NWSSP Audit Committee

Tue 12 October 2021, 14:00 - 16:00

Microsoft Teams

Agenda

14:00 - 14:10
10 min

1. Standard Business

Martin Veale

1.1. Welcome & Opening Remarks (verbal)

Martin Veale

1.2. Apologies

Martin Veale

1.3. Declarations of Interest

Martin Veale

1.4. Minutes of Meeting Held on 29 June 2021

Martin Veale

1.4 NWSSP Part A Audit Ctte Minutes June 21.pdf (9 pages)

1.5. Matters Arising

Martin Veale

1.5 Matters Arising.pdf (1 pages)

14:10 - 14:25
15 min

2. NWSSP Update

Neil Frow

2.0 MD Update.pdf (5 pages)

14:25 - 14:45
20 min

3. External Audit

Clare James

3.1. Audit Wales Update

Clare James

3.1 NWSSP - Audit Wales update paper - October 2021.pdf (8 pages)

3.2. Audit Wales Management Letter

Clare James

3.2 NWSSP_Management_Letter_2020-21 - final.pdf (10 pages)

3.3. Review of Nationally Hosted Systems

Andrew Strong

3.3 2622A 2021-22_nationally_hosted_nhs_it_systems_nwssp_report_final.pdf (24 pages)

14:45 - 15:10
25 min

4. Internal Audit

James John

4.1. Internal Audit Position Statement

James John

4.1 A&A NWSSP Audit Cttee progress report Oct 2021.pdf (7 pages)

4.2. Internal Audit Reports

James John/Sophie Corbett

4.2.1. Review of Employment Services

4.2.1 NWSSP-2021-09 Emp Services Directorate Final Report.pdf (20 pages)

4.2.2. Review of Laundry Services

4.2.2 NWSSP-2122-12 Laundry Service - Final Report.pdf (20 pages)

4.2.3. Review of Student Award Services

4.2.3 NWSSP-2122-02 Student Awards Service Follow Up - Final Report.pdf (17 pages)

4.3. Quality Assurance and Improvement Programme 2020-21

Simon Cookson

4.3 QAIP 2020-21 final report.pdf (27 pages)

15:10 - 15:25
15 min

5. Counter Fraud

Nigel Price

5.1. Counter Fraud Position Statement

Nigel Price

5.1 Counter Fraud Position Statement October 2021.pdf (5 pages)

5.2. Counter Fraud Annual Report 2020-21

Nigel Price

5.2 Counter Fraud Annual Report 2020-21.pdf (15 pages)

5.3. Counter Fraud Annual Work plan 2021-22

Nigel Price

5.3 Counter Fraud Workplan 2021-2022.pdf (11 pages)

5.4. Raising Our Game Action Plan

Peter Stephenson

5.4 Raising Our Game Action Plan.pdf (13 pages)

15:25 - 15:50
25 min

6. Governance, Assurance & Risk

6.1. NWSSP Audit Committee Annual Report 2020-21

Martin Veale

- 6.1 NWSSP Audit Committee Annual Report 2020-21.pdf (12 pages)

6.2. NWSSP Audit Committee Effectiveness Survey 2020-21

Peter Stephenson

- 6.2 Audit Committee Effectiveness Survey Results.pdf (20 pages)

6.3. Covid-19 Expenditure Report

Andrew Butler

- 6.3 COVID-19 Update - October 2021 inc App 1.pdf (7 pages)
- 6.3 Appendix 2 - FGG Authorisation Checklist - October 2021.pdf (5 pages)

6.4. Stocktaking Arrangements

Andrew Butler

- 6.4 AC Stock Report.pdf (5 pages)

6.5. Governance Matters

Andrew Butler

- 6.5 Governance Matters_.pdf (16 pages)

6.6. Assurance Mapping

Peter Stephenson

- 6.6 Assurance Mapping Oct 21.pdf (22 pages)

6.7. Corporate Risk Register

Peter Stephenson

- 6.7 Corporate Risk Register.pdf (2 pages)
- 6.7 Corporate Risk Register 20211004.pdf (5 pages)

6.8. Tracking of Audit Recommendations

Peter Stephenson

- 6.8 Tracking of Audit Recommendations.pdf (2 pages)
- 6.8 06102021 Appendix 1 Tracking of Audit Recommendations.pdf (4 pages)

15:50 - 15:55
5 min

7. For Information Only

7.1. Audit Committee Forward Plan 2021-22

- 7.1 Audit Committee Forward Plan.pdf (3 pages)

7.2. PPE Winter Plan

- 7.2 PPE Plan 17 09 2021.pdf (19 pages)

7.3. NAO Best Practice Climate Change

7.3 NAO Best Practice Climate Change.pdf (55 pages)

7.4. Freedom of Information Annual Report 2020/21

7.4 FOI 2020-21 annual report.pdf (4 pages)

15:55 - 16:00
5 min

8. Any Other Business (Prior Approval Only)

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

MINUTES OF MEETING HELD TUESDAY 29 JUNE 2021
14:00 – 16:00
Meeting held virtually via Microsoft Teams
Part A - Public

ATTENDANCE	DESIGNATION	
INDEPENDENT MEMBERS:		
Martin Veale (Chair)	Chair & Independent Member	
Gareth Jones (GJ)	Independent Member	
Janet Pickles (JP)	Independent member	
ATTENDANCE	**DESIGNATION**	**ORGANISATION**
ATTENDEES:		
Neil Frow (NF)	Managing Director	NWSSP
Margaret Foster (MF)	NWSSP Chair	NWSSP
Andy Butler (AB)	Director of Finance & Corporate Services	NWSSP
Peter Stephenson (PS)	Head of Finance & Business Improvement	NWSSP
Carly Wilce (CW)	Interim Corporate Services Manager	NWSSP
Simon Cookson (SC)	Director of Audit & Assurance	NWSSP
James Quance (JQ)	Head of Internal Audit	NWSSP
Sophie Corbett (SC)	Deputy Head of Internal Audit	NWSSP
Gareth Price (GP)	Personal Assistant	NWSSP
Nigel Price (NP)	Local Counter Fraud Specialist	Cardiff and Vale UHB
Mark Osland (MO)	Director of Finance	Velindre
Steve Wyndham (SW)	Audit Representative	Audit Wales
Graham Davies (GD - item 3.2 only)	Assistant Director Procurement Services	NWSSP

Item		Action
1. STANDARD BUSINESS		
1.1	**Welcome and Opening Remarks** The Chair welcomed Committee members to the June 2021 Audit Committee meeting and in particular Graham Davies, who was here to present the stocktake report.	
1.2	**Apologies** Apologies were received from: • Steve Ham, Chief Executive, Velindre University NHS Trust; • Craig Greenstock, Local Counter Fraud Specialist; and	

Item		Action
	• Lauren Fear, Director of Corporate Governance, Velindre University NHS Trust.	
1.3	**Declarations of Interest** No declarations were received.	
1.4	**Minutes of Meeting held on 20 April 2021** The minutes of the meeting held on the 20 April 2021 were **AGREED** as a true and accurate record of the meeting.	
1.5	**Matters Arising from Meeting on 20 April 2021** It was noted that all matters arising were complete or not yet due.	
2. NWSSP Update		
2.1	**NWSSP Update** NF provided the Audit Committee with an update as to recent developments across NWSSP. IP5 had recently welcomed (former) Minister for Health and Social Services Vaughan Gethin, where staff demonstrated how supplies were collected for India in order to help with the ongoing Covid-19 crisis. The Minister recognised the important role that IP5 has played throughout the pandemic, in terms of supplying and distributing PPE to the NHS, the Wider primary care contractors and Social Services in Wales. After a challenging year NF was pleased to confirm that all financial targets were met, and NWSSP generated a planned surplus of £21k, after a £2m distribution back to Health Boards and Trusts. NF thanked Finance staff for all their hard work to complete the year-end within the tight deadline set and in very challenging circumstances. The long-term impact of the Covid-19 Pandemic remains unknown. Legal & Risk continue to work together with health boards, as it is anticipated that clinical negligence claims will increase following the pandemic, and additional resource may be needed to support the service at a later date. HCS have recently updated its Fleet with a number of fully electric vans. A number of electric charging units have been successfully installed at sites across Wales, in line with the Welsh Government Decarbonisation Strategy. Further projects include upgrade of lighting and installation of solar panelling. Following a spate of sophisticated attempts to undertake bank mandate frauds against NWSSP, controls were strengthened and recently prevented a fraudulent bank mandate change request where the monthly invoice value was £175k.	

Item		Action
	From 1st April 2021 three of five laundry units were transferred to NWSSP, and work continues to progress in order to migrate the remaining two units later this year. The laundry rebuild would further support the decarbonisation strategy. Colin Powell was recently appointed as the new Director of Pharmacy Technical Services and will manage the TRAMS services going forward. Face to face Pre-Employment checks have been postponed for the third time this year. The Home Office have now stated that virtual checks would be revoked, and face-to-face ID checks resumed with effect from 1 September 2021. NF expressed his thanks to NWSSP staff for their continued hard work throughout the pandemic. MV and MF echoed this. **The Committee NOTED the report.**	
3. External Audit		
3.1	**Audit Wales Position Statement** SW presented the Audit Wales Position Statement and updated the Committee as to current and planned audit work. All 2021 NHS audit work is complete, the Audit Wales management letter would be taken to the October Audit Committee to advise of any findings and any actions to be considered by NWSSP. SW confirmed that there were no significant issues to report. **The Committee NOTED the report.**	
3.2	**Stock Take Assurance** GD presented the report. He explained that to support the All Wales response to Covid-19, NWSSP continued to procure and distribute PPE stocks to all NHS and social care sectors across Wales. A stockpile of PPE items remains in storage as agreed by Welsh Government to provide resilience and support to the COVID response and to support the vaccination programme. Due to the additional stockholding, it has meant that some items were relocated to other storage facilities, some of which are external to the NHS. In usual circumstances a standard stockholding would be at circa £3m however, due to COVID this is currently £89m. Significant levels of this stock are held at IP5 in Newport. This is a vital building to NHS Wales, not only for stockholding and distribution of PPE, but that also it contains the TRAMS service and one of the UK Lighthouse labs, both of which are key to the COVID response in Wales. It was therefore imperative to avoid any COVID	

Item		Action
	outbreaks at IP5 which would obviously be detrimental to its operations, and therefore access to the building is restricted. Audit Wales did not attend the physical stocktakes that were undertaken in respect of PPE. —Notwithstanding this GD stressed that in previous years' audits, no significant issues were ever raised regarding stock, testing confirmed that robust arrangements were in place, and any previous recommendations for improvement were immediately implemented. GD reassured the Committee that all procedures remain in place with all NWSSP stores operating a warehouse management system accounting for all stock inventory to ensure accurate recording of quantities and values. Where external arrangements are in place, two of the three storage locations have their own inventory management system from which they provide a monthly stockholding report, which is reconciled to the NWSSP Inventory system. In addition, monthly visits are carried out by NWSSP staff to undertake random sample stock checks. The third location does not have an inventory system so monthly physical stock takes were introduced from December 2020 and are undertaken by NWSSP staff and reconciled to the NWSSP Inventory system. The Chair suggested that a review of the external storage facilities takes place. Internal Audit confirmed that the review would be added to the operational 2021-22 work plan. GJ queried as to the liability provisions for the external warehouse site, in regard to loss arrangements. GD confirmed that all contractual arrangements were overseen by the Legal & Risk Service, but that he would check on the liability issue and report back to the Committee. **The Committee NOTED the report**	**JQ** **GD**
3.2.1	**Letter to Auditor General** The letter from Andrew Goodall to the Auditor General for Wales, concerning the action plan to address the findings of the Audit Wales report on Procuring and supplying PPE for the pandemic was reviewed. The letter confirms that NWSSP are working with Welsh Government to address the findings, progress against which will be monitored via the Corporate Tracker.	

Item		Action
4. Internal Audit		
4.1	**Internal Audit Position Statement** JQ presented the Internal Audit Position Statement to the Committee. The final four internal audit reports from the 2020-21 internal audit plan are on the agenda.	
4.2	**Internal Audit Reports** The following Internal Audit reports were presented to the Audit Committee for consideration: **NWSSP-PCS Final Report** The report contained only one low priority recommendation and achieved substantial assurance. **P2P Final Internal Audit Report** The scope was extended to include a greater emphasis on Accounts Payable with increased sample sizes. The report contained one high and six medium recommendations and achieved reasonable assurance. The findings relate to contract award notices and single tender actions, and the overall context of responding to COVID was recognised by Internal Audit. AB confirmed that NWSSP would continue to work in partnership with Health Boards and Trusts to inform staff of P2P processes and requirements, in order to try and avoid further issues. **Welsh Risk Pool Services** The report contained one medium recommendation raised relating to business continuity and achieved substantial assurance. Plans to address the contingency matter would be actioned as soon as possible. **Brexit Preparations Final Report** The advisory review focused on IP5 with no formal recommendations made, but suggestions to develop a formal strategy was noted. The report overall was very positive. **Single Lead Employer** This was an advisory review where a number of suggestions were made to strengthen and improve programme management as NWSSP enter Phase 3 of the initiative. The SLE programme board is to consider the recommendations and develop an action plan to address them. **The Committee NOTED the reports.**	

Item		Action
4.3	**Head of Internal Audit Opinion and Annual Report** JQ presented the 2020-21 Head of Internal Audit Opinion and Annual Report, with an overall rating of reasonable assurance. The report demonstrated the significant amount of work performed throughout year, with several additional advisory reviews being completed. Regular audit progress reports have been submitted to each Audit Committee throughout 2020-21. AB noted the very flexible and responsive approach adopted by Internal Audit during the year. A number of reviews were undertaken at short notice which provided significant assurance and benefit to NWSSP/ NHS Wales. **The Committee Approved the Audit Opinion and Annual Report**	
5. Counter Fraud		
5.1	**Counter Fraud Position Statement** NP presented the latest Position Statement, summarising the recent Counter Fraud and corruption work carried out, which highlighted that: • All cases were now closed with exception of one, that is pending the outcome of an internal disciplinary investigation; and • A total of 12 fraud presentations had been delivered to 214 delegates, with feedback confirmed that training had improved their awareness in all cases. 15 days of counter fraud work had been delivered to date, and the Committee discussed the 75 days designated to NWSSP annually. There is recognition amongst Committee members and NWSSP management that the current level of days is insufficient to meet the risk profile of the organisation, and the situation is exacerbated through the long-term absence of the designated LCFS. AB has met with the newly appointed Director of Finance for Cardiff & Vale UHB who equally recognises the problem, and a solution is being sought to enable resource to be increased. **The Committee NOTED the report.**	
6. GOVERNANCE, ASSURANCE AND RISK		

Item		Action
6.1	**Covid-19 Expenditure Report** LP presented the final summary Covid-19 expenditure report to the Committee. The NWSSP Finance Governance Group was established in mid-2020 and remains in place, considering requests for significant advance payments. The group has not had to meet since April 2021, and in total for 2020-21 approved 49 contracts. LP further advised that the group have been shortlisted for a national Finance Award. The full year 2020/21 final additional Covid revenue expenditure, including both All Wales expenditure on PPE, Equipment and Testing, support to Track, Trace & Protect, the mass vaccination programme, PPE distribution and additional NWSSP operational revenue expenditure totals **£164.737m**. This is in addition to the **£10.538m** capital expenditure incurred. The Chair queried as to whether the surplus bed expenditure would be included for this financial period. It was confirmed that these costs would be included in 2021-22 accounts. JP queried the plans for the surplus beds and suggested the third sector and possibly the Probation Service might be able to use them. LP stated that Health Boards have been contacted regarding use at community hospitals, but if not required, third sectors would be approached for use and also Probation and Homeless Hostels. **The Committee NOTED the report.**	
6.2	**Governance Matters** AB presented the Governance Matters Paper, which provided the Committee with the contracting activity from 8th April to 21st June 2021 and highlighted that there had been no departure from the Standing Orders. In relation to contracting activity, there had been 5 contracts let for NWSSP, and 49 for NHS Wales, of which 19 were at briefing stage, 26 at ratification and 4 were extensions. No declarations were made as to gifts, hospitality or sponsorship since the last meeting and there had been no limited or no assurance audit reports. AB confirmed that where contracting activity related to the procurement of goods for COVID-19, this had been recorded centrally and each order had been subject to robust governance and due diligence processes.	

Item		Action
	AB advised the Committee that the temporary increases in the COVID expenditure limits as a result of the pandemic had been further extended until 30 September 2021, following approval at the Velindre NHS Trust Board on 8 June. **The Committee NOTED the report.**	
6.3	**Final Annual Governance Statement** PS presented the Final Annual Governance Statement to the Committee. The statement was reviewed in draft at the April Audit Committee and endorsed by the Partnership Committee in May. The statement is positive and tells the story of the challenging year of working in a pandemic. The three control issues included have previously been separately reported to the Committee. The section on environmental reporting is the only part of the report where figures still need updating. **The Committee APPROVED the Annual Governance Statement.**	
6.4	**Corporate Risk Register** PS presented the Corporate Risk Register to the Audit Committee and advised that there is just one remaining red risk which relates to the upgrade to the NHAIS system, which is now scheduled to go-live in late summer. Two new risks were added to the register since the last meeting as follows: • delay to the Oracle upgrade, after testing identified a number of issues, the STRAD Board resolved to take to defer the update until October to enable additional testing to be carried out; and • a number of actual and potential frauds had been noted relating to hacking of supplier email accounts to attempt to change bank details. Controls have been strengthened to mitigate against the risk. **The Committee NOTED the report.**	
6.5	**Risk Protocol** PS presented the Risk Protocol for NWSSP for re-approval. There are no significant changes since it was last approved, and it is consistent with the Velindre Risk Policy. PS stated that work is progressing to develop an All-Wales approach to Risk Management. **The Committee APPROVED the Protocol**	
6.6	**Risk Appetite Statement**	

Item		Action
	PS presented NWSSP's Risk Appetite Statement to the Audit Committee, advising that there had been no changes since it was last approved in 2020, other than to recognise the impact of COVID on working arrangements. **The Committee APPROVED the Risk Appetite Statement.**	
6.7	**Tracking of Audit Recommendations** PS presented the Audit Recommendations paper to the Committee, advising that NWSSP had not received any Internal Audit Reports with limited or no assurance rating. Of 237 recommendations, 227 are fully implemented, seven not yet due, two outstanding and one outside of NWSSP responsibility. The two outstanding actions have been previously reported to the Committee and are due to be closed by the end of July. **The Committee NOTED the report.**	
7. For Information Only		
7.1	**Gifts & Hospitality Annual Report 2020-21** The report noted that there were no occasions when gifts, hospitality or sponsorship were offered or received during 2020-21.	
7.2	**Declarations of Interest Annual Report** The report contained details of compliance with the annual declarations of interest exercise across NWSSP and provided the detail of the declarations made by members of the NWSSP Senior Leadership Group.	
7.3	**Audit Committee Forward Plan 2021-22** The plan was noted by the Committee.	
8. ANY OTHER BUSINESS		
8.1	**Any Other Business** No further business was noted.	
9. PART B		
9.1	**Minutes of the Part B meeting held on 20 April 2021** The minutes of the part B meeting held on the 20 April 2021 were **AGREED** and accepted. There were no other items on the agenda.	
DATE OF NEXT MEETING: Tuesday, 12 October 2021 from 14:00-16:00 Held remotely via Microsoft Teams and/or NWSSP Boardroom HQ, Charnwood Court, Nantgarw (as appropriate)		

Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership

Matters Arising

Actions arising from the meeting held on 29 June 2021			
Item	**Responsibility**	**Description**	**Status**
6.1	PS	**Raising the Game Action Plan** • To review the progress made against- Raising the Game Action Plan.	**On agenda**
3.2	JQ	**Internal Audit Update of 2021-22 Workplan** • To provide the Committee with an updated Internal Audit 2021-22 Operational work plan to include a review of external storage facilities.	**On agenda**
3.2	GD	**Liability Provisions of external Facilities** • GD to advise the Audit Committee as to liability arrangements for external storage facilities.	**Complete** All PPE is self-insured through the Welsh Risk Pool. Risk of loss is further mitigated through storage across seven separate sites.

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
AGENDA ITEM	
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.

1. 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 June.

JET Meeting

Members of the NWSSP SLG met with Welsh Government at the end of July. We were able to highlight the influence we have on the delivery of *A Healthier Wales* and how we will play our part in supporting the Health Boards and Trusts as they plan to recover and continue to respond to the pandemic. The Welsh Government team shared their wholly positive reflections on NWSSP performance during the last 12 months and stated that we reached out to others in a supportive manner with a clear focus on problem solving. In particular they highlighted not only 'what' had been achieved but the consistent 'can do' attitude, positive behaviours, and high levels of competency of our staff across a wide range of services. Furthermore, Andrew Goodall emphasised that the growth in NWSSP over the last 10 years and the manner in which we were able to sustain services and deliver more during the pandemic reinforced why the creation of a National Shared Service remains the right decision for NHS Wales.

