this means that there is no full record held by NWSSP IT of what hardware is owned by NWWSP and there is very little visibility on the state of the infrastructure for NWSSP IT and the service as per the SLA may not be being completely delivered.	Medium	NWSSP should have further discussions with DHCW regarding the possibility of adding the servers should added to Snow to enable visibility of the whole infrastructure. In the interim, access should be granted to Dell OpenManage for NWSSP IT staff.	Chief Digital Officer	1) This issue has been raised with DHCW whose policy is not to include servers on Snow. 2) We have previously raised this issue regarding Dell OpenManage with DHCW, and the current challenge is understood to be that NWSSP cannot be given access to solely the NWSSP information within the system. We would need to be given access to the whole system, as it is currently configured including the infrastructure information of others, and this would not be appropriate. However with the appointment of the new Chief Digital Officer we will continue to investigate with DHCW any alternative solutions to address this problem.	31/07/2022		
11.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	NYD	The overall use of memory and processing within the virtual environment is low, although some VMs run at their maximum allocation. There is no visibility into the environment for NWSSP IT staff and no ongoing discussion with users to see if more resource could be utilised. As users define the resource requirements at outset they may not be aware of the potential to increase the allocated resource and potentially improve performance.		Consideration should be given to providing (read only) access to the hypervisor monitoring to NWSSP IT staff. A process should be established for reviewing the potential to increase resource allocations to improve performance for specific VMs and maximise the value gained from investment in the virtual environment.	Chief Digital Officer	Agreed - Management considers that DHCW should be doing this for NWSSP as part of the SLA. Given we, like many other NHS organisations are still relatively early on in our transition to virtual environment and have future plans to do more in this area, the Chief Digital Officer will address this as part of our Digital Strategy and review of DHCW SLA arrangements.	31/01/2023		

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

12.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	N/D	Although there have been desktop exercises to review the continuity procedures, there is no planned, regular schedule for testing of the continuity and disaster recovery plans. There is also no structure to ensure that each service has assurance that DR plans are in place as appropriate. In addition, although data is recovered from backup on an ad-hoc basis, there is no ongoing scheduled testing of backups to confirm their validity	Medium	Services should be requested to formally confirm that they have assessed the requirement for business continuity and disaster recovery plans and that they are in place accordingly. A formal schedule of testing should be established for: <ul style="list-style-type: none"> business continuity plans; and disaster recovery plans. AS the back up process is managed by DHCW, NWSSP should request that a schedule of regular testing of the back ups be implemented and the results fed back to NWSSP.	Director of Planning, Performance, and Informatics	A workshop is planned for Qtr 4 of 2021-22 to explore further our approach to this, and prioritise the testing plans to commence from April 2022. The Central Business Team (Oracle) has offered to demonstrate their approach to DR testing. This is also an area of risk that has been identified by most other NHS Wales organisations, and there will be opportunities to work with others and share learning from respective scenario testing.	31/07/2022		
13.	NWSSP-2122-16 NWSSP Operational ICT infrastructure	N/D	Although NWSSP is moving towards increasing use of modern / future technology, there is a lack of skills and knowledge in place to enable successful use of these: <ul style="list-style-type: none"> the move towards cloud based services using Azure requires a role within the organisation to manage resource use to ensure costs are minimised, however there is no role established and there are no such skills within NWSSP which would enable this role. NWSSP is upgrading servers to 2016, the direction of travel in this space is towards a hyperconverged infrastructure, however there are not enough skills within NWSSP to be able to successfully influence the move from 2016 towards this. There are no skills within NWSSP to enable a move towards software defined networking which would enable the modernisation of the network when the current switches become end of life.	Medium	Training should be provided on Azure management and a role for managing resource established. Training should be provided to NWSSP IT staff on modern architecture and network trends in order to influence the direction of travel when replacement servers and switches is required.	Chief Digital Officer	The Chief Digital Officer will take forward the future training needs plan for the internal team and will address this recommendation as part of that work.	31/01/2023		
Procurement										
All Wales Laundry										