PPE

NWSSP recently reached the milestone of 1bn items of PPE supplied to NHS Wales, and the Social Care and Primary Care sectors. We are currently in the process of implementing the revised PPE Strategy with a target to reduce stockholdings of the main items of PPE to the 16-week limit agreed with Welsh Government. Further work is being undertaken on storage requirement options over the next few months.

Separately, Welsh Government requested NWSSP to consider what assistance could be provided to Namibia in terms of PPE. A range of items were agreed, and these stocks are now collated in IP5 for onward distribution with logistics currently being worked through. The First Minister visited IP5 recently to announce the supply of this £7.2 million of PPE to Namibia to help them fight a devastating third wave of the Covid pandemic. As part of the visit the First Minister met with Cardiff University professor Judith Hall, who has helped to drive the project to transfer PPE to the southern African country. The transferring of the equipment is also part of an initiative realised through the Phoenix Project between Cardiff University and the University of Namibia. Cardiff University Vice-Chancellor professor Colin Riordan and the High Commissioner for Namibia to the UK, Linda Scott and Newport West Assembly Member Jayne Bryant were also in attendance.

TMU

The TMU was recently subject to a MHRA inspection which resulted in a very positive outcome with only minor issues identified. A further inspection will be undertaken towards the end of the year to support the granting of a Special Licence. The team continue to work on the development of alternative products which should improve quality, produce time savings within Health Boards, with increased value-for-money. However, for the time being, the priority remains to support the Vaccination Programme.

Welsh Infected Blood Support Scheme

The Wales Infected Blood Support Scheme (WIBSS) provides financial, welfare and emotional support to those infected and affected by infected blood products given by the NHS in the 1980s and 1990s; many went on to develop HIV and/or Hepatitis C. Following an announcement by the Welsh Minister for Health and Social Care back in March 2021, we received Directions from Welsh Government in August that enabled us to make parity payments to those on the WIBSS scheme. This meant that those on the WIBSS scheme now receive the same financial payments as those in the English and Scottish schemes. This resulted in substantial detailed work for colleagues in WIBSS, Finance and Accounts Payable, as the arrears went

back to 2019. A number of the WIBSS scheme members have taken the trouble to thank the team for making this happen.

All-Wales Procurement of Consent of Examination & Treatment Products

The Welsh Risk Pool team have commenced the procurement process for the replacement of the current Consent Information Library and Training Programme which is currently provided by EIDO. The importance of informed consent to examination and treatment cannot be underestimated in modern medicine. It is important that patients have access to a sufficiently detailed outline of treatment options, including risks and benefits of procedures. This enables patients to have a clear choice in respect of the risks and benefits to their health and is essential in managing the litigation risk to NHS Wales organisations. The Welsh Risk Pool has operated a Consent Documentation Library for over 10 years. The Welsh Risk Pool continues to see a high proportion of claims where failures in consent processes lead to settlement of cases. A Welsh Risk Pool Alert was released in 2020, requiring organisations to use consent information leaflets from the all-Wales library or approved collegiate bodies. This is an important step and will have a significant role in reducing litigation relating to incorrect or incomplete information being shared with a patient.

Laundry Services

The action plans to address the Health & Safety issues noted on transfer of the laundries into NWSSP are progressing well and appropriate training is being provided to Laundry Management and Staff. A recent Gateway review produced very positive outcomes. There is a separate paper on the agenda to cover the transfer of the laundry from Hywel Dda UHB.

Green Health Wales Conference

Meetings have been held following the recent Conference to take the decarbonisation agenda forward. Specialist Estates Services are working with Health Boards to redevelop their plans in light of the recently published NHS Wales Strategy.

HCS – Risk of Driver Shortages

We are continuing to experience issues with driver shortages which are having a wider impact on the national economy. This has contributed, at least in part, to the widely publicised shortage of Vacutainer Tubes used for blood collection for investigations. Work is on-going to find alternative products.

E-Prescribing

NWSSP are fully involved in this programme which aims to complete the roadmap for pan-Wales Wales ePrescribing as described in the recommendations from the Strategic Review on *The Future of Electronic Prescribing in Wales*. We have already engaged with DCHW colleagues to identify the areas in which NWSSP will need to contribute to the full impact assessment and funding requirements work.

Office 365

We are currently facing issues where we do not have sufficient licences for new starters, and this is impacting on service delivery. The contract re-negotiation for the next three years is currently on-going, and we are aware that this is likely to result in significant additional cost for NWSSP and indeed all organisations in NHS Wales.

IMTP

The plans for 2022 and beyond are progressing well. The approach has recently been strengthened with the appointment of Helen Wilkinson, as Planning and Business Change Manager.

Pre-Employment Checks

The dispensation which allowed pre-employment checks to be undertaken remotely during the pandemic has been extended by the Home Office until April 2022.

Senior Appointments

The following changes have been, or are in the process of being, made to the Senior Leadership Group of NWSSP:

- Professor Malcolm Lewis OBE retired at the end of September as NWSSP Medical Director. Malcolm provided invaluable support to NWSSP and particularly in regard to the GP Indemnity Scheme and the Single Lead Employer. I would like to place on record my thanks for all his hard work and that he will be sorely missed.
- I am pleased however to be able announce the appointment of Malcolm's replacement, Ruth Alcolado. Ruth is a consultant in Unscheduled Care with Cwm Taf, and currently splits her time between overseeing work on the emergency care pathway programme for the NCCU and undertaking work for HEIW.
- The process for appointment of a new NWSSP Chair is also well underway with several very strong candidates who took part in Stakeholder Panels recently. The interviews will conclude shortly and will be undertaken by members of the Partnership Committee, who appoint the Chair on NWSSP's behalf.

2. RECOMMENDATION

The Audit Committee are asked to:

- **NOTE** the update from the Managing Director.

Archwilio Cymru
Audit Wales

Audit Committee Update - NHS Wales Shared Services Partnership

Date issued: October 2021

This document has been prepared for the internal use of **NHS Wales Shared Services Partnership (NWSSP)** as part of work performed/to be performed in accordance with statutory functions.

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Audit Committee Update

About this document

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 NHS related studies and publications together with the work of our Good Practice Exchange (GPX).

Audit progress update

2 Our planned audit work and associated audit assurance arrangements for 2021 is complete, and our findings from this work have been reported in two separate reports to the Committee – our Management Letter covering our assurance work on the operations of NWSSP and another concerning our IT audit work on the nationally hosted systems.

3 Our planning work for 2022 will commence later this calendar year.

Good Practice events and products

4 In addition to the audit work set out above, 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.

5 Past materials are available via the GPX webpages, along with details of future events.

6 In response to the Covid-19 pandemic, we have established a **Covid-19 Learning Project** to support public sector efforts by sharing learning through the pandemic. This is not an audit project; it is intended to help prompt some thinking, and hopefully support the exchange of practice. We have produced a number of outputs as part of the project which are relevant to the NHS, the details of which are available here.

NHS-related national studies and related products

7 The Audit Committee may also be interested in the Auditor General's wider programme of work and outputs and for latest news and updates you can **subscribe to our newsletter.**

8 Much of this work has a focus on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure. **Exhibit 1** provides information on the NHS-related or relevant

national studies published in the last twelve months. It also includes all-Wales summaries of work undertaken locally in the NHS.

Exhibit 1 – NHS-related or relevant studies and all-Wales summary reports

Title	Publication Date
NHS Wales summarised accounts infographic	September 2021
Picture of Public Services 2021	September 2021
NHS Wales Finances Data Tool - up to March 2021	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Welsh Health Specialised Services Committee Governance Arrangements	May 2021
Procuring and Supplying PPE for the COVID-19 Pandemic	April 2021
Test, Trace, Protect in Wales: An Overview of Progress to Date	March 2021
Public bodies' digital resilience – cyber security (Due to the sensitivity of content, this report is not available publicly, but is available to health bodies)	January 2021
NHS structured assessment – Doing it Differently, Doing it Right?	January 2021
Procurement and supply of PPE during the COVID-19 pandemic	December 2020

Title	Publication Date
NHS Wales Finances Data Tool - up to Sept 2020	November 2020
Welsh Community Care Information System	October 2020
The National Fraud Initiative in Wales 2018-20	October 2020

9 **Exhibit 2** provides information on NHS-related or relevant national studies work in progress with indicative publication dates.

Exhibit 2 – NHS-related or relevant studies and all-Wales summary work currently in progress

Title	Indicative publication date
NHS structured assessment – managing NHS staff well-being	2021
Orthopaedic services	2021
Unscheduled care – a whole system view	2021
NHS waiting times tool	2021
Care homes commissioning	2021

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Management Letter - NHS Wales Shared Services Partnership

Audit year: 2020-21

Date issued: September 2021

Document reference: 2600A2021-22

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Our work did not identify any significant issues that prevented NHS auditors relying on the services provided by NHS Wales Shared Services Partnership (NWSSP) although improvements could be made in some areas.

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Summary report

Introduction

1 The Auditor General is responsible for providing an opinion on whether each NHS body's financial statements represent a true and fair view of the state of its financial affairs as at 31 March 2021.

2 The audit teams of each individual health body, are responsible for undertaking audit work to enable the Audit General to provide his opinion and in doing so they determine the audit and assurance work required on the services provided by the NHS Wales Shared Services Partnership (NWSSP).

3 In January 2021, we presented a paper to the NWSSP Audit Committee - 2021 Audit Assurance Arrangements – setting out the external audit assurance work to be undertaken on those services provided by the NWSSP to the various NHS bodies across Wales.

4 In this report we outline the findings identified from this work in respect of:

- Audit and Assurance Services (NWSSP – AAS);
- Primary Care Services (NWSSP – PCS);
- Employment Services (NWSSP – ES);
- Procurement Services (NWSSP – PS); and
- Legal and Risk Services (NWSSP – LARS) which includes Welsh Risk Pool Services (WRPS).

5 We will issue a separate report detailing the findings from our review of the nationally hosted NHS IT Systems.

Issues arising from the audit

6 Our work did not identify any significant issues that prevented auditors relying on services provided by NHS Wales Shared Services Partnership (NWSSP) although we have identified that improvements could be made in some areas.

7 Our high-level findings in respect of each of the services subject to our review are outlined below.

Audit and Assurance Services (AAS)

8 Local health body audit teams need to consider ISA 610 – Using the work of internal auditors – to assess the adequacy of Internal Audit work for the purposes of the audit. To inform this evaluation, we considered the arrangements in place against the requirements of the Public Sector Internal Audit Standards (PSIAS).

9 We did not identify any issues regarding NWSSP – AAS's compliance with the PSIAS standards that would prevent us taking assurance from their work.

Primary Care Services (PCS)

10 Local Health Board audit teams planned to place reliance on specific key controls within the general medical services (GMS), general pharmaceutical services (GPS) and community pharmacy prescription services (CPPS) systems. We therefore documented, evaluated and tested controls in respect of:

- global sum payments to general medical practitioners (capitation lists and patient rates); and
- payments to pharmacists (checks undertaken by the Professional Services Team and drug tariff rates).

11 Our testing covered the primary care teams in Swansea and Mamhilad and the CPPS team in Companies House and we found that the controls tested were operating effectively overall and could therefore be relied upon, although some issues were identified regarding the GPS and CPPS functions which are set out below.

General Pharmaceutical Services

- An SLA covering the years 2014-17 between the LHBs and PCS states that approximately 1% of prescriptions will be tested by the Professional Services Team (PST). It was however identified that in 2021-22, PST only checked 1% of scripts in one of the first nine months and that the monthly average was only 0.64%. The reason provided for this was the lack of resources and staff working remotely during the pandemic.
- It was also noted that the SLA is out of date as it expired in 2017.
- We identified that for some monthly payments checked by the PST team, corrections were not made to the payments for the errors identified. Whilst recognising this as an internal control failure the amounts concerned were of a low value – the gross value of the uncorrected underpayments arising was £53.43 and overpayments were £31.87 resulting in a net underpayment of £21.56. This is a net underpayment of less than 0.01% of the population tested.

Community Pharmacy Prescription Services

- Whilst we found that that PCS were reviewing capitation reports for significant variances, for three of the samples selected, GP practices had not submitted the selected month's capitation reports to the Primary Care team for verification.

12 Recommendations for improvement have been made which are documented in **Appendix 1**.

Employment Services

13 Local health body audit teams planned to place reliance on the key controls in respect of exception reporting within the payroll system. We therefore documented, evaluated, and tested these controls regarding the payroll services operating at Companies House, covering both payroll teams.

14 All-Wales exception reporting parameters were agreed and implemented in July 2018 and our testing found that exception reports were produced and there was generally evidence of an investigation of the variances and the action taken to amend where necessary. However, internal control procedures in respect of the review of exception reports were not being applied in all cases for either of the payroll teams, as set out below:

Cardiff and Vale payroll team

- Testing of monthly exception reports found that for some reports there was no evidence that they had been reviewed, either by the payroll officer or a senior officer;
- Conversely, we found in some cases examples where the initial check of the reports and their review were undertaken by the same officer, meaning that the segregation of duties internal control was not applied; and
- Some items in the payroll exception reports had outstanding queries meaning that insufficient information existed to record the fact that these variances had been appropriately explored and explained.

Aneurin Bevan payroll team

- Some items in the payroll exception reports had outstanding queries meaning that insufficient information existed to record the fact that these variances had been appropriately explored and explained; and
- In some cases there was no evidence that the exception reports had been reviewed by a senior officer.

15 It is recognised that Covid-19 restrictions and in particular the adoption of remote working has posed additional complications for the period subject to our review, however similar recommendations were also made in 2019 and 2020 but the agreed actions have not yet resulted in full compliance. A recommendation for improvement has been made which is documented in **Appendix 1**.

Procurement and Accounts Payable Services

16 Our assurance work focussed on the approval arrangements in respect of contracts exceeding £1 million, awarded by the Procurement Unit in NWSSP.

17 The period subject to our review, April 2020 to March 2021, coincided with the period when the impact of the Covid-19 pandemic was its height, during which the

NWSSP Procurement Unit were at the forefront in dealing with the national response to this internal emergency. Therefore some examples were identified where expediency of supply was a critical factor meaning that some contracts were awarded by NWSSP prior to obtaining WG approval. These related mainly to Covid-19 testing contracts procured on behalf of PHW.

Legal and Risk Services (LARS)

18 The local audit teams at each NHS body need to consider ISA 500 – Audit evidence – to assess the adequacy of Legal and Risk Services as a management expert for the purposes of their audits. To aid this evaluation, we considered the arrangements in place at NWSSP against the requirements of ISA 500. Based on the work we undertook, we did not identify any issues that would prevent auditors relying on NWSSP – LARS's work as a management expert.

Recommendations

19 The recommendations arising from our 2020-21 work are set out in **Appendix 1**. Management has responded to them and we will follow up progress on them during next year's audit.

20 The recommendations raised following our 2019-20 audit work have been satisfactorily addressed with the exception of the issue concerning the control weaknesses on payroll exception reports, which has been repeated again this year.

Appendix 1

Action plan

Exhibit 1: recommendations

We set out all the recommendations arising from our audit with management's response to them.

Para	Issue	Recommendation	Priority	NWSSP responsibility and action	Completion date
12	**NWSSP – Primary Care Services** The SLA between NWSSP and the LHBs concerning the testing of prescription payments is not being adhered to and is out of date.	R1 NWSSP – PCS should review the SLA and ensure that its requirements are adhered to.	Medium	Schedule E of the overarching NWSSP SLA is refreshed on an annual basis ensuring compliance with corporate arrangements. PCS will complete a review of reference documentation being held within the PST and request all old versions are deleted. The importance of ensuring the master version is always referenced will be reiterated. The master version is held within Sharepoint and the team will be reminded of this link and electronic pathway. The 1% testing of prescriptions is defined within internal SOP and not a requirement under the SLA. PST roles have recently been redefined	October 2021 March 2022

Para	Issue	Recommendation	Priority	NWSSP responsibility and action	Completion date
				and PCS will undertake a complete review of supporting SOP's to ensure we continue to add value.	
12	**NWSSP – Primary Care Services** Capitation reports were not always obtained from GP practices.	R2 NWSSP – PCS should ensure that capitation reports are obtained from GP practices.	Low	This is currently being progressed in partnership with DHCW colleagues. We are seeking to eliminate the need to receive paper certificates form practices and have the required data provided directly to us via the Primary Care portal arrangements. This solution will be tested against the Oct 21 quarterly process and following successful testing will be implemented with immediate effect	Dec 21
15	**NWSSP – Employment Services** Internal control procedures for the review of exception reports are not being complied with.	R3 NWSSP – ES should ensure that internal control procedures for reviewing exception reports are complied with.	Medium	We are reviewing the exception reporting process to investigate how it can be improved. This will be completed in early 2022, and for the time being the current manual method of checking will continue to ensure probity.	March 2022

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Nationally Hosted NHS IT Systems – NHS Wales Shared Services Partnership

Audit year: 2020-21

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The IT controls we examined assured us that financial values produced by the systems for 2020-21 were likely to be free from material misstatement, although some controls could be strengthened.

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Summary report

Summary

1 NHS bodies in Wales are responsible for preparing financial statements that give a true and fair view of the state of their financial affairs as at 31 March 2021. They must ensure that they are properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers. NHS bodies are also responsible for preparing Annual Governance Statements in accordance with guidance issued by HM Treasury and the Welsh Government.

2 The Auditor General is responsible for providing an opinion on whether each NHS body's financial statements represent a true and fair view of the state of its financial affairs as at 31 March 2021.

3 NHS Wales has a variety of arrangements in place to provide and support IT systems used for financial reporting purposes. Since June 2012, Velindre University NHS Trust (the Trust) has hosted the NHS Wales Shared Services Partnership (NWSSP) and is responsible for its governance and accountability.

4 This report covers the national NHS IT applications and infrastructure which NWSSP manages for use by other NHS organisations in Wales. These systems include the:

- Prescription Pricing System (formerly known as the Community Pharmacy System) which is used to process prescriptions and calculate reimbursement for pharmacy contractor payments. This system is used by the Prescription Services Team of Primary Care Services (PCS).
- National Health Application and Infrastructure Services (NHAIS) or Exeter, used for NHS demographics and calculating primary care General Medical Services (GMS) contractor payments. NHS Digital in NHS England manages and supports the NHAIS system software for use in NHS Wales. Digital Health and Care Wales (DHCW) manage and support the NHAIS IT infrastructure used in NHS Wales.
- Oracle Financial Management System (FMS) is supplied by a third party called Version One and managed for NHS Wales by the Central Team e-Business Services (CTeS) within the NWSSP. The Oracle FMS is used by NHS Wales as the main accounting system for managing and producing the NHS accounts.
- Electronic Staff Record (ESR) systems administration is the responsibility of each individual Local Health Board and Trust through delegated responsibility passed to NWSSP via a Service Level Agreement (SLA). Payroll access by NWSSP Employment Services to process the payroll in Wales is managed in accordance with the Trust's ESR system access process. The ESR Payroll system is managed and hosted nationally by IBM on behalf of NHS England and NHS Wales under a managed service contract.

5 International Auditing Standard (ISA) 315 requires us to obtain an understanding of the general IT and application controls of the financial systems used by NHS Wales. As part of the National Hosted NHS IT Systems audit plan, Audit Wales reviewed the above-mentioned systems during 2020-21 and followed up our prior audit recommendations in these areas. This work reviews the ICT environment and application controls that are applied to the National Hosted NHS IT Systems solely for the purposes of providing assurance for NHS audit opinions. We have taken the opportunity to identify actions that, in our view, would help NHS Wales improve its governance and use of these systems.

6 This work is undertaken to identify potential risks which may include:

- out-of-date and unsupported infrastructure;
- access security arrangements that leave the system vulnerable to unauthorised access and attack;
- loss or unauthorised access of data; and
- change control procedures which are inadequate meaning that the system could be compromised or unavailable following the application of a new patch, upgrade or release of the database or the application software or infrastructure change.

7 We have therefore undertaken a review that sought to answer the question:
'Can auditors be assured that the IT system controls are such that financial values are likely to be free from material misstatement?'

8 **We concluded that the IT controls applied to the Prescription Pricing, National Health Application Infrastructure, Oracle Financials systems and ESR Payroll systems administration managed by NHS Wales Shared Services, were sufficiently effective to allow financial auditors to take assurance that financial values produced by the systems for 2020-21 were likely to be free from material misstatement. However, NWSSP could strengthen some controls.**

9 In summary, the reasons for this conclusion are set out below:

- the Prescription Pricing System's controls support the production of information that is free from material misstatement;
- the National Health Application and Infrastructure Service system's controls support the production of information that is free from material misstatement, however, system replacement plans are underway;
- the Oracle FMS's IT controls support the production of information that is free from material misstatement, although information security controls are currently being reviewed; and
- the ESR Payroll's Shared Services system administration controls support the production of information that is free from material misstatement.

10 This report summarises the more detailed matters arising from our audit, our recommendations made from this year's audit and our follow-up of last year's recommendations.

Detailed report

The Prescription Pricing System's controls support the production of information that is free from material misstatement

11 We have identified no significant IT application or infrastructure issues likely to result in a material misstatement within the Prescription Pricing System. However, we identified some issues that should be addressed by Primary Care Services in order to minimise the potential for future application and infrastructure system risks. From our IT work in 2020-21, we have identified one recommendation to NWSSP for improvement. This is outlined below:

- test the Prescription Pricing systems IT Disaster Recovery (DR) plans at least annually. The last DR system test was in March 2020 and the IT DR plan dated March 2021 requires a testing schedule every two years. It is good practice to test the recovery of IT systems at least annually. The DR plan should be amended to document and require an annual testing requirement.

12 NWSSP have addressed all prior year IT recommendations made for improvement and none remain in progress.

13 Further details of our findings and progress against actions for the Prescription Pricing System agreed with Primary Care Services officers can be found in **Appendix 1**.

The National Health Application and Infrastructure Service system's controls support the production of information that is free from material misstatement, however, system replacement plans are underway

14 We have identified no significant issues within the NHAIS system likely to result in a material misstatement. However, we have identified some issues that should be addressed by NWSSP in order to minimise the potential for future application and infrastructure system risks. From our work in 2020-21 we have identified three improvement areas for NWSSP. These are outlined below:

- review the number of NHAIS system administration accounts, we identified during our fieldwork that a system administrator who has left NWSSP has not had their user account deleted. Remove the system administration access account for the NHAIS systems administrator who has left NWSSP;
- update the NHAIS user access log that records NHAIS user access and used to review user access to job functions. This control has not been completed by the NHAIS systems administrator in 2020-21 and during our fieldwork the access log could not be located; and
- DHCW send a user access activity report to NWSSP NHAIS systems administrators to monitor access, during our fieldwork the access report could not be located and the control has not been undertaken in 2020-21.

15 Plans to replace the NHAIS functionality in Wales for GMS processing for the 'global sum' or 'per capitation' payments are underway. NWSSP has delayed the planned implementation in late 2020-21 to later in 2021-22 due to a number of issues identified in system testing. NWSSP plans to implement the Family Payment Practitioner System (FPPS) after a period of parallel system running later in 2021-22. Plans to decommission the NHAIS system and ensure continuity of continuing NHAIS services required are ongoing and should be agreed with both NWIS and NHS Digital.

16 NHS England and NHS Digital are still deciding on NHAIS decommissioning arrangements. NWSSP will be required, in 2021-22 to work jointly with DHCW to support preparations, where necessary, on the system replacement options and Welsh requirements. NHS Digital plans to decommission the NHAIS in England as early as during 2021 or 2022. NHAIS will be replaced by a number of other systems and the Capita system will be the payments engine in NHS England for calculating general medical services payments. NHS Digital have developed the demographic registration and reporting systems required to replace NHAIS demographics functionality for NHS England.

17 NWSSP have addressed all prior year IT recommendations made for improvement and none remain in progress.

18 Further details of our findings and progress against actions for the NHAIS system agreed with Primary Care Services officers can be found in **Appendix 1**.

The Oracle FMS's IT controls support the production of information that is free from material misstatement, although information security controls are currently being reviewed

19 We have identified no significant IT application or infrastructure issues likely to result in a material misstatement within the Oracle FMS. However, we identified some issues that should be addressed by Shared Services in order to minimise the potential for future application and infrastructure system risks. The planned July 2021 Oracle system upgrade to version 12.2.9 has been delayed to October 2021 due to a number of issues identified in user system testing. From our work in 2020-21, we have identified three recommendations to NWSSP for improvement. These are outlined below:

- 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. 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.
- complete the planned accreditation to the Information Security Management Standard (ISO 27001) to identify potential improvement areas. CTES are currently documenting an action plan for implementation in 2022; and
- complete the planned accreditation to the Information Technology Service Management (ISO 20000) standard for service management. CTES aims to complete accreditation in 2022.

20 NWSSP have addressed all prior year IT recommendations made for improvement and none remain in progress.

21 Further details of our findings and progress against actions for the Oracle FMS agreed with Shared Services can be found in **Appendix 1**.

The ESR Payroll's Shared Services system administration controls support the production of information that is free from material misstatement

22 The Electronic Staff Record (ESR) Payroll system is managed and hosted nationally by IBM on behalf of NHS England and NHS Wales under a managed service contract. We have reviewed the ESR Payroll systems administration controls (payroll elements only) managed by NWSSP. This responsibility includes managing user access to the payroll system in Wales by the NWSSP Employment Services staff who process the Welsh NHS organisations' payrolls. In addition to seeking to place reliance on the International Standard on Assurance Engagements (ISAE) 3000 report of the IBM Service Auditor noted below, Audit Wales IM&T auditors have reviewed the controls in place over the ESR Payroll systems administration managed under a delegated authority by NWSSP, Employment Services.

23 We have not identified any significant IT issues likely to result in a material misstatement within these ESR Payroll systems' administration controls. From our work in 2020-21, we have identified one recommendation to NWSSP for improvement. This is outlined below:

- the six monthly control review of all payroll access to ESR User Resource Profiles (URPs) was not completed in Q1 2021 as planned due to COVID disruptions. During our fieldwork in April 2021 it was identified that the last review was in October 2020 and the next review was being planned for later in 2021. We were also made aware during our audit that Employment Services were considering strengthening this control to quarterly reviews thereafter.

24 In 2019-20, we identified one recommendation for improvement for the ESR Payroll systems access controls. The NWSSP has made progress to address these actions by:

- adding the check to the six monthly payroll access reviews to ensure HR administration activity at a local NHS organisation level to allocate ESR payroll user access profiles are identified and monitored on a regular basis. The next review is planned after our April 2021 fieldwork for later in 2021.

25 We sought to place reliance on the ISAE 3000 report of the IBM Service Auditor, PwC, on the general IT controls applied at IBM. PwC conducted the review in accordance with the ISAE 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. For the period 1 April 2020 to 31 March 2021, PwC concluded that the ESR payroll general IT controls and

environment were suitably designed and operated effectively with the exception of the two areas noted below. PwC qualified their opinion on two controls objectives covering the ESR system change management and access security. Recommendations have been made for the NHS ESR Central Team and IBM to strengthen the IT controls around change management and access security between the development and live payroll application environments. PwC has not identified any other areas in their 2020-21 work for improvement or recommendations to the IT controls used by the NHS ESR Central Team and IBM.

26 Further details of our findings and progress against actions for the ESR Payroll systems administration control agreed with Shared Services can be found in **Appendix 1**.

Recommendations

27 **Exhibit 1** sets out the recommendations that we have identified in 2020-21. NWSSP should take action to address these recommendations. The appendix to this report sets out progress made against all the previously reported recommendations that remain in progress and ones that have been completed in 2020-21.

Exhibit 1: 2020-21 recommendations

Recommendations
Prescription Pricing System R 2020-21.01 Test the Prescription Pricing systems IT Disaster Recovery (DR) plans at least annually. The DR plan should be amended to document and require an annual testing requirement.
NHAIS R 2020-21.02 Strengthen the NHAIS system administration access and review of user access and activity by: • removing the system administration access account for the NHAIS systems administrator who has left NWSSP; • updating the NHAIS user access log that records NHAIS user access and used to review user access to job functions; and • reviewing the NHAIS user access activity report sent to NWSSP NHAIS systems administrators by DHCW to monitor user access.
Oracle FMS R 2020-21.03

Recommendations

Complete the accreditation to the Information Security Management Standard (ISO 27001) to identify potential improvement areas.

R 2020-21.04

Complete CTES accreditation to the Information Technology Service Management (ISO 20000) standard for service management.

2020-21.05

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.

ESR Payroll system IT controls

R 2020-21.06

Complete the six monthly control review of all payroll access to ESR User Resource Profiles (URPs). This was not completed in early 2021 as planned due to COVID disruptions and was last completed in October 2020.

Appendix 1

Issues and recommendations arising from the review of National Hosted NHS IT Systems in prior audit years and in 2020-21 – NHS Wales Shared Services Partnership

Exhibit 2: issues and recommendations

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**NWSSP responsibility**	**NWSSP actions & current status – September 2021**
Prescription Pricing System – IT controls work						
2020-21.01	The last IT Disaster Recovery (DR) system test was in March 2020 and the IT DR plan dated March 2021 requires a testing schedule every two years. It is good practice to test the recovery of IT systems at least annually. The DR	Test the Prescription Pricing systems IT Disaster Recovery (DR) plans at least annually. The DR plan should be amended to document and require an annual testing requirement.	Medium	Yes	Neil Jenkins – Head of Modernisation & Technical Services	**Management Comment** DR test planned for March 2022. DR plan document update now completed.

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**NWSSP responsibility**	**NWSSP actions & current status – September 2021**
	plan should be amended to document and require an annual testing requirement.					
National Health Application and Infrastructure Services – IT controls work						

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status – September 2021
2020-21.02	We identified during our fieldwork in April 2021 a number of issues with the NHAIS system administration access and review of user access activity: a) a system administrator who has left NWSSP has not had their user account deleted. b) the NHAIS user access log that records NHAIS user access and used to review user access to job functions has not been updated. This	Strengthen the NHAIS system administration access and review of user access and activity by: a) removing the system administration access account for the NHAIS systems administrator who has left NWSSP; b) updating the NHAIS user access log that records NHAIS user access and used to review user	High	Yes	Neil Jenkins - Head of Modernisation & Technical Services	**Management Comment** Administrator access account has been removed. Actions b) and c) planned to be completed by December 2021.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status – September 2021
	control has not been completed by the NHAIS systems administrator in 2020-21 and the access log could not be located. c) DHCW send a user access activity report to NWSSP NHAIS systems administrators to monitor access, the access report could not be located and the control has not been undertaken in 2020-21.	access to job functions; and c) reviewing the NHAIS user access activity report sent to NWSSP NHAIS systems administrators by DHCW to monitor user access.				

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**NWSSP responsibility**	**NWSSP actions & current status – September 2021**
Oracle Financial Management System – IT controls work						
2020-21.03	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	Complete the accreditation to the Information Security Management Standard (ISO 27001) to identify potential improvement areas.	Medium	Yes	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

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status – September 2021
	comparison to the ISO 27001 standard.					dedicated project manager.
2020-21.04	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 CTES accreditation to the Information Technology Service Management (ISO 20000) standard for service management.	Medium	Yes	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

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status – September 2021
	complete accreditation during 2021-22 cycle. CTES consider there are benefits to complete accreditation to the Information Technology Service Management (ISO 20000) standard for service management.					December 2022 and approval has been obtained to appoint a dedicated project manager.
2020-21.05	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	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.	High	Yes	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 February 2022 across all FMS

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status – September 2021
	both the Oracle version upgrade to 12.2.9 has been completed in October 2021 and the February 2022 Oracle patch release.					Services. A change release including latest patch sets planned for January 2022 implementation.

ESR Payroll systems administration – IT controls work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status –
2019-20.01	Local HR staff manage access to the local HR side of the ESR payroll and those with HR administrator access for	Establish a monitoring report of local HR administration staff that have allocated ESR users	Medium	Yes	Angela Jones - Assistant ESR Programme Director, Workforce & OD	**Work in progress** URP reports will be run from ESR and shared

ESR Payroll systems administration – IT controls work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**NWSSP responsibility**	**NWSSP actions & current status –**
	recruitment and applications can allocate payroll related User Resource Profiles (URP's). However, they are not permitted to use these roles and this access is restricted to approximately 2-3 staff per NHS organisation. It was identified during the audit fieldwork that there is no scheduled reporting or monitoring of this potential HR administration user activity.	to payroll URP's when they are not permitted to. Monitor the report produced on a quarterly basis.				with the Head of Payroll and Payroll Managers on a quarterly basis for validation/amendments as appropriate. On completion, the URP access in ESR will be updated. This will be incorporated into the Workforce Information Manager's business as usual work programme for continuity.

ESR Payroll systems administration – IT controls work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status –
2020-21.06	The six monthly control review of all payroll access to ESR User Resource Profiles (URPs) was not completed in early 2021 as planned due to COVID disruptions. During our fieldwork in April 2021 it was identified that the last review was in October 2020 and the next review was being planned for later in 2021. We were also made aware during our audit that Employment Services were considering strengthening this	Complete the six monthly control review of all payroll access to ESR User Resource Profiles (URPs). This was not completed in early 2021 as planned due to COVID disruptions and was last completed in October 2020.	Medium	Yes	Stephen Withers – Head of Payroll	**Management Comment** The six-monthly URP review was due to take place around May-June 2021, but it was postponed due to the Mass Organisational Change Process (MOCP) from payrolls 120 to 043. During the MOCP project we checked for any anomalies with access when re-allocating URP access as part of the move, especially with Payroll staff given the key worker access to ensure business continuity.

ESR Payroll systems administration – IT controls work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions & current status –
	control to quarterly reviews thereafter.					It is our intention to pick up a full audit of URP access before the end of 2021, and to discuss how this will be incorporated into Payroll as a quarterly review going forward.

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NHS WALES SHARED SERVICES PRATNERSHIP

Audit Committee

October 2021

Audit & Assurance Services
Internal Audit Progress Report

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

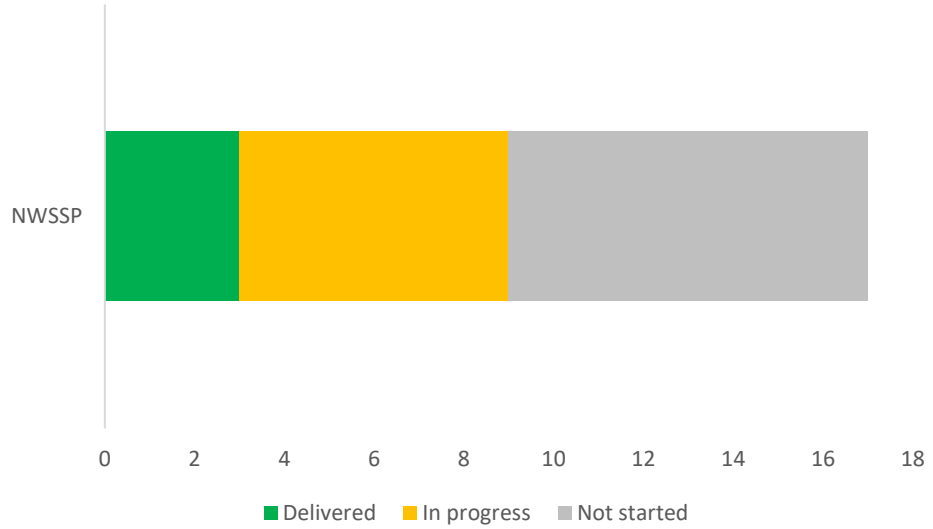
1. Introduction

The purpose of this report is to:

- Highlight the progress of the 201/22 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 17 reviews in the 2021/22 Internal Audit Plan, and overall progress is shown below.



3. Outcomes from Finalised Audits

Two 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	
Laundry Services	Reasonable	
Student Awards Follow up	Reasonable	

In addition, the one remaining audit report from the 2020/21 plan is also presented to the Committee. This outcome from the audit was included in the Annual Report and Opinion for 2020/21 but the report not available to be presented at the previous meeting of the Committee. The report covered the Employment Services Directorate and was given Reasonable Assurance.

4. Planning Update

Work to progress the delivery of the Internal Audit Plan for 2021/22 has commenced, with a schedule of audits planned for each Audit Committee meeting prepared for the year ahead. The assignment status schedule at Appendix A sets out the planned audit work for the year along with current progress.

Planning discussions are underway across a number of audits including Payroll, P2P and Procurement, Salary Sacrifice and Stores, with the audit of IM&T Infrastructure audit approaching completion. The planned audit of Counter Fraud Arrangements is being reviewed as coverage on key controls is covered within the transactional audits, and the time being reallocated in to audits where further activity may be required such as Stores.

5. Other Internal Audit Activity & Engagement

Meetings have taken place with Audit Committee Chair, Director of Finance and Head of Finance & Business Development, as well as Directors and managers as part of the individual audits being undertaken.

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				April/June
Payroll	Planning			April/June
Procure to Pay (P2P)	Planning			April/June
Front Line procurement	planning			April
Medical Examiner Service				January
Laundry Service	FINAL	Reasonable	Key matters arising requiring improvement: Formailsied business continuity arrangements, Traceability for building / vehicle keys and alarm fobs, Consistency of pricing models, An instance where activity not invoiced, Annual leave and sickness absence managed outside of the ESR system and PADRs.	October
Student Awards Follow up	FINAL	Reasonable	Progress has been made in addressing five of the six issues identified in the previous internal audit.	October
Corporate Governance				April
Legal & Risk Services Directorate				April
Stores	Planning			January
Salary Sacrifice	Planning			January
Counter Fraud Arrangements				
Welsh Infected Blood Scheme (WIBSS)				January
IM&T (Infrastructure)	IN progress			January
Capital & Estates (Decarbonisation)				April

[1] May be subject to change

Review	Status	Rating	Key matters arising	Anticipated Audit Committee[1]
Single Lead Employer	FINAL	n/a	Advisory Review	June 21
Agile Working(advisory)				---

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Employment Services

Directorate Review

Internal Audit Report

2020/21

NHS Wales Shared Services Partnership

Audit and Assurance Services

Reasonable Assurance

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Appendix A Employment Services KPIs
Appendix B Management Action Plan
Appendix C Audit Assurance Ratings & Recommendation Priorities
Appendix D Responsibility Statement

Review Reference:	NWSSP-2021-08
Report Status:	Final
Fieldwork completion:	12 July 2021
Draft report issued:	16 July 2021
Debrief meeting:	09 July 2021
Management response received:	29 July 2021
Final report issued:	03 August 2021
Executive sign off:	Gareth Hardacre, Director of People, Organisation Development & Employment Services
Distribution:	Neil Frow, Managing Director Andrew Butler, Director of Finance & Corporate Services Darren Rees, Interim Deputy Director of Employment Services Kelly Skene, Head of Recruitment Stephen Withers, Head of Payroll

Auditors:	James Quance, Head of Internal Audit Sophie Corbett, Deputy Head of Internal Audit Henry Wellesley, Audit Manager
Committee:	Velindre 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.

ACKNOWLEDGEMENTS

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.

1. EXECUTIVE SUMMARY

1.1 Introduction and Background

The Employment Services Directorate review was completed in line with the 2020/21 Internal Audit plan.

NWSSP Employment Services is responsible for delivering a full hire to retire service to NHS Wales. This includes:

- Student Awards Service;
- Recruitment;
- Payroll;
- Pensions;
- Staff Expenses; and
- Lease Car Administration

1.2 Scope and Objectives

The internal audit assessed the adequacy and effectiveness of the internal controls in operation and sought to provide assurance that Employment Services is compliant with corporate policies and procedures, and has a clear governance structure in place.

The specific objectives reviewed were:

Governance

- the governance structure in place has clear reporting lines that support the key operational functions of finance, workforce, planning and performance;
- complaints are formally monitored, and any themes and trends are escalated appropriately; and
- any risks are identified, recorded, and escalated where appropriate.

Workforce

- personal appraisal and development reviews (PADRs) are of a high standard and not treated as a tick box exercise;
- sickness absence is appropriately recorded, monitored, and managed in accordance with the All Wales Managing Attendance at Work

policy; and

- agile working is effective during remote working to ensure that productivity is not decreasing, and overtime is only taking place as a last resort.

Planning and Performance

- arrangements are in place to ensure its IMTP is developed in accordance with the corporate framework;
- the directorate reviews its IMTP objectives regularly to ensure they can be met and implemented; and
- the directorate has arrangements in place to generate and capture quality as a means of identifying areas of improvement.

Financial management

- the directorate manages its vacancies, turnover and financial spend appropriately.

1.3 Associated Risks

The potential risks considered at the outset of the review were as follows:

- there are no formal governance arrangements in place resulting in a lack of management concerning non-compliance with corporate policies and guidance;
- complaints are not being recorded or monitored so themes and trends are not being reviewed and dealt with accordingly;
- PADRs are of a poor standard resulting in failure to manage performance issues and/or staff feeling devalued;
- failure to manage sickness absence resulting in non-compliance with the All Wales Sickness Policy and potential overpayment of sick pay;
- agile working is not working effectively resulting in reduced productivity and staff morale;
- IMTP deliverables are not being monitored or achieved resulting repercussions for the directorate; and
- there is limited management of vacancies, turnover and financial spend resulting implications for the organisation.

2 CONCLUSION

2.1 Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with Employment Services Directorate is **Reasonable** Assurance.