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

14.	Review of Laundry Services NWSSP-2122-12 PROC/21-22/1	NPD	The Finance Programme Lead advised that current prices are based on 2019/20 prices plus 2% inflation. However, during the audit the Project Accountant identified that this global uplift was not applied to all customers due to a 'system error'. At the time of reporting, we were assured that this error has been corrected. Laundry item prices vary across Wales due to legacy arrangements, following the agreed 'lift and shift' transition into NWSSP. Furthermore, the cost of missing linen stock is currently absorbed by the Laundry in terms of replacement costs. We were advised that a standard pricing model will be implemented following completion of the All-Wales Laundry Transformational Programme which will incorporate all operating costs including replacement linen stock.	Medium	We concur with the plans to implement a standard pricing model following completion of the All-Wales Laundry Transformational Programme. This should incorporate all operating costs including linen stock purchases to ensure that the service is not operating at a loss.	Assistant Director of Laundry & Operations	Management accepts the recommendation. The all-Wales pricing policy is reliant on the transformational programme and the redevelopment of the service with the provision of two new sites and the development of Greenvale. The agreement by the Shared Services Partnership Committee was that the transfer was based on a 'lift and shift' model and there would be no changes until the completion of the transformational programme, expected in 2023/24.	30/04/2024		This recommendation cannot be actioned for some time as the pricing model is fixed until the completion of the transformational programme. No further update to report. Update provided 14.02.2022
15.	Review of Laundry Services NWSSP-2122-12 PROC/21-22/1	OVERDUE- EXTENSION REQUESTED	There is no record of PADR's undertaken prior to the transfer of Llansamlet Laundry to NWSSP due to an ESR data transfer issue, and PADR's have not yet been undertaken following transfer. We understand that the Laundry Manager is liaising with Workforce colleagues to recover the pre-transfer PADR history. At the time of audit, objectives had not been set for Laundry staff. We understand that this will be done following completion of the All-Wales Transformational Programme, with the transfer of the two remaining laundries in October 2021.	Medium	Following completion of the All-Wales Laundry Transformational Programme, all laundry staff should be set objectives and subject to personal appraisal and development reviews in line with the NWSSP Appraisal Procedure.	Assistant Director of Laundry & Operations	Management accepts the recommendation.	31/03/2022	31/05/2022	Work remains ongoing with the majority of PADR's complete, however some do remain outstanding. Extension to original deadline requested at Audit Committee 5 April 2022 Updated provided on 10.03.2022

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
AGENDA ITEM	6.8
PREPARED BY	Peter Stephenson, Head of Finance and Business Development
PRESENTED BY	Peter Stephenson, Head of Finance and Business Development
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Draft Annual Governance Statement 2021/22

PURPOSE

To provide the Audit Committee with an update as to the progress made in completing the draft Annual Governance Statement for 2021/22.

1. INTRODUCTION

The draft Annual Governance Statement will be completed in the coming weeks, as a number of figures cannot be updated until after the year-end. With the agreement of the Audit Committee Chair, it will therefore be issued by e-mail to Audit Committee members within the next few weeks and the final version will then be signed off as usual at the meeting on July 13.

2. RECOMMENDATION

The Audit Committee is asked to:

- **NOTE** the arrangements for the review of the Draft Annual Governance Statement.

Welcome to the January 2022 edition of the Counter Fraud Newsletter

As the NHS came under unprecedented pressure from the COVID-19 pandemic, fraud was probably not at the top of most people's minds. Unfortunately, the same cannot be said for the criminals who target the NHS for financial gain. Fraudsters are always on the lookout for ways to make money from their victims, and their actions are a growing threat to individuals and organisations alike. Fraud in the NHS, on any scale, diverts crucial resources away from patient care, salaries and services.

Your LCFS team aims to raise awareness of fraud, offer advice and investigate fraud within the NHS. In more complex cases the LCFS team are supported by the Counter Fraud Service (CFS) Wales. Our end goal being to reduce fraud, identify persons responsible and recoup losses through Civil or Criminal Prosecution.

Below is a recent example of a fraud that your LCFS Team assisted in investigating:

A report was received that a nurse had been working on the bank whilst on sick leave from their full time employment.

An investigation was undertaken which showed the allegation to be true. However, prior to any formal action the subject resigned their position.