RATING	INDICATOR	DEFINITION
Reasonable Assurance	 - + Yellow	The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with **low to moderate impact on residual risk** exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

2.2 Assurance Summary Table

Assurance Summary					
1	Governance Structure			✓	
2	Complaints			✓	
3	Risk Management		✓		
4	PADRs			✓	

Assurance Summary					
5	Sickness Absence Management			✓	
6	Agile Working			✓	
7	Divisional IMTP Development			✓	
8	IMTP Objectives			✓	
9	Quality & Improvement			✓	
10	Financial Management			✓	

** The above ratings are not necessarily given equal weighting when generating the audit opinion.*

2.3 Design of System / Controls

The findings from the review have highlighted one issue that is classified as weakness in the system/control design for the Employment Services Directorate. This is identified in Appendix A as *(D).*

2.4 Operation of System / Controls

The findings from the review have highlighted one issue that is classified as weakness in the operation of the designed system/control for the Employment Services Directorate. This is identified in Appendix A as *(O).*

2.5 Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	**1**	**1**	**-**	**2**

3 SUMMARY OF AUDIT FINDINGS

The key findings by the individual objectives are reported in the section below with full details of findings in Appendix B:

As the NHS responds to the COVID-19 pandemic, changes in working practices and relaxation in controls (within NWSSP and/or customer organisations) increases the risk of potential issues not being addressed in a timely manner. Maintaining robust working practices is key to mitigating this risk.

Governance

Governance Structure

We found the governance structure in place has clear reporting lines that support the key operational functions of finance, workforce, planning and performance. The Director of Workforce & OD and Employment Services attends the ESMT meetings on an ad hoc basis and we understand that consideration is being given to establishing a combined SMT to include both Workforce & OD and Employment Services.

Arrangements are in place to record and monitor complaints, which are reviewed by the Employment Services Senior Management Team (ESMT) and feature in the Division's Quarterly Performance Review. Eighteen complaints were received during 2020/21, twelve of which related to Payroll Services.

Risk Management

The divisional risk register was inherited following the transition of the division to the Director of Workforce & OD and Employment Services. The Deputy Director of Employment Services recognises the need to review the risk register and it is anticipated that this will be completed by the end of July 2021. We have reviewed the extant risk register with a view to identifying areas for improvement to inform the planned risk register review.

The format of the divisional risk register is consistent with the NWSSP template, which identifies the existing controls in place and actions required for further mitigation of risk. Risks have been quantified on the basis of likelihood and impact, in accordance with the NWSSP Risk Protocol:

R-A-G Rating	Number of Risks
Critical	2
Significant	17
Moderate	7
Low	3
	29

However, we identified a number of issues to be addressed in order to improve existing risk management arrangements:

1. In a small number of cases the risk summary describes a situation or circumstances rather than the associated risk or potential consequences of the risk materialising, which are therefore not clear. For example:

   "2020/21 Final Year of the AFC 3 year pay deal implemented. Ongoing questions in relation to consolidated payments implemented until 31 March 2021. Political dimension in respect of the AFC Pay Award – Post Covid 19"

   "COVID Unknown Resource HB Plans"

   "Post COVID new working practices could be opportunity or risk"

2. Target risk scores have not been determined – only a target RAG rating. There may be instances where there is an appetite to reduce a risk score but the target RAG rating will remain unchanged, for example a risk reduced from 25 to 20 would still be red. It is not clear from the register whether these risks have been mitigated to an acceptable level or further action is required. Furthermore, a target date to achieve the target risk rating/score has not been set for 12 of the 29 risks on the register.
3. The risk status is not clear for all risks. For example, risks where the target RAG rating has been achieved, or where the initial/current and target risk RAG ratings are the same (note point 2 above), might be classed as dormant or closed. Identifying the current status of each risk may reduce the number of active risks on the register to a more manageable number, thereby allowing management to focus attention on those requiring action. We also identified a number of risks where the target date had expired, with one as far back as 2017.
4. Risk owners/leads have not been identified for all risks.

See Finding 1 in Appendix B

Workforce

Personal Appraisal & Development Revies (PADRs)

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.

There are 339.57 whole time equivalent staff within Employment Services and the PADR completion rate was 72.33% for 2020/21, which we understand will in part be due to the divisions role in the COVID-19 response. We sampled 20 employees and found that all had a completed PADR form with objectives linked to those of the Service, although in some instances no target date had been set for achievement of development objectives.

Sickness Absence Management

The Division's sickness absence rate has significantly improved since 2019/20, which coincides with the transition to remote working during the pandemic:

Target	2019/20	2020/21
4.15%	6.33%	3.42%

The NHS Wales Managing Attendance at Work (MAAW) Policy seeks to support the health and wellbeing of employees in the workplace, by supporting them to return to work and sustain their attendance at work. The policy identifies three review prompts which trigger an informal discussion and the start of a 12-month review period, with an escalation process for further sickness episodes.

We reviewed a sample of 10 sickness absence episodes and confirmed all had been managed in accordance with the MAAW policy. Return to Work forms were often not signed, however we recognise that this was unavoidable due to remote working.

See Finding 2 in Appendix B

Agile Working

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. Commencing in January 2021, the strategy is in its infancy and will follow an incremental approach to both agile working practices and working environments.

Discussion with the Deputy Director of Employment Services noted that remote working has had little impact on productivity and whilst there was a small increase in overtime at the height of the pandemic, this coincides with a significant reduction in the use of agency and bank staff and an increase in activity to support COVID-19 recruitment campaigns.

Planning and Performance

IMTP

The Employment Services 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. The Plan was developed in accordance with the corporate framework with KPIs in place to monitor its performance. Key priorities include:

- a sustainable, skilled and more agile workforce;
- enhanced technology automation and business intelligence;
- continue to identify new and innovative cost saving initiatives to reduce the time to hire of NHS Staff; and
- undertake a service review, ensuring value for money, performance, customer service and agility.

Progress is monitored via quarterly performance reviews with the Managing Director.

KPIs

There are 18 KPIs in Employment Services 2021-22 Annual Plan, which are mostly focused on performance against key milestones in the recruitment journey. The KPIs are reviewed and monitored at the Division's Senior Management Team meeting, with monthly performance reports issued to customer organisations. There were a number of KPIs around recruitment

timescales which were reported in the Annual Plan as significantly missed during 2020/21 (see Appendix A), although these were largely beyond the control of Employment Services to address, as they were dependent on actions taken by recruitment teams within Health Boards. We understand that they are included within the Annual Plan for monitoring purposes as the Service is working with customer organisations to achieve these targets.

Financial Management

Employment Services had a total budget of £10.6 million in 2020/21 ended the year within budget. A financial report is discussed at each Senior Management Team meeting, and there are monthly Finance & Workforce meetings with the Deputy and Assistant Directors of Employment Services.

Cost pressures have been identified through the budget setting and IMTP process for 2021/22 with aa budget deficit of £252,105. At the time of reporting we were informed that discussions were ongoing regarding the identification and implementation of savings plans to address the shortfall.

We identified the following examples of **good practice**:

- There are monthly Senior Management Team Meetings which are attended by senior members of the Team.
- Complaints are monitored and any themes and trends are identified and escalated appropriately.
- Sickness levels are recorded and monitored and as of April 2021 sickness levels are below their target.
- Remote working has been successfully implemented and has not had an impact on customers.
- Performance is monitored and shared with Employment Services Customers.
- The Directorate's IMTP has been developed in accordance with the Corporate framework.
- The service manages its budget and identifies issues to reduce pressure on the budget.
- Overtime expenditure has been reduced since February 2021.

Key Focus Area (KFA)	Responsibility		Description of Key Performance Indicator	Current Performance	2020-21	2021-22	2022-23
					Target	Target	Target
Customers	ALL	Part 1 of the Recruitment Process (advertising)	% compliance Vacancy Created on Trac to Conditional Offer target 44 days	**72.9%**	**80.0%**	**85.0%**	**90.0%**
Customers	ALL	Part 2 of the Recruitment Process (onboarding)	% Compliance Conditional Offer to Unconditional Offer target 27 days	**70.8%**	**80.0%**	**85.0%**	**90.0%**
Customers	ALL	Full Recruitment Process	% Compliance Vacancy created on Trac to Unconditional Offer target 71 days	**68.0%**	**80.0%**	**85.0%**	**90.0%**
Customers	HB/Trust	Vacancy Creation	% of vacancies submitted on Trac within 5 working days of receiving resignation	**24.8%**	**50.0%**	**60.0%**	**70.0%**
Customers	HB/Trust	Vacancy Approval	% of vacancies approved within 10 working days	**68.8%**	**70.0%**	**80.0%**	**90.0%**
Customers	NWSSP	Vacancy Advertising	% of Vacancies advertised within 2 working days of receipt	**99.3%**	**99.0%**	**100.0%**	**100.0%**
Customers	NWSSP	Applications ready to shortlist	% of applications moved to shortlisting within 2 working days of vacancy closing	**99.7%**	**99.0%**	**100.0%**	**100.0%**
Customers	HB/Trust	Manager Shortlist	% of vacancies shortlisted within 3 working days	**50.6%**	**60.0%**	**70.0%**	**80.0%**
Customers	HB/Trust	Interview Outcome	% of interview outcomes notified within 3 working days	**66.4%**	**70.0%**	**80.0%**	**90.0%**
Excellence	NWSSP	Time to issue Conditional Offer Letter	% of conditional offer letters sent within 4 working days	**98.6%**	**99.0%**	**99.0%**	**99.0%**

Key Focus Area (KFA)	Responsibility		Description of Key Performance Indicator	Current Performance	2020-21	2021-22	2022-23
					Target	Target	Target
Customers	HB/Trust	Time to approve reference	% of References approved within 3 working days	**73.5%**	**80.0%**	**85.0%**	**90.0%**
Excellence	NWSSP	Time to issue Unconditional offer letter	% of unconditional offer letters sent within 2 working days	**99.1%**	**99.0%**	**100.0%**	**100.0%**
Excellence		Contract	% of contracts issued to Appointing Manager on start date	**Not Yet Able to Capture**			
Customers	HB/Trust	Vacancy Requested (NMR B5 only)	% of Band 5 Nurse vacancies created on Trac within 5 working days of resignation	**27.3%**	**50.0%**	**60.0%**	**70.0%**
Customers	HB/Trust	Vacancy Approval (NMR B5 only)	% of Band 5 Nurse vacancies approved within 10 working days	**50.0%**	**80.0%**	**85.0%**	**90.0%**
Customers	HB/Trust	Manager Shortlist (NMR B5 only)	% of Band 5 Nurse applications shortlisted within 3 working days	**46.3%**	**50.0%**	**60.0%**	**70.0%**
Customers	HB/Trust	Interview Outcome	% of Band 5 Nurse interview outcomes notified within 3 working days	**80.6%**	**85.0%**	**90.0%**	**95.0%**
Excellence	NWSSP	Helpdesk Calls	% of calls answered - Recruitment	**90.7%**	**95.0%**	**98.0%**	**100.0%**

Finding 1: Risk Register (O)	Risk
We identified a number of issues to be addressed in order to improve existing risk management arrangements: 1. In a small number of cases the risk summary describes a situation or circumstances rather than the associated risk or potential consequences of the risk materialising, which are therefore not clear. 2. Target risk scores have not been determined – only a target RAG rating. There may be instances where there is an appetite to reduce a risk score but the target RAG rating will remain unchanged, for example a risk reduced from 25 to 20 would still be red. It is not clear from the register whether these risks have been mitigated to an acceptable level or further action is required. Furthermore, a target date to achieve the target risk rating/score has not been set for 12 of the 29 risks on the register. 3. The risk status is not clear for all risks. For example, risks where the target RAG rating has been achieved, or where the initial/current and target risk RAG ratings are the same (note point 2 above), might be classed as dormant or closed. Identifying the current status of each risk may reduce the number of active risks on the register to a more manageable number, thereby allowing management to focus attention on those requiring action. We also identified a number of risks where the target date had expired, with one as far back as 2017. 4. Risk owners/leads have not been identified for all risks.	Risks are not identified, mitigated or monitored.
Recommendation 1	**Priority level**
The issues identified above should be addressed as part of the planned risk register review.	**High**

Management Response 1	Responsible Officer/ Deadline
Agree with this finding and work is already underway to make significant improvements ES risk register. ES senior management team will work with our audit colleagues during the next 2 month on this program of work.	Darren Rees, Interim Deputy Director of Employment Services 30/09/2021

Finding 2: Sickness (D)	Risk
A Return to Work form had been completed for the ten absences sampled, due to remote working a number had not been signed and it was not possible to confirm that the employee is in agreement with the information recorded or outcome of the meeting.	Potential risk of challenge/dispute from the employee regarding sickness absence management.
Recommendation 2	**Priority level**
Where it is not possible for the Return to Work form to be signed we recommend that the form is emailed to the employee and confirmation sought that discussion has taken place and both parties agree to the content of the form.	**Medium**
Management Response 2	**Responsible Officer/ Deadline**
Agree with the email fix in the short term however, with agile / home working likely to continue post covid, we will investigate an electronic signature solution. This solution might be something which other NWSSP divisions could benefit from so will also discuss with other departments.	Darren Rees, Interim Deputy Director of Employment Services Email - immediately Investigate electronic signature solution by 29/10/2021

Audit Assurance Ratings

 **Substantial Assurance** - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

 **Reasonable Assurance** - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.

 **Limited Assurance -** The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

 **No Assurance** - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, which are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

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

Confidentiality

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Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and internal auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

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Laundry Service
Final Internal Audit Report

September 2021

NHS Wales Shared Services Partnership

NWSSP Audit and Assurance Services

GIG CYMRU NHS WALES
Partneriaeth Cydwasanaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services Partnership
Audit and Assurance Services

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Committee:	Audit Committee

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.

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Executive Summary

Purpose

The overall objective of the review was to provide a baseline for the new national Laundry Service hosted by NWSSP since April 2021, and a high-level overview of existing governance and management arrangements.

Overview

Whilst this initial review has focussed on the arrangements in place at Llansamlet Laundry, the recommendations may be applicable to the wider All-Wales Laundry Service.

Key matters arising concerned:

- Business continuity arrangements have not been formalised
- Lack of traceability for building / vehicle keys and alarm fobs
- Inconsistent pricing models due to legacy arrangements
- Activity with a value of £15,266 has not been captured and invoiced to the Health Board customer.
- Annual leave and sickness absence managed outside of the ESR system
- No record of PADRs prior to transfer to NWSSP, and staff have not been set objectives

Report Classification

		Trend
Reasonable 	Some matters require management attention in control design or compliance. **Low to moderate impact** on residual risk exposure until resolved.	N/A First Review

Assurance summary[1]

Assurance objectives		Assurance
1	Business Continuity	Reasonable
2	Physical Security	Reasonable
3	Plant & Equipment Records	Substantial
4	Stock Traceability	Reasonable
5	Recording Laundry Activity	Reasonable
6	Non-NHS Activity	N/A
7	Time & Attendance	Reasonable
8	Sickness Absence	Reasonable
9	PADRs	Limited

Matters Arising

		Assurance Objective	Control Design or Operation	Recommendation Priority
1	Business Continuity Arrangements	1	Design	Medium
2	Site Security	2	Design	Medium
3	Pricing	4, 5	Design	Medium
4	Invoicing of Income	5	Design	Medium
5	Time & Attendance	7	Design	Medium
6	PADRs	9	Design	Medium

[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 Laundry Service operated by NHS Wales Shared Services Partnership (NWSSP) was completed in line with the 2021/22 Internal Audit Plan.

1.2 The availability of clean, decontaminated linen is fundamental to the operation of core NHS services and the delivery of high quality, safe patient care. There are currently five laundry production units serving NHS Wales:

- Ysbyty Glan Clwyd Laundry
- Glangwili Laundry
- Llansamlet Laundry
- Church Village Laundry
- Llanfrechfa Grange 'Greenvale' Laundry

1.3 In April 2021 the Ysbyty Glan Clwyd, Llansamlet and Greenvale laundries transferred to NWSSP, with Glangwili and Church Village laundries due to transfer later in the year. Accordingly, these laundries were excluded from the scope of this review but may be subject to a separate, later audit.

1.4 The potential risks considered in the review were:

- non-compliance with NWSSP policies and procedures
- inadequate business continuity arrangements which could potentially impact on the continuity of hospital services and patient safety; and
- fraud and / or financial loss.

2. Detailed Audit Findings

Objective 1: Service continuity arrangements have been developed, documented and tested

2.1 There is no documented business continuity plan in place for the Laundry Service.

2.2 We were advised that there is an informal arrangement pre-dating the transfer to NWSSP, for activity to be diverted to Greenvale laundry (also transferred to NWSSP) in the event of failure at the Llansamlet laundry. This arrangement is not formally documented or tested, although we were advised that it has been utilised in the past. Arrangements are also being made to establish a contingency stock at IP5.

2.3 At the time of our review, the NWSSP Business Impact Assessment and Business Continuity Plan had not been updated to incorporate the Laundry Service. However, we understand that business continuity arrangements are being considered and will be reviewed and formalised following the imminent transfer of the Glangwili and Church Village laundries to NWSSP, to form the 'All Wales Laundry Service'. The Laundry Business Manager will also be attending future meetings of the NWSSP Business Continuity Group.

See **Matter Arising 1** in Appendix A.

Conclusion:

2.4 Although there is no documented business continuity plan in place for the Laundry Service, there are existing informal arrangements in place and longer-term arrangements for the All-Wales Laundry Service are being considered. Consequently, we have concluded **Reasonable** assurance for this objective.

Objective 2: Appropriate physical controls are in operation at laundry sites

2.5 During a site visit at the Llansamlet Laundry we observed physical controls in place to safeguard the building and assets within, including the presence of perimeter fencing and window bars, supported alarm system and CCTV.

However, these controls are compromised as follows:

2.6 Key / alarm fob registers are not maintained. We were advised that the Laundry Manager, Deputy, maintenance workers and alarm company are key and alarm fob holders. Laundry drivers have possession of keys for the vehicles and external gates as access is required before the laundry opens. See **Matter Arising 2** in Appendix A.

2.7 The main entry door and fire exit doors are propped open to improve ventilation in hot weather. Whilst the main entry is overlooked by the admin office, it is not always occupied. We understand that the NWSSP Specialist Estates Services Fire Safety Adviser has been consulted regarding the fire exit doors, however it does present a security risk. See **Matter Arising 2** in Appendix A.

2.8 Perimeter fencing is compromised in parts, although we understand that arrangements are already underway to correct this.

2.9 CCTV is due to be upgraded to provide full coverage of the building exterior. However, the CCTV display unit is permanently off and not monitored, with checks undertaken if an incident should occur. We confirmed that live recording is operational, although recordings are not periodically checked to confirm that the system is working. See **Matter Arising 2** in Appendix A.

Conclusion:

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

Objective 3: Records of plant and equipment are maintained and up to date

2.11 A record of laundry machinery and ICT assets at the Llansamlet Laundry was obtained as part of the transition from Swansea Bay University Health Board (SBUHB) to NWSSP, with a verification exercise undertaken by the Laundry Manager/Deputy in August 2021 to inform the asset transfer value. We reperformed the physical verification of 10 assets to and from the asset lists to confirm existence with no issues identified.

2.12 The Finance Programme Lead advised that once the asset value has been transferred into NWSSP, Llansamlet Laundry will be required to participate in the annual asset verification exercise to confirm existing assets and identify additions and disposals.

Conclusion:

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

Objective 4: Appropriate systems are in place to ensure that linen stocks are traceable, with movement between laundry and hospital sites recorded

2.14 Linen items are marked 'central laundry' but are not separately identifiable and movements are not traceable. We were informed that Greenvale Laundry trialled a sensor system to enable the tracking of individual linen items however this was unsuccessful.

2.15 Llansamlet Laundry does not maintain a linen stock – dirty items are collected, processed and issued in a continuous cycle. Accordingly, a central record of linen stock is not necessary.

2.16 Linen is recorded on the Benchmarker system at the point of issue to the customer. Dirty linen is not recorded at the point of collection or processing due to infection control implications of handling and counting items. Consequently, it is not possible to identify or quantify missing items. A record of 'rejected' items (i.e. condemned following washing and rewashing) is maintained.

2.17 In most cases dirty linen is collected, processed and reissued to the same customer. SBUHB is the only exception, with a pre-determined list of items for issue regardless of dirty items collected. Additional items can be requested.

2.18 Linen stocks are owned by the Laundry. New linen orders are infrequent and based on the Laundry's ability to fulfil the daily distribution list (for SBUHB) or requests for additional items.

2.19 The cost of missing linen stock is currently absorbed by the Laundry in terms of replacement costs. However, 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. See **Matter Arising 3** in Appendix A.

Conclusion:

2.20 It is not feasible to record dirty linen items collected and processed by the Laundry, so it is difficult to identify and quantify missing items. The cost of missing stock is currently absorbed by the Laundry; however, this will be addressed with the implementation of a standard pricing model. Consequently, we have concluded **Reasonable** assurance for this objective.

Objective 5: Systems and processes are in place to record both NHS and non-NHS activity

2.21 As noted in 2.16 above, activity is recorded in the Benchmarker system in terms of items issued to customers. Benchmarker produces a system invoice for each 'order' processed. These are manually entered into a notification of income spreadsheet and sent to finance to raise an invoice to the customer. There is opportunity to automate this process to improve efficiency, ensure completeness and reduce the risk of human error. See **Matter Arising 4** in Appendix A.

2.22 We reviewed the August 2021 Benchmarker invoices and confirmed that these had been accurately recorded on the notification of income spreadsheet sent to Finance.

2.23 SBUHB is an exception to the arrangement set out at 2.21, as they are charged a fixed fee based on the daily distribution list. Additional items requested are currently not charged to SBUHB, however the balanced scorecard indicates that activity has generally remained consistent. The Service Level Agreement includes agreed tolerances which, if exceeded, will trigger a review of the annual fee as part of the quarterly review process to be introduced following completion of the All-Wales Laundry Transformational Programme. The same arrangement will apply to all Health Board customers including those serviced by the other laundries.

2.24 The Llansamlet Laundry services one hospital site for a Health Board customer serviced by the Greenvale Laundry. This activity equates to £15,266 for the period April – August 2021 and has not been captured in the invoices raised to the Health Board. See **Matter Arising 4** in Appendix A.

2.25 The Finance Programme Lead advised that current prices effective from April 2021 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. Accordingly, no finding is raised in this respect.

2.26 Laundry item prices vary across Wales due to legacy arrangements, following the agreed 'lift and shift' transition into NWSSP. We were advised that a standard pricing model will be implemented following completion of the All-Wales Laundry Transformational Programme. See **Matter Arising 3** in Appendix A.

2.27 We were advised that non-NHS activity has ceased – see 2.29 below for further details.

Conclusion:

2.28 The arrangements for recording activity are generally satisfactory. However, noting the issues raised at 2.24 and 2.26 we have concluded **Reasonable** assurance for this objective.

Objective 6: Non-NHS activity represents value for money and cash income is recorded, securely stored and banked regularly

2.29 The Llansamlet Laundry has historically processed laundry for a small number of private customers in the local area. The Laundry Business Manager advised that all non-NHS activity ceased with effect from July 2021 on the basis that it was highly unlikely to represent value for money. If non-NHS activity resumes in the future, management should undertake a formal exercise to assess value for money.

2.30 We reviewed banking records and confirmed that the last banking was for £61.76 on the 8th July 2021.

Conclusion:

2.31 Although records indicate that non-NHS activity has ceased, by nature we are not able to verify that this is the case. Accordingly, we have concluded that an assurance rating is **Not Applicable** for this objective.

Objective 7: time and attendance recording systems are in place

2.32 Standard working hours are 7:30am – 3:30pm Monday – Friday. Time and attendance is recorded using a clock card system, which is used to populate the payroll returns. Most staff are paid monthly, however four individuals are paid weekly.

2.33 Pay return entries were verified to the corresponding clock cards for a sample of 10 employees to confirm the completeness and accuracy of information provided to Payroll. No issues were identified.

2.34 The establishment for Llansamlet Laundry is 38.1 whole time equivalents (WTE), with current vacancies equating to approximately 6.5 WTEs. Overtime is available to staff on the request of the Deputy/Laundry Manager and is planned and managed in teams to ensure sufficient staffing to operate the Laundry. Additional hours worked are recorded on the clock cards in the usual way and certified by the Deputy Laundry Manager as part of the payroll return process.

2.35 Following the transfer of staff from SBUHB to NWSSP, the Deputy Laundry Manager is the only staff member able to record annual leave on the ESR system. Manual annual leave records are maintained for Laundry staff, linked to a central annual leave database used for resource planning. We reviewed the annual leave records for a sample of five staff and confirmed that annual leave entitlements had been accurately calculated. However, we identified discrepancies in the annual leave taken as per the individual records and central annual leave database. See **Matter Arising 5** in Appendix A.

2.36 Only the Laundry Manager can record sickness absence on the ESR system. Paper records are maintained for each staff member and these are in the process of being retrospectively recorded on ESR. See **Matter Arising 5** in Appendix A. Further detail on sickness absence management is reported under objective 8 below.

Conclusion:

2.37 Limited access to the ESR system has resulted in annual leave and sickness absence being recorded and managed outside of ESR. There is no central record of sickness management. Although manual annual leave records are maintained, we identified discrepancies between the individual annual leave cards and central record. Consequently, we have concluded **Reasonable** assurance for this objective.

Objective 8: Sickness absence is managed in accordance with the All Wales Managing Attendance at Work Policy

2.38 As highlighted at 2.35, sickness absence episodes are in the process of being retrospectively recorded on ESR.

2.39 We are aware of three instances of long-term sickness absence which are being managed with support from Workforce. Accordingly, we have not reviewed the management of these.

2.40 In the absence of a complete central sickness absence record, we reviewed the sickness absence documentation for two individuals selected from the paper records on file. In both cases the required self-certificates, doctors fit notes and Return-to-Work forms were present, in line with the Managing Attendance at Work Policy.

Conclusion:

2.41 Although no issues were identified for the two sickness episodes reviewed, we have not been able to undertake a detailed review of sickness absence management, in the absence of a central sickness absence record. Consequently, we have assessed **Reasonable** assurance for this objective.

Objective 9: Personal Appraisal & Development Reviews (PADRs) are undertaken in line with the NWSSP Appraisal Procedure

2.42 There is no record of PADRs undertaken prior to the transfer of Llansamlet Laundry to NWSSP due to an ESR data transfer issue, and PADRs had not yet been

undertaken following transfer. We understand that the Laundry Manager is liaising with Workforce colleagues to recover the pre-transfer PADR history.

2.43 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. See **Matter Arising 6** in Appendix A

Conclusion:

2.44 Noting the above, we have concluded **Limited** assurance for this objective.

Appendix A: Management Action Plan

Matter Arising 1: Business Continuity Arrangements (Design)		**Impact**
There is no documented business continuity plan in place for the Laundry Service. There is however an informal arrangement pre-dating the transfer to NWSSP, for activity to be diverted to Greenvale laundry (also transferred to NWSSP) in the event of failure at the Llansamlet laundry. This arrangement is not formally documented or tested, although we were advised that it has been utilised in the past. Arrangements are also being made to establish a contingency stock at IP5. At the time of our review, the NWSSP Business Impact Assessment and Business Continuity Plan had not been updated to incorporate the Laundry Service. However, we recognise that establishment of the All-Wales Laundry Service is ongoing until transfer of the remaining two sites later this year.		Potential risk of: • inadequate business continuity arrangements for the Laundry Service could impact on the continuity of hospital services and patient safety.
Recommendations		**Priority**
1.1 Business continuity arrangements for the newly formed All Wales Laundry Service should be established and documented, following the transfer of the remaining two laundry sites to NWSSP later this year. This should be reflected in the NWSSP Business Impact Assessment and Business Continuity Plan.		**Medium**
Agreed Management Action	**Target Date**	**Responsible Officer**
1.1 Management accepts the recommendation. The current informal BCP will be reviewed and documented into a formal arrangement incorporating the five production facilities in total. It should be noted that at the time of writing, the informal arrangement was tested with the reduction of capacity at the Llansamlet Laundry and redirection of production to the Greenvale Laundry.	31 January 2022	Assistant Director of Laundry & Operations

Matter Arising 2: Site Security (Design)	**Impact**
Key / alarm fob registers are not maintained. We were advised that the Laundry Manager, Deputy, maintenance workers and alarm company are key and alarm fob holders. Laundry drivers have possession of keys for the vehicles and external gates as access is required before the laundry opens. The main entry door and fire exit doors are propped open to improve ventilation in hot weather. Whilst the main entry is overlooked by the admin office, it is not always occupied. We understand that the NWSSP Specialist Estates Services Fire Safety Adviser has been consulted regarding the fire exit doors, however it does present a security risk. CCTV is due to be upgraded to provide full coverage of the building exterior. However, the CCTV display unit is permanently off so is not monitored and only checked if an incident should occur. We confirmed that live recording is operational, although recordings are not periodically checked to confirm that the system is working.	Potential risk of: • malicious damage / theft.

Recommendations	**Priority**
2.1 A key and alarm fob register should be maintained as a central record of individuals with access to the site, and to ensure traceability of keys and fobs.	**Medium**
2.2 Management should explore opportunities for improving ventilation within the Llansamlet Laundry to avoid the need to leave the entry and fire exit doors open, if possible.	**Low**
2.3 CCTV recordings should be periodically checked to ensure that the system is working. If possible, the CCTV monitor should be kept on during operational hours to maintain a visual of the building exterior and identify any potential security threats.	**Low**

Agreed Management Action	**Target Date**	**Responsible Officer**
2.1 Management accepts the recommendation and will establish and maintain a central record of individuals with access to the site, and to ensure traceability of keys and fobs.	31 December 2021	Llansamlet Laundry Manager

2.2 Management accepts the recommendation and will explore the potential of improving ventilation to remove the risk posed by opening the front entrance. The fire doors can remain open and closed by the fire marshals upon a fire alarm activation. It should be noted that the building is due for replacement circa 2023/23 therefore options considered will be reflective of the life expectancy of the building.	31 March 2022	Llansamlet Laundry Manager
2.3 Management accepts the recommendation.	31 December 2021	Llansamlet Laundry Manager

Matter Arising 3: Pricing (Design)		**Impact**
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.		Potential risk of: • financial loss.
Recommendations		**Priority**
3.1 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.		**Medium**
Agreed Management Action	**Target Date**	**Responsible Officer**
3.1 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 redevelopment 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 April 2024	Assistant Director of Laundry & Operations

Matter Arising 4: Invoicing of Income (Design)	**Impact**
Activity is recorded in the Benchmarker system in terms of items issued to customers. Benchmarker produces a system invoice for each 'order' processed. These are manually entered on to a notification of income spreadsheet and sent to finance to raise an invoice to the customer. There is opportunity to automate this process to improve efficiency, ensure completeness and reduce the risk of human error. There is an arrangement whereby the Llansamlet Laundry services one hospital site for a Health Board customer serviced by the Greenvale Laundry. This activity equates to £15,266 for the period April – August 2021, and has not been captured in the invoices raised to the Health Board..	Potential risk of: • financial loss.

Recommendations	**Priority**
4.1 The income recording and invoicing arrangements for the Health Board serviced by both Llansamlet and Greenvale Laundries should be reviewed to ensure that all activity is being captured and invoiced to the Health Board. Management should seek to recover the income due for the activity not invoiced to the Health Board.	**Medium**
4.2 Management should explore the possibility of automating the income feed from the Benchmarker system to finance for invoicing.	**Low**

Agreed Management Action	**Target Date**	**Responsible Officer**
4.1 Management accepts the recommendation.	31 December 2021	Business Manager, Laundry Services

4.2 Management accepts the recommendation.	31 January 2021	Business Manager, Laundry Services

Matter Arising 5: Time & Attendance (Design / Operation)	**Impact**
Time and attendance is recorded using a clock card system, which is used to populate the payroll returns. Most staff are paid monthly, however four individuals are paid weekly. Following the transfer of staff from SBUHB to NWSSP, the Deputy Laundry Manager is the only staff member able to record annual leave on the ESR system. Similarly, only the Laundry Manager can record sickness absence on ESR. Manual annual leave records are maintained for Laundry staff, linked to a central annual leave database used for resource planning. We reviewed the annual leave records for a sample of five staff and confirmed that annual leave entitlements had been accurately calculated. However, we identified discrepancies in the annual leave taken as per the individual records and central annual leave database.	Potential risk of: • inaccurate or incomplete recording of annual leave / sickness absence in ESR which could result in staff being overpaid and/or taking more annual leave than they are entitled to.

Recommendations	**Priority**
5.1 ESR access issues need to be resolved to enable annual leave to be requested and approved, and sickness absence to be recorded in ESR.	**Medium**

Agreed Management Action	**Target Date**	**Responsible Officer**
5.1 Management accepts the recommendation.	31 December 2021	Business Manager, Laundry Services

Matter Arising 6: PADRs (Design)		**Impact**
There is no record of PADRs undertaken prior to the transfer of Llansamlet Laundry to NWSSP due to an ESR data transfer issue, and PADRs 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.		Potential risk of: • non-compliance with the NWSSP Personal Appraisal Procedure; and • workforce issues are not identified and addressed.
Recommendations		**Priority**
6.1 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.		**Medium**
Agreed Management Action	**Target Date**	**Responsible Officer**
6.1 Management accepts the recommendation.	31 March 2022	Assistant Director of Laundry & Operations

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.

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Follow-up: Student Awards Service Final Internal Audit Report

October 2021

NHS Wales Shared Services Partnership

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Committee:	Audit Committee

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

Executive Summary

Purpose

To assess progress in implementing the recommendations arising from the 2020/21 internal audit review (report NWSSP-2021-15 refers) which concluded Reasonable assurance.

Overview of findings

Considerable progress has been made in addressing five of the six issues identified in the previous internal audit, completed only six months ago. Management acted promptly to review and update standard operating procedures and strengthen the existing controls for bursary assessments.

Agreed actions in respect of the two high priority prior year matters arising have been largely implemented, however additional actions have been identified to further improve the new controls and address instances of non-compliance:

- Independent checking processes have been implemented however, progress in achieving the agreed 10% sample coverage is ongoing and we identified opportunities to further improve the arrangements in place.
- In line with Counter Fraud advice, childcare costs are now confirmed with the provider for all students in receipt of childcare funding. Management previously agreed to do this on a 10% sample basis but have further enhanced this to 100%. However, our own sample testing identified two instances where this had not been complied with.

Three of the four medium priority prior year matters arising have been addressed and closed. However, the agreed management action relating to KPIs has not been implemented and is therefore reiterated.

Follow-up Report Classification

		Trend
Reasonable 	**Follow up:** All high priority recommendations implemented and progress on the medium and low priority recommendations.	

Progress Summary

	Previous Matters Arising	Previous Priority Rating	Direction of Travel	Current Priority Rating
1	Procedures	Medium		Closed
2	Assessment of Applications	Medium		Closed
3	Bursaries Based on Prior Year Awards	Medium		Closed
4	Independent Checking	High		Medium
5	Childcare Process	High		Medium
6	Performance Information & Reporting	Medium		Medium

1. Introduction

1.1 A follow up review of the Student Awards Service operated by NHS Wales Shared Services Partnership (NWSSP) has been undertaken in line with the 2021/22 Internal Audit Plan.

1.2 Student Awards Services is part of the Employment Services Directorate within NHS Wales Shared Services Partnership (NWSSP). The Service assess NHS Bursary applications and supporting documentation and notifies the student of the award, payments are then processed by the respective universities.

1.3 The previous audit (completed in February 2021) reported Reasonable assurance. Although we did not identify concerns with the fundamental processing of applications, a number of recommendations were made regarding aspects of the governance arrangements and control environment to ensure that senior management can be assured of the accuracy and timeliness of processing. At the time of reporting a new management team had started to implement these recommendations as a matter of priority as part of the wider programme of improvement.

1.4 The purpose of this follow-up review is to assess progress in implementing the recommendations arising from the previous review. The review does not provide assurance against the full review scope and objectives of the original audit. The 'follow-up review opinion' provides an assurance level against the implementation of the agreed action plan only.

1.5 The overall risk considered in this review is failure to implement agreed audit recommendations and therefore the continued risk that:

- governance arrangements are inadequate;
- bursaries are awarded incorrectly;
- applications are processed without the relevant supporting documentation;
- policies and procedures are not consistent with the Welsh Government requirements for student awards;
- applications are not assessed in a timely manner resulting in potential financial difficulties for students; and
- action is not taken to re-assess awards of students who may no longer be eligible for funding.

2. Findings

2.1 The table below provides an overview of progress in implementing the previous internal audit recommendations:

Original Priority Rating	Number of Recommendations	Implemented / Obsolete (Closed - No Further Action Required)	Action Ongoing (Further Action Required)	Not implemented (Further Action Required)
High	2		2	
Medium	4	3		1
Total	**6**	**3**	**2**	**1**

2.2 Full details of recommendations requiring further action are provided in the **Management Action Plan** in **Appendix A**.

2.3 Full details of recommendations that are deemed to be closed with no further action required are provided in **Appendix B**.

Appendix A: Management Action Plan

Previous Matter Arising 1: Independent Checking		
Original Recommendation		Original Priority
Independent accuracy checking should be undertaken for all assessment/processing activity (including bursary / childcare applications and change of circumstances). The frequency of these checks (i.e. 100% / sample) should reflect the associated risk and error rate. All checks should be documented as evidence of completion. Independent checking arrangements should be included within the relevant procedures, once documented.		**High**
Management Response	Target Date	Responsible Officer
Whilst we acknowledge the recommendation of the report, there were no errors identified, however, in order to ensure we have the recommended checks and to add probity to the service, we will implement an independent checking procedure in a 10% random check, on all Bursary Payments, this will be taken from the Payment Schedule Analysis on a bi-annual basis, which will be documented and audit compliant.	1st April 2021	Head of Payroll
Current findings		**Residual Risk**
An accuracy checking process was implemented in August 2021, with a plan to undertake sample checks on 10% of the bursary applications identified from the Approved Applications Summary report. Checks were also introduced to confirm use of the new electronic check sheet (see *Previous Matter Arising 5: Assessment of Applications* in Appendix B for further details). This new process has not been reflected in standard operating procedures, which have been updated following the previous review. A central record of the check sheet and accuracy checks is maintained, and this records the initials of the person who completed the check. However, it does not identify the original assessor so it is possible that assessors are checking their own work, and the checks may not include coverage of all assessors.		Staff may not be aware of and/or comply with the new checking process as it has not been incorporated into the formal procedure documents. Insufficient sample size relevant to the population which may result in errors and associated

For the period April – August 2021, a 10% sample equating to 410 applications was identified for check sheet and accuracy checking. However, at the time of audit only 113 applications had subject to accuracy checking, and 256 had been subject to check sheet compliance checking. **Conclusion:** Previous recommendation and agreed management actions are partially implemented however further action is required to mitigate the residual risk.		training issues not being identified and addressed.

New Recommendations		**Priority**
2.1	Independent checking arrangements should be incorporated into the standing operating procedures.	**Medium**
2.2	The checking log should be further enhanced by identifying the original assessor to ensure coverage of all assessors and segregation of duties in the checking process.	
2.3	Management to ensure that independent checks are completed as planned.	

Management Response		**Target Date**	**Responsible Officer**
2.1	Agree the findings of audit, A new SOP will be created for the Checking of the Bursary process for accuracy and quality this will be checking of the bursary will implemented from 1st October 2021 and the new SOP will be in place by 1st November 2021 to ensure it is operationally compliant.	1st November 2021	Head of Payroll Modernisation and Bursary
2.2	Agree the findings of audit: The additional column will be added to the report to ensure it covers all aspects and segregation of duty by 1st October 2021	1st October 2021	Head of Payroll Modernisation and Bursary
2.3	Agree the findings of audit: It was agreed in the last audit that we would sample check 10% of the claims twice a year. The first checks commenced at the start of September so were ongoing at the time of audit. To alleviate this issue in the future and in order to ensure that they are checked in real time instead of retrospectively in bulk, with effect from 1st October 2021 we have the check will become a daily operation that will resolve retrospective checking and at the point of audit a sample of any 10% can be checked.	1st October 2021	Head of Payroll Modernisation and Bursary

Previous Matter Arising 2: Childcare Process		
Original Recommendation		Original Priority
Records to demonstrate childcare reconciliation and correspondence with the student should be uploaded to their BOSS accounts to ensure all information is up to date. Checks should be undertaken to ensure that funding is suspended where a student fails to provide CC2 form(s). As per finding 5, all checks should be documented as evidence of completion. In line with Counter Fraud recommendation, confirmation of childcare costs should be obtained directly from the childcare provider in order to reduce the risk of fraud or overpayment. If this is not feasible, compensatory controls should be implemented in order to minimise the risk. This could include the requirement for students to provide invoices evidencing actual costs, and/or spot checks with childcare providers to confirm that costs submitted by the student are accurate.		**High**
Management Response	Target Date	Responsible Officer
We acknowledge the findings of the audit team. We will implement a process to add probity to the service, we will with immediate effect implement a 10% random check, on all Childcare Applications, the Bursary Team will contact the 10% random Childcare Providers to confirm the details submitted by the applicant are correct which will be documented and audit compliant. We will then review the process and consider the benefit of obtaining confirmation directly from the childcare providers.	1st April 2021	Head of Payroll
Current findings		**Residual Risk**
Not all assessors have access to upload documents to the BOSS system, so all supporting documentation is stored on SharePoint. The service has appointed additional temporary resource solely responsible for uploading evidence to BOSS. Whilst it will take some time to clear the backlog, we recognise that appropriate action has been taken to address the issue identified, and it is anticipated that implementation of a new system will provide the long-term solution. Consequently, no further issues are raised in this regard.		Childcare costs received from students may be falsified or exaggerated, resulting in them receiving additional funding that they are not entitled to.