NOTE: Although people may not immediately see the impact this has on the NHS and its significance. It is key to remember that whilst on sick leave the NHS is paying sick pay (up to a full wage dependant on the situation), also paying to cover that persons 'normal' role and then in addition paying that same person bank pay.



Did you know?

Failure to disclose an overpayment could result in a criminal investigation.

An overpayment could be made in a number of ways; normal salary payment, maternity/paternity pay, continued pay after leaving the organisation. This could be a small amount or thousands of pounds.

It is **your responsibility** to check your payslips and disclose any over payments. If you don't do this you may be committing a criminal offence.

Mistakes happen, it may not be your fault that you received an over payment but it is wrong to know about it and keep it. If you are unsure then ASK, don't just wait. Cases can be resolved by a mutual agreement to pay back the money in a fair and reasonable timescale, as long as you are honest and upfront.

However, if you do not disclose the payments the matter may be referred to the Counter Fraud department for further investigation.



Case Example: Recent investigation found a staff member left the NHS and continued to receive payments totalling over £3,800. The money has been recovered through civil proceedings.

Report any suspicions or concerns about fraud in the NHS to the NHS Counter Fraud Authority at <https://cfa.nhs.uk/reportfraud> or by calling [0800 028 4060](tel:08000284060) (available 24 hours)

All reports are treated in **confidence**, and you have the option to report **anonymously**. Alternatively, you can also speak to your LCFS.

NHS Counter Fraud Service (Wales) recent case:

Following an investigation by NHS Counter Fraud Service (Wales), a doctor who abused his position to defraud both the NHS and fellow medics was sentenced at Cardiff Crown Court on 09 March 2021 to two years’ imprisonment, suspended for two years. Dr Aled Meirion Jones pleaded guilty to two counts of Fraud by Abuse of Position (contrary to Section 4 of the Fraud Act 2006). He was also ordered to complete 200 hours of unpaid work within 12 months. A mitigating factor in sentencing was his gambling addiction, which was designated as a medical condition.

Dr Jones was reported via the NHS Counter Fraud Authority’s Fraud & Corruption Reporting Line. The allegation being he diverted cheques to his own bank account that had been legitimately earned by other doctors for their work to certify the cause of death before a person’s body is released for cremation.

In March 2019, Dr Jones was arrested by South Wales Police. Following his arrest, Dr Jones was interviewed under caution by specialist investigators for NHS CFS (Wales). He made full admissions to the theft of the cheques but denied any other wrongdoing. However, further enquiries revealed that between 2017 and 2019, Jones had stolen and altered numerous cheques worth £33,235.40; and submitted false claims for exaggerated hours and Locum shifts he did not work to a number of health boards in South Wales, totalling £34,184.86.

NHS Counter Fraud Service Wales Financial Investigators have now used their powers under the Proceeds of Crime Act 2002 and recovered the money.

Full details of this press release can be found here: [£66,000 NHS money recovered from fraudster by NHS CFS Wales | NHS Counter Fraud Authority | NHS CFA](#)

MANDATE FRAUD

Mandate fraud is where a fraudulent request is made to change the bank account details held for a genuine NHS supplier. This could then result in funds being transferred directly into a fraudsters bank account.

Fraudsters have used the COVID-19 pandemic to their advantage with this type of fraud. Making seemingly genuine requests with urgent timescales blaming the pandemic, meaning people are more likely to believe them.

Always be vigilant, especially when someone is requesting changes of bank details. If you are unsure do not rush anything, make further checks (through existing confirmed contacts) and follow internal procedures. You can also contact your LCFS Team for further help and support.

More information on mandate fraud and how to mitigate the risk can be found here: [Mandate fraud risks | COVID-19 guidance | NHS Counter Fraud Authority \(cfa.nhs.uk\)](#)



STOP fraud

Criminals are always looking for ways to steal money from the NHS.
You can help stop them – find out how at [cfa.nhs.uk](#)



NHS fraud. Spot it. Report it.

Together we stop it.

Local Counter Fraud Team

If you would like more information about fraud or to raise a concern please contact one of your Local Counter Fraud Specialists by Email, Phone, Microsoft Teams or drop into the office.