We identified two students from the January 2021/22 cohort where confirmation of childcare costs had not been received. Evidence was provided to confirm that in both cases the University had been instructed to cease funding. Management advised that confirmation of childcare costs is requested from the childcare provider for all students in receipt of funding – an enhancement to the 10% checks previously agreed. The request is sent to the provider via the student and must be returned directly to SAS by the provider. We reviewed the 17 students in the January 2021/22 cohort in receipt of childcare funding. In two cases the evidence had been returned by the student instead of the provider.			
New Recommendation(s)			**Priority**
1.1	Assessors must ensure that confirmation of childcare costs is received directly from the childcare provider and not the student, as per the new verification process.		**Medium**
Management Response		**Target Date**	**Responsible Officer**
1.1	Agree the findings of audit: Staff have been reminded that they can only accept childcare cost confirmation directly from the suppliers. Email confirmation has been sent to the assessors to confirm this procedure.	Complete 30th September 2021	Head of Payroll Modernisation and Bursary

Previous Matter Arising 3: Performance Information & Reporting		
Original Recommendation		Original Priority
The KPIs should be reviewed to ensure they are relevant, linked to the Service objectives and can be reliably measured. Examples might include measuring processing accuracy/error rates (based on the results of independent checking) and compliance with independent checking requirements. The reports on the BOSS system should be utilised to monitor the service and performance. Evidence in support of assessed performance should be retained.		**Medium**
Management Response	Target Date	Responsible Officer
We acknowledge the findings of the report, we are reviewing the current KPI's in line with the implementation of the recommendation of the findings stated in this report, it is clear that we need to have measurable KPI's, we will develop these in line with the changes recommended. During this review we will liaise with our colleagues in Audit to ensure that we have a robust KPI process.	31st July 2021	Head of Payroll
Current findings		**Residual Risk**
KPIs have not been reviewed and are currently not reported on. The Service is in the process of transitioning from task-based to generic assessors to improve efficiency and flexibility within the team, which will allow for existing KPIs and targets to be refined and reduced. We are advised that KPIs will be reviewed and agreed once generic assessors are in place. We are advised that it is not possible to use the BOSS system for performance monitoring due to an issue with the date tracking within the system which distorts performance against the 20 / 15-day targets. **Conclusion:** Previous recommendations not yet implemented and are therefore reiterated.		Performance against KPIs is not monitored or reported. KPIs are not meaningful or informative. Reported performance is inaccurate, potentially resulting in issues not being identified and addressed.

New Recommendation(s)			Priority
1.1	KPIs should be reviewed to ensure they are relevant, linked to the Service objectives and can be reliably measured. Examples might include measuring processing accuracy/error rates (based on the results of independent checking) and compliance with independent checking requirements. Evidence in support of assessed performance should be retained.		**Medium**
Management Response		**Target Date**	**Responsible Officer**
1.1	Agree the findings of audit: KPI' reporting capability via Boss is not working, we have raised this issue with Kainos and will chase up, the telephone calls KPI has been reported. However, the KPIs will need review in total and this will coincide with the implementation of the new system in early 2022/23.	30th April 2022	Head of Payroll Modernisation and Bursary

Appendix B: Previous Matters Arising Now Closed

Previous Matter Arising 4: Procedures		
Original Recommendation		Original Priority
The expectations and responsibilities of the Service, HEIW and universities in respect of student awards processing should be agreed and formally documented. Procedure documents should be reviewed for the key processes within the Service. These should incorporate the required improvements identified within this report and set out the responsibilities of the Service in terms of assessment timescales, information sharing and reporting to HEIW/universities.		**Medium**
Management Response	Target Date	Responsible Officer
We acknowledge the report findings, as part of the review of the SOPS we will also include a review of the roles and responsibilities of the Bursary Team, HEIW and Universities. We will process map this session to be shared with our colleagues in HEIW and Universities, so the process is clear and auditable.	31st July 2021	Head of Payroll
Current findings		**Residual Risk**
Expectations and responsibilities of the Service, HEIW and universities in respect of student awards processing have not yet been documented. However, an 'EQ&T and Student Awards Collaborative Group' has been established to facilitate structured discussion regarding the service operation. Meetings are held monthly, and the Group has recognised that the responsibilities of Student Awards and HEIW are not explicitly clear or documented. HEIW are leading on the development of an agreement, as scheme owner and budget holder. A programme of work to review and create new SOPs commenced in March 2021 led by the Service Improvement Officer. This initially involved standardising templates, then the processes were documented with responsible team member to ensure that all aspects of the service are captured. SOPs are now recorded on a document register and all SOP documents are saved on SharePoint as communicated to the team in April 2021.		n/a

Conclusion: Sufficient and appropriate action has been taken to address the issues previously identified. Consequently, the prior matter arising is closed.	

Previous Matter Arising 5: Assessment of Applications		
Original Recommendation		Original Priority
The check sheet should be completed electronically for every application assessed and uploaded to the student record on BOSS.		**Medium**
Management Response	Target Date	Responsible Officer
We acknowledge the findings of the report, a new electronic checklist which has been agreed with Audit is now in place with effect from 1st April 2021. This is an area that has been impacted by the move to remote working under the Pandemic period.	1st April 2021	Head of Payroll
Current findings		**Residual Risk**
A new electronic check sheet was implemented in April 2021 and sample checks are undertaken to confirm compliance. We identified minor issues with checking processes – these are reported *Previous Matter Arising 2: Independent Checking* in Appendix A. The sample checks undertaken by the Service identified that 15 of 256 applications checked did not have a completed check sheet on SharePoint file. As highlighted at *Previous Matter Arising 2: Childcare Process* in Appendix A, not all assessors have access to upload documents to the BOSS system, so all supporting documentation is stored on SharePoint. **Conclusion:** A new electronic check sheet has been implemented and appropriate action is being taken to ensure that these are uploaded to the BOSS record. Although the independent checking process has identified instances of non-compliance with the new check sheet, we recognise good practice in the additional control already implemented by management to monitor compliance. Consequently, no further action is required.		Applications are not assessed correctly resulting in incorrect payment to students.

Previous Matter Arising 6: Bursaries Based on Prior Year Awards		
Original Recommendation		Original Priority
The full assessment of applications for students awarded funding based on the previous year's application should be programmed into the annual activity of the team and monitored by senior management in order to ensure that any required adjustments are notified to the respective universities at the earliest opportunity. Any proposed changes to processes should be notified to and/or agreed with HEIW / universities if the changes will impact them.		**Medium**
Management Response	Target Date	Responsible Officer
We acknowledge the findings of the report all checks were completed by 23rd February 2021. To ensure that there is no repetition of this process in the future, the full team are currently being trained to be able to assess all bursary payments, thus removing one person dependency. This will reduce the peak times where it has become necessary to undertake review assessments. In the future this will be part of the normal bursary process.	31st July 2021	Head of Payroll
Current findings		**Residual Risk**
The Head of Payroll and Service Improvement Officer confirmed that awards based on prior year applications / retrospective assessments will not take place and all applications will be assessed prior to award. **Conclusion:** Previous recommendation is obsolete – no further action required.		n/a

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. **Follow up:** All recommendations implemented and operating as expected
 **Reasonable assurance**	Some matters require management attention in control design or compliance. **Low to moderate impact** on residual risk exposure until resolved. **Follow up:** All high priority recommendations implemented and progress on the medium and low priority recommendations.
 **Limited assurance**	More significant matters require management attention. **Moderate impact** on residual risk exposure until resolved. **Follow up:** No high priority recommendations implemented but progress on most of the medium and low priority recommendations.
 **No assurance**	Action is required to address the whole control framework in this area. **High impact** on residual risk exposure until resolved. **Follow up:** No action taken to implement recommendations

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.

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Quality Assurance and Improvement Programme

Internal Audit Report

2020/21

NHS Wales Shared Services Partnership

Audit and Assurance Services

Private and Confidential

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Please note
This report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Audit Charter 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.

1. Introduction

This paper sets out the Quality Assurance and Improvement Programme (QAIP) for 2020/21 and the approach and work for 2021/22.

The QAIP is a requirement of the Public Sector Internal Audit Standards (PSIAS).

2. Approach

Audit & Assurance's Quality Manual states:

"The Director of Audit & Assurance must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity (Standard 1300). This should include internal and external assessments (standards 1311 and 1312)."

In 2018 we had the mandatory External Quality Assessment (EQA) which was undertaken by The Chartered Institute of Internal Auditors (the organisation that sets the International Standards for Internal Audit). As EQAs are required at least once every five years, we will need to have another one by March 2023 at the latest.

The internal assessments cover:

1. Quality Reviews - organisation focussed reviews to ensure each NHS organisation and Head of Internal Audit and the Specialist Services Team (SSu) are covered (Section 2.1)
2. Internal Audit Quality Assurance Framework (IAQAF) (2.2)
3. EQA Action Plan (2.3)

In addition, there will be other information that supports the QAIP:

4. Results of Audit Satisfaction Surveys (a survey is sent after each audit) (2.4)
5. Key performance Indicator Outcomes (2.5)
6. Audit Committee assessments of their own effectiveness that include Internal Audit (2.6)
7. Audit Wales review (AW) (2.7)
8. Head of Internal Audit/Head of SSu 'Conformance Statements' (2.8)
9. Formal meetings with Chairs of Audit Committees and Board Secretaries (2.9)
10. Other relevant Information (2.10 & Sections 3.1 to 3.2).

2.1 Quality Reviews

A total of 29 audit files were reviewed. These were chosen from the list of outputs at 31 December 2020 (note: 29 out of 299 delivered audits for 2020/21 equates to 9.7%).

Due to the impact of COVID-19 all of the 11 governance reviews relating to COVID-19 were reviewed as these were significant reviews supporting our overall opinions, plus 1 other per organisation. Two audits are included for NWSSP. Three audits undertaken by our Capital & Estates team and two audits undertaken by our IM&T team were also reviewed. One of the IM&T reviews covered an NWIS audit.

There were three audits undertaken for WHSSC and EASC – none of these have been reviewed in 2020/21. Details of the audit files reviewed are shown in the following table.

No.	Health Body	Audit (code)	Team	Rating
1	Aneurin Bevan	Governance Arrangements during COVID-19 (AB20201-01)	South East	N/A
2	Aneurin Bevan	Safeguarding (ABU-2021-18)	South East	Reasonable
3	Aneurin Bevan	Grange University Hospital – Site Management Assurance (SSU_ABU_2021_05.6)	C&E	Substantial
4	Swansea Bay	Governance Arrangements during COVID-19 (SBU-2021-044)	Swansea	N/A
5	Swansea Bay	Primary Care Cluster Plans & Delivery (SBU-2021-13)	Swansea	Reasonable
6	Swansea Bay	Capital Systems (SSU_SBUHB_2021_06)	C&E	Reasonable
7	Betsi Cadwaladr	Governance Arrangements during COVID-19 (BCU-2021-39)	North	N/A
8	Betsi Cadwaladr	Roster Management (BCU-2021-36)	North	Limited

9	Cardiff & Vale	Governance Arrangements during COVID-19 (CUHB2021.47)	South Central	N/A
10	Cardiff & Vale	Regional Partnership Board (CVU-2021-07)	South Central	Reasonable
11	Cardiff & Vale	Asbestos Management (SSU_CVU_2021_02)	C&E	Reasonable
12	Cwm Taf Morgannwg	Governance Arrangements during COVID-19 (file ref: CTM-2021-39)	South Central	N/A
13	Cwm Taf Morgannwg	Pathology Directorate Review (Management Arrangements) – Follow Up (CTM 20/21 – 26)	South Central	Reasonable
14	Hywel Dda	Governance Arrangements during COVID-19 (HDUHB2021-11)	Carmarthen	N/A
15	Hywel Dda	Research & Development Department Governance Review – Follow Up (HDUHB-2021-07)	Carmarthen	Reasonable
16	Hywel Dda	WCCIS Project (Ceredigion Locality) (HDUHB-2021-22)	IM&T	Reasonable
17	Powys	Governance Arrangements during COVID-19 (PTHB2021-33)	South East	N/A
18	Powys	GP Access Standards (PTHB-2021-21)	South East	Substantial
19	PHW	Governance Arrangements during COVID-19 (PHW2021-17)	South Central	N/A
20	PHW	Management of Alerts – Follow Up (PHW 20.21/09)	South Central	Reasonable
21	Velindre	Governance Arrangements during COVID-19 (VT2021-17)	South Central	N/A

22	Velindre	Nurse Staffing Levels Act (Wales) 2016 (VEL-2021-13)	South Central	Substantial
23	WAST	Governance Arrangements during COVID-19 (WAST-2021-31)	South East	N/A
24	WAST	Short Term Sickness Absence Management (WAST-2021-23)	South East	Reasonable
25	HEIW	Governance Arrangements during COVID-19 (HE2021.12)	South Central	N/A
26	HEIW	Service Review – Medical Commissioning Monitoring (HEIW-1920-10)	South Central	Reasonable
27	NWSSP	Declarations of Interest (NWSSP-2021-01)	South East	N/A
28	NWSSP	Credit Card Expenditure (NWSSP-2021-13)	South East	Substantial
29	NWIS	Organisational Resilience (NWIS-2021-02)	IM&T	Reasonable

The reviews comprise:
1). Checking that the audit file has completed correctly and fully
2). Reviewing evidence to support the completion of the checklist
3). Product reading of the final report/output
4). Follow-up questions with HIAs/Leads
5). Production of a summary note.

Overall, the results were positive and demonstrated a high level of quality consistent with recent years. However, in a small number of instances, discussions were needed with the Head of Internal Audit to confirm findings and a number of exceptions were noted. The exceptions will continue to be built into the TeamMate audit software approach and our ongoing training around audit quality.

The exceptions, communicated to the Heads of Internal Audit/Head of Specialist Services in March 2021, are covered at Appendix C.

On the basis of the reviews undertaken there were no specific matters that needed to be reported in the Annual Head of Internal Audit opinion in terms of compliance with the PSIAS.

2.2 Internal Audit Quality Assurance Framework (IAQAF)

One section of four has been reviewed, "Audit Execution". See Appendix A for an explanation of this approach and Appendix B for the detailed assessment underpinning this review.

For this section, the review was undertaken by the Director of Audit & Assurance with support from the Heads of Internal Audit.

The section covers four areas, each with a number of good practice statements. For each area, Audit & Assurance needs to decide whether, in terms of the statements, it conforms fully, generally, partially or not at all. Conforming fully or generally is considered appropriate to be able to state that the PSIAS are being complied with. The summary results are:

- Management of the IA service (6 statements) – 'fully conforms'
- Engagement planning (6 statements) – 'fully conforms'
- Performance if audit work/audit delivery (7 statements) 'fully conforms'
- Reporting (10 statements) – 'fully conforms'.

Despite being able to self-assess as fully conforming, we have identified four key actions to support continuous improvement:

- continue to review our methodologies to ensure they remain in line with current practice
- review our audit scopes to see if more detail needs to be included
- look at options to use more automated tools
- work with Board Secretaries and Audit Committees to improve the follow-up/recommendation tracking process.

The specific actions to address these points will be both discussed and agreed with key stakeholders – Board Secretaries and Chairs of Audit Committees.

2.3 External Quality Assessment Follow-Up

In February and March 2018 Audit & Assurance Services were subject to a formal External Quality Assessment. This assessment is required by the PSIAS and was undertaken by The Chartered Institute of Internal Auditors (IIA). Their report was presented to the Velindre Audit Committee for Shared Services on 24 April 2018.

The assessment concluded that:

"It is our view that NWSSP Audit and Assurance Services conforms to all … 64 fundamental principles … and it is therefore appropriate for NWSSP Audit and Assurance Services to say in reports and other literature that it '**conforms to the IIA's professional standards and to PSIAS**.'

There were two specific areas of focus/recommendations from the 2018 EQA:

1). Audit coverage – links to strategic objectives and risks and other assurance providers

All Heads of Internal Audit focused on this during audit planning for 2020/21 as far as the impact of COVID-19 allowed, and we worked effectively with Audit Wales to undertake joint interviews and share documentation as we undertook our COVID-19 governance reviews and they undertook their structured assessments. We have also changed our planning approach for 2021/22 as we are no longer required to undertake any Welsh Government mandated work. There is still further work for some organisations to undertake to ensure that their Board Assurance Frameworks (BAF) clearly identify the work of other assurance providers and the strength of the first and second lines of defence. We have included time within each audit plan to consider the ongoing effectiveness of the BAF. We are also implementing a suite of Quality and Outcome focused KPIs for 2021/22 and beyond that will include measures such as the % of time spent on corporate risks.

2). Achieving efficiency in the audit methodology

We are, at present, going through a review to determine if we need to change our audit software going forward. Until we make that decision, we have decided not to change our audit methodology unless there are changes to the PSIAS that we need to respond to.

We will provide an update on our response to the EQA and our work on Quality KPIs in next year's QAIP.

2.4 Audit Satisfaction Surveys

Audit satisfaction surveys are sent out at the conclusion of each audit. Response rates are relatively low although they are improving, and they do differ by organisation. Copies of the survey are retained on the individual

audit files. A summary of the response rates and findings are included in each Head of Internal Audit Opinion.

In addition, we receive feedback through regular meetings with both HB/Trust Executives and Audit Committees.

We continue to work with health bodies to improve the response rates to the surveys as this can be a key driver in helping to improve the focus and outcomes of audits.

2.5 Key Performance Indicators

At the end of May 2021 (when all Final opinions were issued), revised KPIs for 2020/21 showed:

KPI	SLA	Target	Overall
Audit plans agreed [2019/20]	√	100%	100%
Audit opinions/annual reports compiled [2019/20]	√	100%	100%
Audits reported over total planned audits *	√	Target	100%
		Actual	100%
Work in progress *	No	N/A	0%
Report turnaround fieldwork to draft reporting [10 days]	√	80%	97%
Report turnaround management response to draft report [15 days]	√	80%	79%
Report turnaround draft response to final reporting [10 days]	√	80%	100%

*Due to the impact of COVID-19 we delivered 299 outputs (Final and Draft reports). There were 32 reviews that were cancelled or postponed. In a few cases, work was in progress, but this was on the basis that the work would not form part of the 2020/21 annual opinions.

In 2020/21 we delivered 299 outputs (364 in 2019/20) to support the Head of Internal Audit Opinions and other reporting for the 13 NHS Bodies we audit (7 Health Boards, 3 Trusts, HEIW, NWSSP and NWIS).

There were changes agreed to the plans of all NHS bodies during the course of the year with audits and reviews being added and removed. In all cases, these changes were approved by the relevant Audit Committee.

In terms of the delivery of the audit programme we are often asked to delay reviews until late in the financial year. We are happy to accommodate this, but it does mean that we sometimes need to use contractor staff to ensure delivery which does increase costs. The KPIs for each HB/Trust are reported in each progress report and in their individual Head of Internal Audit Opinion.

2.6 Audit Committee self-assessments

Each year, Audit Committees will produce an annual report of their own activities and undertake a self-assessment against key criteria set out in the HFMA Audit Committee Handbook. Results of this work, which includes an assessment of Internal Audit, are used to help inform Audit & Assurance's forward strategy at both a Directorate and individual HB/Trust/SHA level.

2.7 Audit Wales review

Each year, Audit Wales undertakes an overview of Internal Audit as part of their work programme. In their Management Letter to NWSSP for 2020/21, Audit Wales have confirmed that they "did identify any issues regarding (Internal Audit's) compliance with the PSIAS standards that would prevent us taking assurance from their work."

In addition, the Director of Audit & Assurance meets regularly with both Audit Wales NHS leads and the Velindre audit team to ensure that internal audit's work is co-ordinated, where appropriate, with the work of Audit Wales. Heads of Internal Audit also meet regularly with the relevant Audit Wales leads for each health Board, Trust and Special Health Authority to ensure work if co-ordinated effectively.

2.8 Conformance self-assessments

Each year, all Heads of Internal Audit/SSu complete a self-assessment against the PSIAS which is submitted to the Director of Audit & Assurance for review. After review, the self-assessments are discussed with the relevant Head of Internal Audit/SSu if there are any matters requiring attention.

Overall, there are very few highlighted areas of 'partial compliance' (and none of 'does not comply') from the self-assessments either from ticking a specific box or from the narrative. This is an in line with previous years and

reflects, in part, the successful outcome of the External Quality Assessment in March 2018.

The only areas of identified partial conformance related to:

1). The HIA not interacting directly with the Board (function delegated to Audit Committee)

2). Still more to do on training & development, linked to better use of IT and data analytics

3). Considering whether specialist teams need more of an understanding of the overall governance arrangements at each NHS Wales organisation

4). Assessing the costs of assurance in relation to the potential benefits.

In terms of actions against each of these areas we propose/are already doing:

1). The only action we take formally on this is to note it as the PSIAS assumes 'delegation' of some key roles

2). We continue to use all available non-pay funds for additional training and development. We are also recruiting an additional IM&T auditor to increase our data and IM&T capacity and capability

3). Beginning with the COVID-19 governance reviews in 2020 which were delivered through combined audit and specialist teams, we have built in more time for specialist staff to understand fully the wider governance and assurance arrangements at each NHS Wales organisation

4). In 2021/22 as part of a move to more quality and outcome focused based KPIs we will be undertaking specific work in a couple of areas to measure the cost and impact/benefits of assurance work. In addition, internal monitoring of the IMTP for 2021/22 within NWSSP will include a focus on costs versus benefits for all services/Directorates.

2.9 Formal meetings with Chairs of Audit Committees and Board Secretaries

During 2020/21 the Director of Audit & Assurance met with the Board Secretaries and Chairs of Audit Committee groups on the following occasions:

- Board Secretaries: 27 March, 29 May, 26 June, 28 August, 25 September, 30 October 11 December 2020, 29 January, 26 February and 26 March 2021

- Chairs of Audit Committee: 3 November 2020 and 10 February 2021.

Areas discussed included:

- Progress on the 2020/21 audit programmes
- The format of the annual opinion for 2020/21
- Findings from the COVID-19 Governance reviews
- Changes to the approach for audit planning for 2021/22 (see Section 2.10 below)
- Recommendation monitoring and tracking
- Quality based KPIs
- Themes emerging from audit work across NHS Wales
- NWIS and other 3rd Party assurances from within NHS Wales
- Audit resources and the Service Level Agreement
- Internal Audit's IMTP.

The Director of Audit & Assurance also met with the Directors of Finance on 19 June, 18 September, 16 October, 20 November, and 18 December 2020. These meetings were focussed, in the main, on the COVID-19 Governance reviews and the links to other related work undertaken by the Finance Academy, the Finance Delivery Unit and Welsh Government. Audit & Assurance produced a number of papers that summarised the key messages from all of these COVID-19 related reviews.

To further strengthen the links between Audit & Assurance and the finance function across NHS Wales, the Director of Audit & Assurance has joined the Finance Academy Governance Steering group.

Finally, a small governance steering group has been set up that brings together the Chair of the Board Secretaries, the Chair of the Directors of Finance and the Director of Audit & Assurance to ensure any cross-cutting themes/areas can be considered collectively.

Further meetings with these key peer groups are planned in 2021/22. In addition, the Director of Audit & Assurance has also met with a number of Chairs, Finance Directors, Executive Directors and full Boards during the course of the year.

2.10 Audit Approach

During 2020/21 we made a small number of changes to our audit approach. These covered:

- The process for forming the annual opinion for 2020/21
- The process for putting together an annual plan for all NHS Wales organisations for 2021/22.

Due to the uncertainty around COVID-19 we prepared a number of papers for the Board Secretaries on what our approach would be if we were unable to complete sufficient audit work to give a full annual opinion. Ultimately, we were able to complete sufficient audit work at each NHS Wales organisation to give a full annual opinion, so these contingency measures did not have to be implemented. We did make one change to our approach in relation to Health Boards – we removed the 'domain' element in the forming of the annual opinions for Health Boards so that all NHS Wales organisations now have their opinions determined on the same basis. This change was agreed by the Board Secretaries and reported to other key peer and stakeholder groups.

In terms of planning for 2021/22 audit programmes we agreed with Welsh Government, after preparing a paper for them on the work we currently do, to remove all of the work that they had previously mandated that Internal Audit cover. The work previously covered the Annual Governance Statement, the Annual Quality Statement, Welsh Risk Pool, Sustainability Reporting and Health & Care Standards. Work may well continue to be included in audit plans in relation to these areas, but it will not be mandated by Welsh Government.

In addition, we have also agreed changes to our planning approach to focus on 6 key components – some annual work that will support the effective delivery of an internal audit service, risk-based work, follow-up, national audits, work supporting key peer/stakeholder groups and Integrated Audit & Assurance plans for key capital/transformational schemes.

To support these changes to both the opinion and planning aspects of our work, the Board Secretaries agreed to the creation of a small sub-group of 3 Board Secretaries and the Director of Audit & Assurance. This group has proved effective in helping to bring forward the changes to the audit approach.

Where appropriate, amendments will be made to our audit approach manual (Quality Manual). There were no other changes to our audit approach in 2020/21.

3. Other Quality Assurance and Improvement Areas

3.1 Wider role of Director of Audit & Assurance/Heads of Internal Audit

The Director of Audit & Assurance is an observer on the Public Sector Internal Audit Standards Advisory Board and a member of the Wales Public Sector Heads of Internal Audit Forum. He is also an Independent Member

of the Audit Committee of Bristol City Council. One of the Heads of Internal Audit is a Trustee at Abbeyfield Wales Society Housing Association and another is a member of Caerwent Community Council.

3.2 QAIP Approach for 2021/22

The QAIP approach for 2021/22 will include (in addition to the standard areas):

1. A further part of the IAQAF approach
2. Follow up of the EQA and previous QAIPs
3. Implementing a new set of quality based KPIs.
4. Preparation work for the next External Quality Assessment due by March 2023

APPENDIX A

IAQAF

HM Treasury has put together an Internal Audit Quality Assessment Framework (IAQAF) – published May 2013 – to "help evidence effective internal auditing in line with the Public Sector Internal Audit Standards. If the Standards are followed appropriately, this should enable internal auditors to state that their work is 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing."

The IAQAF is intended to apply to all government internal audit services where compliance with the Public Sector Internal Audit Standards (PSIAS) is required. The definition of an internal audit service will vary depending on the arrangements in place for the particular government body. For NWSSP, the appropriate definition is a group internal audit service with an overall assessment being made on the quality of the internal audit provided to the bodies that the group audits.

Where an internal audit service is provided by an integrated group the assessment should be performed on the group service as a whole, with specific reference to a representative sample of bodies to which the group service is provided. The results of the assessment should then be shared with each of the individual bodies that receive a service from the group.

The Framework has four sections reflecting four questions that the evaluation seeks to address:

- Purpose and positioning – Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?
- Structure and resources – Does the internal audit service have the appropriate structure and resources to deliver the expected service?
- Audit execution – Does the internal audit service have the processes to deliver an effective and efficient internal audit service?
- Impact – Has the internal audit service had a positive impact on the governance, risk and control environment within the organisation?

Each section is divided into several sub-sections covering key elements of an effective internal audit service as follows:

Purpose and positioning	Structure and resources	Audit execution	Impact
• Remit • Reporting lines • Independence • Risk based plan • Assurance strategy • Other assurance providers	• Competencies • Technical training & development • Resourcing • Performance management • Knowledge management	• Management of the IA function • Engagement planning • Engagement delivery • Reporting	• Standing and reputation of internal audit • Impact on organisational delivery • Impact on governance, risk, and control

For each sub-section a series of statements of good practice are provided as a guide in determining the performance of the service. Against this an assessment should be made as to the degree of conformance using the following scale, aligned with the PSIAS:

- **Fully Conforms** the reviewer concludes that the internal audit service fully complies with each of the statements of good practice.
- **Generally Conforms** means the reviewer has concluded that the relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects. For the sections and sub-sections, this means that there is general conformance to a majority of the individual statements of good practice, and at least partial conformance to the others, within the sub-section. As indicated above, general conformance does not require complete/perfect conformance
- **Partially Conforms** means the reviewer has concluded that the internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit. Some deficiencies may be beyond the control of the service and may result in recommendations to senior management or the board of the organisation.
- **Does Not Conform** means the reviewer has concluded that the internal audit service is not aware of, is not making efforts to

comply with, or is failing to achieve many/all of the objectives and good practice statements within the section or sub-section. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

- An overall assessment of the performance of the internal audit service in conforming to good practice should be made using the same scale.

APPENDIX B

Does the internal audit service have the processes to deliver an effective and efficient internal audit service?

Management of the internal audit service		
Statements of good practice	***Assessment***	***Evidence***
• The CAE has established policies and procedures (typically in the form of a manual) to guide the internal audit activity	√ **Fully conforms** **Generally conforms** **Partially conforms** **Does not conform**	There is an audit manual – called the Quality Manual – and a consulting protocol that guides internal audit activity and is mapped to the Public Sector Internal Audit Standards. The relevant parts are included within our audit software file for each audit/review we undertake. The Quality Manual was last updated to reflect the changes to the Public Sector Internal Audit Standards from 1 April 2017.

• Audit methodologies have been developed and are regularly reviewed and updated to ensure they are in line with current practice
• Policies in respect of document confidentiality, retention requirements and the release to internal and external parties have been developed and are consistent with the organisation's guidelines and any pertinent regulatory or other requirements
• Quality assurance procedures are defined and cover all aspects of the internal audit activity including:
  • Supervision and review
  • QA procedures and checklists including periodic internal quality reviews
  • Compliance with applicable laws, regulations and government or industry standards
  • Auditee/customer satisfaction surveys.
	Associated references **PSIAS:**
	1310 Requirements of the Quality Assurance and Improvement Programme
	1311 Internal Assessments
	2040 Policies and Procedures
	2330 Documenting Information
		Audit methodologies are reviewed but there is more work to do to ensure we can evidence that they remain in line with current practice.
		
		All reports are produced solely for the organisation being audited and our disclaimers make this clear. We comply with NHS Wales' confidentiality and retention requirements.
		
		Quality Assurance procedures are undertaken by the relevant reviewer, Deputy Head of Internal Audit and Head of Internal Audit. A QA checklist is completed for all audits and a percentage of files are re-reviewed by the Director of Audit & Assurance. Compliance is measured against the PSIAS unless WG issues any specific requirements. Satisfaction

• Periodic self-assessments against the IAQAF are performed and actions taken to address weaknesses • Performance of the internal audit service is monitored and reported in accordance with the defined Central Government performance measures, performance is benchmarked and any remedial actions are monitored and followed-up		surveys are issued after every audit is complete. Annual self-assessments are undertaken annually and reported in the QAIP. Key performance Indicators and a Service Level Agreement have been established for Internal Audit.

Remedial actions	***Target date***	***Responsibility***
1. Review audit methodologies to ensure they remain in line with current practice.	Ongoing	Audit & Assurance Management Team

Engagement planning		
Statements of good practice	***Assessment***	***Evidence***
• Detailed plans are developed and documented setting out the scope, limitations, objectives, resources, timing and reporting lines for each engagement	√ **Fully conforms** **Generally conforms** **Partially conforms** **Does not conform**	Yes
• Engagement plans are discussed and agreed with relevant management prior to the start of the fieldwork		Yes
• Engagement plans include consideration of the relevant systems, records, personnel, and physical properties including those under the control of third parties	***Associated references*** **PSIAS:** **2200 Engagement Planning**	Yes, but this could be better articulated in our template.
• Plans include consideration of the risks to the area under review and the organisations' risk management and controls processes	**2210 Engagement Objectives** **2220 Engagement Scope**	Yes
• Budgets are developed for each engagement plan and are appropriate to the review scope and degree of associated risk	**2230 Engagement Resource Allocation**	Yes
• Where areas require, particular specialist knowledge subject matter experts are identified and included as part of the audit team		Yes, although we could be more systematic in doing this.

Remedial actions	***Target date***	***Responsibility***
2. Review audit scope document to consider if more detail needs to be added.	31 March 2021	Audit & Assurance Management Team

Performance of Audit work / audit delivery		
Statements of good practice	***Assessment***	***Evidence***
• Work programmes that will achieve the engagement objectives are developed and approved prior to use and include procedures for identifying, analysing, evaluating and documenting information during the engagement	√ **Fully conforms** **Generally conforms** **Partially conforms** **Does not conform**	Yes
• Internal auditors use standard documentation to ensure that evidence and findings are adequately documented	***Associated references*** **PSIAS:**	Yes, Teammate audit software used everywhere.
• Work papers are clear, concise, and appropriately cross-referenced to work programmes so as to enable independent review and comprehension.	**2240 Engagement Work Programme** **2310 Identifying Information**	Yes, based on Quality review results.
• There is evidence that internal auditors are identifying, analysing, evaluating and documenting sufficient information to support the audit conclusions and opinions	**2320 Analysis and Evaluation** **2330 Documenting Information**	Yes
• There is evidence to confirm that all engagements are led or supervised by suitably competent individuals	**2340 Engagement Supervision**	Yes
• Audit findings are discussed and confirmed with auditees prior to report drafting		Yes
• Automated tools (e.g. data interrogation) are used appropriately to undertake testing as efficiently as possible		Yes, but we need to expand our use of these tools.

Remedial actions	***Target date***	***Responsibility***

3. Look at options to use more automated tools across all audits/reviews.	30 September 2021	IM&T Team/NWSSP Head of Internal Audit

Reporting		
Statements of good practice	***Assessment***	***Evidence***
• Communications are accurate, objective, clear, concise, constructive and timely	√ **Fully conforms** **Generally conforms** **Partially conforms** **Does not conform**	Yes, but we recognise that reports could be more concise.
• Audit reports convey appropriate audit scopes, limitations of scope, results, recommendations and an opinion on the adequacy of controls		Yes
• Audit evidence is reviewed by a senior member of the audit function to ensure that the audit has been carried out in sufficient depth and to the function's quality standards prior to the audit findings being distributed to the auditee	***Associated references*** **PSIAS:** **2410 Criteria for Communicating** **2420 Quality of Communications** **2440 Disseminating Results** **2500 Monitoring Progress** **2600 Communicating the Acceptance of Risk**	Yes
• Findings and recommendations are appropriately classified according to relative levels of gross and net risk to the organisation		Yes
• internal audit recommendations help the organisation address the risk in a way that does not create unnecessary control and the recommendations are practical		Yes
• Draft audit reports are issued for consideration by the auditee within a reasonable, pre-agreed, timescale before they are released to management Audit issues are reported to appropriate levels of management and to the Audit Committee		Yes, this is set out in our KPIs.
• The CAE informs the Audit Committee and Accounting Officer if he/she believes that senior management has		Yes

accepted a level of residual risk that may be unacceptable to the organisation		
• There is a procedure for follow-up that ensures agreed recommendations are implemented effectively or that senior management has accepted the risk of not taking action		Yes, but there are opportunities to improve the efficiency and impact of these procedures.
• Unresolved or outstanding audit issues are reported to senior management in accordance with pre-agreed timescales and escalation procedures		Yes
• The CAE presents to the Board and or Audit and Risk Assurance Committee, at least annually, a report of internal audit activity containing an opinion of the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes.		Yes

Remedial actions	***Target date***	***Responsibility***
4. Work with Board Secretaries to improve the follow-up/recommendation tracking procedures.	30 September 2021	Director of Audit & assurance

APPENDIX C

Quality Reviews 2020/21 – Exceptions and differences noted:

Independence, objectivity and competency (Q1 – 3)

No specific comments other than to note that external support was not used on any of the audits reviewed – due to the impact of COVID-19. We currently have 3 auditors working with us on contract, all of whom have worked with us for some time and have relevant backgrounds.

Engagement Planning (Q4 – 9)

Q5 – in a couple of instances, the scope had been changed either between draft and final or between final and the conclusion of the audit. In most cases the explanation was clear on the file and reasonable, however, in a couple of cases I needed to speak to the relevant HIA to understand the rationale. Also, in a small number of instances the brief on file was the 'draft' rather than the 'final' but there was evidence that the HB/Trust had agreed the scope.

Performing the engagement (Q10 – 11)

Q10 – it was clear generally how the findings recorded on the file linked to the findings in the report (draft and final), for example where the number of issues recorded did not match the number of recommendations made in the report it was clear how they had been merged or where additional information had cleared the original finding. Evidence recorded on files was generally to a high standard. This was consistent with previous years.

Supervision and review (Q12 – 13)

Q13 – Head of Internal Audit final review was clear in all cases, this is consistent with 2019/20.

Q13 – There are small differences in the way each team uses the structure and steps to record evidence of work done and the findings e.g. the use of 'Current Issues' and 'Formulate Findings'. In addition, Teams have added additional schedules and matrixes where appropriate.
Note: in a small number of cases the DAA signed-off the HIA step where the HIA was closely involved in the work. In addition, the DAA reviewed all draft COVID-19 Governance reviews before they were issued as part of the QR process we put in place around those large and complex pieces of audit work.

Reporting (Q14)

No specific comments other than to say I thought the quality of the reports was good and a number contained examples of good and comparative practice.

Completion (Q15 – 16)

Q15 – All teams now use the checklist to demonstrate that process and quality checks have been performed before the issue of the draft/final reports. In a few instances I think that files could have been signed-off as complete quicker than they were (after final report and the issue of a management feedback request).

Q16 – We have sought feedback for most reviews but only a couple had any evidence on file of the feedback. However, all reports do go through to Audit Committee which acts as a measure of the quality and relevance of our work and satisfaction surveys are included in each Head of Internal Audit and Annual Report.

NHS WALES
SHARED SERVICES PARTNERSHIP

Audit Committee – 12th October 2021

Counter Fraud Progress Report for the period 1st July 2021 to 30th September 2021

NIGEL PRICE
COUNTER FRAUD
CARDIFF & VALE UNIVERSITY HEALTH BOARD

NHS WALES SHARED SERVICES PARTNERSHIP

AUDIT COMMITTEE 12th OCTOBER 2021 PART A

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 July 2021 to the 30th September 2021.

The Progress Report's style has been adopted, in consultation with the Velindre NHS Trust and NWSSP's Finance Directors, with the objective of informing, and updating, the Audit Committee members of any significant changes in cases during the reporting period and any current operational issues.

Progress of the NWSSP Annual CF Work-Plan of 75days, is reported in **Appendix 1.** During this period 29.5 days of Counter Fraud work have been undertaken.
Any significant changes in the progress and work undertaken are outlined in point 2 below**.**

2. CURRENT CASE UPDATE

During this quarter two investigations have been closed and there are no open investigations linked to NWSSP. A summary of the investigations is in **Appendix 2**

3. PROGRESS AND GENERAL ISSUES

3.1 Fraud Awareness Presentations

COVID-19 restrictions have considerably reduced the amount of sessions the department can deliver but during this reporting period one session has been delivered to 85 delegates through Microsoft Teams. The feedback from the delegates shows that 60% "Strongly agreed" that, after the presentation, they are more comfortable discussing any concerns they may have with counter fraud and 33% "Agreed" with that statement.

3.2 National Fraud Initiative 2020/21

Velindre University NHS Trust recently received the proposals of the Auditor General for Wales that were issued for consultation in relation to the planned National Fraud Initiative (NFI) 2020-21 work programme and the draft data specifications for this work.

The matches were released on the 31st January which included those for Velindre NHS Trust. There are 18 priority matches and 552 low-risk matches for NWSSP and Velindre. All the priority matches will be checked and approximately 10% of the low-risk matches. If there is any concern about any match that will be investigated further. All the priority matches linked to NWSSP have been closed and no fraud was found.

APPENDIX 1

COUNTER FRAUD SUMMARY PLAN ANALYSIS 2020/21

AREA OF WORK	NWSSP	Days to Date
General Requirements		
Production of Reports to Audit Committee	3	4
Attendance at Audit Committees	3	1
Planning/Preparation of Annual Report and Work Programme	5	4
Annual Activity		
Creating an Anti Fraud Culture	0	0.5
Presentations, Briefings, Newsletters etc.	14	1.5
Other work to ensure that opportunities to deter fraud are utilised	0	1
Prevention		
The reduction of opportunities for Fraud and Corruption to occur	0	0
Detection		
Pro-Active Exercises (e.g. Procurement)	17	4
National Fraud Initiative 2020/21	2	3
Investigation, Sanctions and Redress		
The investigation of any alleged instances of fraud	25	10
Ensure that Sanctions are applied to cases as appropriate	4	0
Seek redress, where fraud has been proven to have taken place	2	0.5
TOTAL NWSSP	**75**	**29.5**

APPENDIX 2
COUNTER FRAUD ASSIGNMENT SCHEDULE 2020/21

Case Ref	Allegation	Background	Open/Closed
INV/21/0117	Working while on sick leave	Information was passed to counter fraud that an employee of NWSSP was running a private business while on sick leave	**Closed 05/07/2021** Inquiries with the subject's GP confirmed that the secondary employment was considered beneficial to the subject's recovery
WARO/20/00086	False COVID-19 Absence	The allegation is that the subject gave false or misleading information about her annual leave.	**Closed 22/09/2021** After a disciplinary hearing the subject was given a verbal warning.

COUNTER FRAUD & CORRUPTION

ANNUAL REPORT 2020/21

Nigel Price
Temporary Counter Fraud Manager
Cardiff and Vale University Health Board

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1. Management Summary

1.1 This Annual Report has been written in accordance with the provisions of the Welsh Assembly Government Directions on Fraud and Corruption, which requires Local Counter Fraud Specialists (LCFS) to provide a written report, at least annually, to the Health Body on any Counter Fraud work undertaken. The report content and style comply with the model prescribed by NHS Counter Fraud Authority and is in the same format as those that have been previously submitted.

1.2 The NHS Wales Shared Services Partnership (NWSSP) and the Velindre University NHS Trust appointed Craig Greenstock, the Counter Fraud Manager at Cardiff & Vale UHB, as their nominated Lead LCFS. Unfortunately, he has been on sick leave since December 2020 and will not be returning to work. Until a replacement is appointed his role is being covered by Nigel Price, an accredited LCFS in Cardiff & Vale UHB.