They are always happy to help and will treat what you have to say in confidence.

Nigel Price Tel: 02921 836 481 Email: Nigel.Price@wales.nhs.uk Local counter Fraud Specialist	Emily Thompson Tel: 02921 836 262 Email: Emily.Thompson@wales.nhs.uk Local counter Fraud Specialist	Henry Bales Tel: 02921 836 265 Email: Henry.Bales@wales.nhs.uk Local counter Fraud Specialist
---	--	---

Office: Counter Fraud Department, 1st Floor Woodland House, Maes-Y-Coed Road, Cardiff, CF14 4HH

Report any suspicions or concerns about fraud in the NHS to the NHS Counter Fraud Authority at <https://cfa.nhs.uk/reportfraud> or by calling [0800 028 4060](tel:08000284060) (available 24 hours)

All reports are treated in **confidence**, and you have the option to report **anonymously**. Alternatively, you can also speak to your LCFS.

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	5 April 2022
PREPARED BY	Carly Wilce, Corporate Services Manager
PRESENTED BY	Carly Wilce, Corporate Services Manager
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Audit Committee Forward Plan 2022-23

PURPOSE

To provide a summary of items expected to be presented at forthcoming Audit Committee meetings, scheduled for 2022-23.

Month	Standing Items	Audit Reports	Governance	Annual Items
Q1 2022/23 5 April 2022 <i>Boardroom</i> <i>NWSSP HQ, Unit 4/5</i> <i>Charnwood Court, Heol</i> <i>Billingsley, Parc Nantgarw,</i> <i>Cardiff, CF15 7QZ</i> <i>or by Teams (as appropriate)</i>	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement NWSSP Update	Internal Audit As outlined in the Internal Audit Operational Plan Review of Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations Corporate Risk Register	Internal Audit Charter
Q2 2022/23 13 July 2022 <i>Boardroom</i> <i>NWSSP HQ, Unit 4/5</i> <i>Charnwood Court, Heol</i> <i>Billingsley, Parc Nantgarw,</i> <i>Cardiff, CF15 7QZ</i> <i>or by Teams (as appropriate)</i>	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement NWSSP Update	Internal Audit As outlined in the Internal Audit Operational Plan Review of Internal Audit Operational Plan External Audit Audit Wales Nationally Hosted IT Systems Report Audit Wales Management Letter	Governance Matters Tracking of Audit Recommendations Corporate Risk Register	Final Annual Governance Statement Health & Care Standards Head of Internal Audit Opinion and Annual Report Gifts & Hospitality Annual Report Declarations of Interest Annual Report Audit Committee Annual Report Counter Fraud Annual Report and Review
Q3 2022/23 11 October 2022 <i>Boardroom</i> <i>NWSSP HQ, Unit 4/5</i> <i>Charnwood Court, Heol</i> <i>Billingsley, Parc Nantgarw,</i> <i>Cardiff, CF15 7QZ</i>	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	Internal Audit As outlined in the Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations to include Annual Review of Audit Recommendations Not Yet Implemented Corporate Risk Register	Internal Audit Quality Assurance & Improvement Programme Review of Audit Committee Terms of Reference Audit Committee Effectiveness Survey

<i>or by Teams (as appropriate)</i>	NWSSP Update		Review of Risk Management Protocol, Risk Appetite Statement and Assurance Mapping	NWSSP Annual Review Freedom of Information Annual Report Welsh Language Annual Report
Q4 2022/23 24 January 2023 <i>Boardroom</i> <i>NWSSP HQ, Unit 4/5</i> <i>Charnwood Court, Heol</i> <i>Billingsley, Parc Nantgarw,</i> <i>Cardiff, CF15 7QZ</i> <i>or by Teams (as appropriate)</i>	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement NWSSP Update	External Audit Audit Wales Office Proposed Audit Work Internal Audit As outlined in the Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations to include Annual Review of Audit Recommendations Not Yet Implemented Corporate Risk Register Review of Standing Orders for the Shared Services Partnership Committee	Pre-meet between Audit Committee Chair, Independent Members, Internal and External Auditors and Local Counter Fraud