1.3 During 2020/21, five investigations into suspected fraudulent or corrupt activity were started and two cases were brought forward from 2019/20. Three of those investigations were closed and four are still open.

1.4 Civil recovery would also be sought for any NHS money which was identified as being obtained by fraud. Included, as part of the civil recovery' would be claims, by the Velindre University NHS Trust, for all costs incurred as a result of not only the fraud proven to have been committed, but also the LCFS costs (e.g. court attendance, salary, travel expenses) in carrying out the individual criminal investigations.

1.5 If required, advice is sought from NHS Counter Fraud Service (Wales) and when an investigation has ended, legal opinion would be taken from the Specialist Fraud Division - Crown Prosecution Service if there was sufficient evidence to warrant a criminal prosecution.

1.6 Regular progress reports are made to NWSSP and the Trust's Audit Committees and where system weaknesses have been identified recommendations made, these have been sent to the relevant Division, Service Group and/or Directorate Managers.

1.7 The mix of cases investigated to date are summarised in **Appendix 2** and a full index of the cases reported/referred to the LCFS are listed in **Appendix 3**.

1.8 The NWSSP and Velindre University NHS Trust's policies and procedures (e.g. Human Resources, Finance etc) have been reviewed and commented upon in relation to the Counter Fraud Policy.

1.9 Close liaison and a good working relationship were established with the NHS Counter Fraud Service (Wales) following its establishment by Welsh Government and it becoming operational in October 2001, and this relationship continues to develop and strengthen.

2. Inform and Involve (Developing an Anti Fraud Culture)

2.1 The Local Counter Fraud Service has an on-going work programme with the NHS Counter Fraud Service (Wales) to develop a strong anti-fraud culture in the NHS.

Examples of work carried out to develop an Anti Fraud Culture include:

- Distribution of relevant Counter Fraud reports to NWSSP's Senior Managers
- Submission of comments on draft Trust policies as appropriate relating to any Counter Fraud issues

- During 2020/21 14 counter fraud awareness sessions were given to over 200 NWSSP, staff and other presentations are in the process of being arranged for 2021/22.

- Analysis of staff feedback questionnaires is carried out following the fraud awareness sessions in order to gauge how much knowledge the attendees had of the counter fraud work that is being undertaken and also to assist in forming the content of future sessions.

Examples of work currently planned/being considered in developing an Anti-Fraud Culture:

- Additional fraud awareness presentations to other various staff groups as outlined in the NWSSP Counter Fraud Work-Plan for 2021/22.
- Developing the quarterly Counter Fraud Newsletter to ensure that it provides NWSSP staff with real examples of fraud and the successful outcomes from such investigations and any lessons learnt from the investigations.

2.2 In accordance with the Secretary of State Directions, as in **Appendix 1**, the LCFS will:

- Proactively seek and report to NHS Counter Fraud Authority any opportunities where details of Counter Fraud work (involving action on prevention, detection, investigation, sanction or redress) can be used within presentations or publicity in order to deter Fraud and Corruption in the NHS.

- Report all allegations of fraud to NHS Counter Fraud Authority and develop a good working relationship to ensure that all information is available for presentations and publicity.

- Share information with other LCFSs throughout Wales in order to build on good practice and identify areas where fraud may be prevented.

3. Prevent Fraud

3.1 The LCFS will assist by providing information to and liaising with both NWSSP and the Velindre University NHS Trust Communication and Corporate Departments, if required, when reporting prosecution cases that may attract media attention to ensure that a consistent approach is taken and the message is sent out that fraud will not be tolerated within the NWSSP and Velindre University NHS Trust.

The LCFS will regularly liaise with Velindre University NHS Trust and NWSSP Senior Managers and other staff on all allegations of fraud received and it has been identified that this work by the LCFS continues to have a positive impact in identifying and reporting any fraudulent activity.

The deterrence effect is difficult to measure but referrals were regularly made during 2020/21, the majority of which were from the NHS Student Awards Service. It is hoped that from the awareness sessions more NWSSP staff will be aware of the potential areas for fraud and, as a result of advice and further guidance from the nominated LCFS, will be prepared to discuss any concerns they may have.

3.2 To be effective, publicity needs to have local relevance and it is important for the LCFS to communicate local successes, especially any sanctions and redress. It is important that outline details of all successful prosecutions continue to appear in Velindre University NHS Trust and NWSSP staff related publications.

3.3 The LCFS will, in conjunction with NHS Counter Fraud Authority, NHS CFS (Wales) and NWSSP Corporate Department, consider publicity in any case of fraud in which a successful outcome is achieved. This reinforces the message about action being taken to reduce fraud and will be carried out through the appropriate channels.

4. Deter Fraud

4.1 LCFS will provide reports on system weaknesses in each case where fraud is established, to:

- NHS Counter Fraud Authority
- NWSSP Internal Audit
- Wales Audit Office (External Audit)

Examples where this has occurred are:

- Submission of new case notifications and intelligence information via NHS Counter Fraud Authority FIRST Case Management System.
- Providing regular reports and presentations to Velindre University NHS Trust, NWSSP Audit Committee and Senior Managers.
- Regular liaising with Internal and External Auditors with reference to investigations for assistance and previous reports held by them.
- Where, as a result of Counter Fraud work, any system weaknesses have been identified then the LCFS have provided potential solutions and recommendations as part of closure reports to the relevant managers.

4.2 The LCFS provide reports on policy weaknesses in each case where fraud is established to NHS Counter Fraud Authority, Velindre University NHS Trust and NWSSP's Finance Director.

4.3 Where policy or system weaknesses are identified, the LCFS will notify the appropriate staff such as NWSSP and Velindre University NHS Trust's Finance Directors, Director of Workforce, Senior Managers, Internal and External Audit and/or NHS Counter Fraud Authority.

5. Hold to Account (Detection)

5.1 The LCFS will take account of:

- Information from the Internal and External Audit functions regarding system weaknesses.

- NHS Counter Fraud Authority Risk Management exercises in order to prioritise other areas of detection work.

- The LCFS's own inquiries and analysis of data, reports (including Whistle Blowing) and trends (e.g. sickness absence).

- National Fraud Initiative 2021/22 Data Matching Exercise

6. Hold to Account (Investigating Fraud)

6.1 The LCFS will investigate cases in accordance with the Secretary of State's Directions. All investigations have, therefore, been carried out in accordance with the directives outlined in **Appendix 1**.

The LCFS will refer cases to NHS CFS (Wales) in accordance with the Welsh Assembly Government Directions and all cases have been reported using the NHS Counter Fraud Authority FIRST Case Management System. From January 2010, all NHS LCFS have been required to electronically record all information regarding their investigations onto the NHS Counter Fraud Authority FIRST Case Management System, which is held within a restricted area within the NHS Counter Fraud Authority internet webpage.

6.2 **Five cases** were formally referred to NHS CFS (Wales) in 2020/21 via the FIRST Case Management System and there were also **four ongoing** cases brought forward from 2019/20. Most referrals received are not necessarily or automatically reported on the NHS Counter Fraud Authority FIRST Case Management System, due to the fact that many are isolated instances and very low in terms of monetary value.

Each case is assessed before starting an investigation. In some cases it has been agreed that the individual(s) are dealt with under the NWSSP/Velindre University NHS Trust Disciplinary Policy rather than a full-scale criminal investigation.

6.3 The LCFS will provide NHS Counter Fraud Authority, Internal Audit and External Audit, NWSSP's Finance Director and Audit Committee, with regular update reports on significant movements with particular cases.

7. Hold to Account (Applying Sanctions and Seeking Redress)

7.1 The LCFS will consider the different sanctions available and will consider the "Triple Track" approach to investigations, i.e. Criminal, Civil and Disciplinary action. To ensure that correct, prompt action is taken in each case, a close working relationship has been developed with NWSSP's Workforce and Human Resource Managers.

7.2 The LCFS will supply NWSSP Accounts Receivable Department with information where fraud is established in order to enable them to recover the lost resources. A full file is maintained on each of the investigations carried out to provide information that will assist in the recovery of funds.

8. Annual Assessment Declaration

8.1 Since 2013/14 and following a review of the practice by which NHS Counter Fraud Authority would determine how effective a Health Body's Counter Fraud arrangements were when compared to other NHS Bodies, a significant change was introduced into the way in which Health Bodies were to report and be assessed.

8.2 This new process, based on a risk-based approach, now requires each Health Body to undertake its own Self Risk Tool **(Appendix 4**) based on a set of criteria and standards.

8.3 This SRT is then compared against the individual standards as part of a three-year rolling programme. Guidance for the completion of the Self Risk Tool and the individual standards which have to be met, are issued annually to all NHS bodies. From the 1st April 2021 that system is to be r replaced by the Government Functional Standard GovS:013 Counter Fraud (GovS:013)

Appendix 1

WELSH ASSEMBLY GOVERNMENT DIRECTIONS

The following grid identifies the key requirements under Welsh Assembly Government Directions and outlines current activity within each section.

Paragraph	Instruction	Action by Health Board
2 (1)	Chief Executive and Director of Finance to Monitor and ensure compliance with these Directions and any other instructions on countering fraud and corruption against the NHS Action to be taken in accordance with the NHS Counter Fraud and Corruption Manual and in accordance with the Table annexed to the Directions	Regular meetings are held between the NWSSP Finance Director and the Nominated Lead LCFS. Where possible the Manual has been referred to for guidance and appropriate action taken. An updated Manual has previously been issued following a revision, by Welsh Government, after considering changes in legislation within the NHS in England.
2 (2)	Each health body shall facilitate, and co-operate with NHS Counter Fraud Authority's Quality Inspection work giving prompt access to staff, workplaces and relevant documentation	Good close working relationship has been established with NHS CFS (Wales). To date there has never been an issue over access to staff or workplaces. NHS Counter Fraud Authority Quality & Assurance Unit carried out a Focused Assessment in October 2016, with full co-operation, and their report was received and then accepted by NWSSP Hosted Body (i.e. Velindre University NHS Trust).
2 (3)	Endeavour to agree an SLA with NHS Counter Fraud Service (Wales).	The current SLA was signed in March 2010, but will be reviewed to incorporate any changes which may take place within the NHS in Wales.
3 (1)	Nomination of a suitable officer to act as LCFS. Notify NHS Counter Fraud Authority of replacement LCFS within three months of the need becoming apparent	The NWSSP Nominated Lead LCFS is Nigel Price.
3 (2)	A trained and accredited LCFS in post by 1 February 2002	The NWSSP's Nominated Lead LCFS was accredited in 2001 and is employed at another NHS Body, but undertakes the counter fraud work as part of a separate contracted-out service.
4 (a)	LCFS reports to Director of Finance	The Nominated Lead LCFS reports directly to the Finance Director, informs him of all cases as they are received and keeps him updated on any progress/closure.
4 (b)	LCFS provision of written report at	The 2020/21 NWSSP CF Annual

	least annually	Report has specifically been produced following the previous request of the NWSSP General Manager and Finance Director. The information contained in the Annual Report has also been incorporated into the CF Annual Report that is produced separately for the Hosted Body (i.e. Velindre University NHS Trust).
4 ©	Attendance at Audit Committee meetings Right of access to all Audit Committee members. Right of access to Chairman and Chief Executive	The NWSSP Nominated Lead LCFS or at least one of the Health Body's other LCFS has attended Audit Committee meetings that have taken place up to and including April 2021. The LCFS have access to all Audit Committee members. The LCFS have not required access during the year but are confident that, if required, right of access is available (as detailed in the health body's Counter Fraud Policy)
4 (d)	Undertake Pro-Active work to detect cases of Fraud and/or Corruption as specified by Chief Executive and Director of Finance, particularly where systems weaknesses have been identified	The LCFS have made eleven **Fraud Awareness Presentation**s to 148 NWSSP, Velindre University NHS Trust and Hosted Body staff in a variety of staff groups. The LCFS also undertake Pro-Active Exercises and follow up all incidents of a potential fraudulent nature received via the NHS Counter Fraud Reporting Line, Velindre University NHS Trust's Whistle Blowing facilities and/or any Internal or External Audit reports.
4 (e)	Proactively seek and report opportunities for publicity to NHS Counter Fraud Authority (includes instances for inclusion in presentations) involving action to prevent, detect, investigate, impose sanctions and seek redress	One particular successful fraud related case appeared in National media and also in a number of National and Local newspapers and has also been widely publicised across Velindre University NHS Trust, Hosted Bodies and NWSSP via the quarterly CF newsletter.
4 (f)	Investigate cases of suspected fraud in accordance with division of work outlined, the LCFS will not investigate (unless there is prior agreement) LCFS will investigate where it is	All cases investigated to date have followed the guidelines. Only cases less than £15,000 are

	clear that they will be under £15k. Cases where it is clear they will be over £15,000 in value will be referred to NHS CFS (Wales). There is evidence that fraud extends beyond the Health Body. GDS and/or prescription fraud are involved There is evidence of corruption involving a public official The LCFS will assist if required in the investigation of cases involving their Health Body where the investigation falls within the remit of NHS Counter Fraud Authority.	investigated solely by the LCFS, and above £15,000 the cases are referred to, and investigated by/in liaison with, NHS CFS (Wales). There have no related cases identified during the year which extended outside of the Health Body. There have been no alleged frauds reported that involved any altered documentation for prescribed drugs. There have been no cases of alleged corruption reported during 2020/21. There have been no matters reported that would have fallen within the remit of NHS Counter Fraud Authority.
4 (g)	Refer cases to NHS Counter Fraud Authority teams as appropriate	All cases appropriate to NHS CFS (Wales) have been referred.
4 (h)	Inform the appropriate NHS Counter Fraud Authority team of all cases of suspected fraud investigated by the Health Body.	Entries on the FIRST and CLUE Case Management Systems, for intelligence purposes, have been completed for all cases of suspected fraud investigated during the year.
5	Co-operate with investigative work: Chief Executive and Director of Finance to ensure access is given as soon as possible and not later than 7 days from the request to the LCFS or NHS Counter Fraud Authority Operational Service staff to: Premises, records and data owned or controlled by the health body relevant to detection/investigation of fraud and corruption All staff who may have relevant information.	The LCFS and NHS Counter Fraud Authority rights and responsibilities, as set out in the SLA, SFIs and the Counter Fraud Policy, have been fully complied with and both have received co-operation from all levels throughout the Health Body. As above
6 (1)	LCFS to complete relevant forms when Director of Finance believes fraud or corruption to be present, so that NHS Counter Fraud Authority may supply advice on appropriate sanctions.	Investigations have complied with NHS Fraud & Corruption Manual and completed forms as appropriate.

	LCFS and Director of Finance to consider further action in accordance with the NHS Fraud & Corruption Manual.	
6 (2)	Director of Finance to liaise with NHS CFS (Wales) concerning prosecutions prior to taking such action.	Investigations have complied with the NHS Fraud & Corruption Manual
6 (3)	Director of Finance to liaise with NHS CFS (Wales) prior to reaching a decision to refer cases to the police or other body for investigative action, if required.	Appropriate liaison took place in any cases to date where investigations have required referral to police or any other third party organisations (e.g. UK Borders Agency).
6 (4)	Non-disclosure of information, except for purposes of investigation or subsequent proceedings; no disclosure to anyone who may be implicated	There has been no disclosure of information to anyone who may be implicated in any of the investigations unless required under Police & Criminal Evidence Act.
6 (5)	LCFS to report details of any identified system weakness which would allow fraud or corruption to occur, to the internal auditors	The LCFS liaise with Internal & External Auditors and provide information regarding system weaknesses. Managers are also informed of system weaknesses and advised accordingly.
6 (6)	LCFS to ensure investigations focus on obtaining information to ensure recovery of funds can take place. Director of Finance responsible for ensuring financial redress is sought where losses identified	A full file is maintained on each of the investigation carried out to provide information to assist the recovery of funds. Recovery of losses is considered in all cases and would be sought where appropriate.

Appendix 2

Further Information

1. Reporting lines

Trust Chief Executive (Velindre University NHS Trust)	Steve Ham Chief Executive's Office Corporate Headquarters Unit 2, Charnwood Court Parc Nantgarw, Nantgarw Nr.Cardiff. CF15 7QZ Email: steve.ham2@wales.nhs.uk
NWSSP Managing Director	Neil Frow NHS Wales Shared Services Partnership (NWSSP) 4-5 Charnwood Court Heol Billingsley Parc Nantgarw Cardiff CF15 7QZ Email: Neil.Frow@wales.nhs.uk
Executive Director of Finance (Velindre University NHS Trust)	Mark Osland Finance Director's Office Corporate Headquarters Unit 2, Charnwood Court Parc Nantgarw, Nantgarw Nr.Cardiff. CF15 7QZ Email: Mark.Osland@wales.nhs.uk
Director of Finance (NWSSP)	Andy Butler NHS Wales Shared Services Partnership (NWSSP) 4-5 Charnwood Court Heol Billingsley Parc Nantgarw Cardiff CF15 7QZ Email: Andy.Butler@wales.nhs.uk
Nominated Lead Local Counter Fraud Specialist	Nigel Price Counter Fraud Department Cardiff and Vale UHB Headquarters 1st Floor, Woodland House Maes-y-Coed Road Cardiff CF14 4TT Email: nigel.price@wales.nhs.uk

2. Mix of cases

Number of cases in 2020/21 including those brought forward from previous years:

Area (based on initial reported category)	Number of cases	Closed	Ongoing
Reimbursement of Costs (Student Awards)	4	3	1
Miscellaneous (Use/Theft of NHS Property)	3		3
Total	**7**	**3**	**4**

3. NHS Counter Fraud Authority Website

Information about NHS Counter Fraud Authority and the NHS Counter Fraud Strategy can be found at www.cfa.nhs.uk

Appendix 3

INDEX OF LCFS INVESTIGATIONS 2020/21

Ref. No	Subject	Status	Open/Closed
SSP14.05	Unauthorised Sale of NHS Property	Crown Court Hearing (Suspended Sentence)	Open - Civil Recovery (5k) still being made at £50 per month
SSP20.02	False Claim for Costs	Initial enquiries made which identified that the claim had actually been made as a single person with no dependent children and not as a married person with dependent children as was the allegation received.	Closed - no fraud identified.
SSP20.03	False Claim for Costs	Alleged that both subjects had applied for bursaries/grants by giving false/misleading information as to their actual personal income.	Closed - no record of either individual having worked and/or submitted claims to the NHS.
SSP20.04	False Claim for Costs	Alleged that subject lives with partner and has failed to declare her actual personal income.	Closed - insufficient evidence to support allegation.
SSP20.05	False Claim for Costs	Alleged that the subject has claimed for grant/bursary, but is also working for the NHS on an agency basis which subject has failed to declare.	Open - Ongoing enquiries and subject also suspended, until December 2019, for academic reasons.
SSP20.06	False Work History and Sickness Absence	Subject applied for and was then appointed to Band 5 post within NWSSP Procurement during same period whilst still claiming to be on sickness absence from previous Band 5 post with NHS England.	Open - Subject resigned before NWSSP disciplinary hearing into separate and similar allegations. Relevant details then forwarded to NHS England for them to investigate the alleged fraudulent activity.
SSP20.07	Falsely retained Childcare Costs	The allegation is that the student has received her childcare payments, but has not then passed those payments onto her childcare provider.	Open - Ongoing enquiries with the childcare provider and the University.

Appendix 4

Summary of Risk against the Standards of NHS Bodies (Fraud, Corruption and Bribery) as at 31st March 2020

Area of Activity	Red/ Amber/Green level
Strategic Governance	Green
Inform and Involve	Green
Prevent and Deter	Green
Hold to Account	Green
Overall Level	Green

AREA OF ACTIVITY	DAYS USED
STRATEGIC GOVERNANCE	11
INFORM AND INVOLVE	9
PREVENT AND DETER	0
HOLD TO ACCOUNT	38
TOTAL DAYS USED	58

COST OF ANTI-FRAUD, BRIBERY AND CORRUPTION WORK	
PROACTIVE COSTS	£ 12
REACTIVE COSTS	£9,576.00
TOTAL COSTS	£14,638.00

Organisation Name

NHS Wales Shared Services Partnership (NWSSP)

Director of Finance

Andrew Butler

Date

NHS WALES SHARED SERVICE PARTNERSHIP COUNTER FRAUD WORKPLAN 2021-2022

1 Background

1.1 This document draws up the counter fraud arrangements with the NHSWALES Shared Service Partnership (NWSSP) and should be reviewed annually. The work plan details the counter fraud standards of the Government Functional Standard GovS: 013: Counter Fraud which comes into effect on the 1st April 2021 and consists of 12 'components'. It also recommends the resources which are outlined in NHS Counter Fraud Policy and Procedures. These recommendations are based on an annual Quality Assurance Programme which consists of two processes, assurance and assessment. Both are linked to the anti-fraud, corruption and bribery standards set out annually by NHS Counter Fraud Authority

1.2 The Quality Assurance process includes an annual self-review, conducted by NWSSP and compared with those standards. The results are sent to the NHS Counter Fraud Authority (CFA) with the NWSSP counter fraud annual report. The Quality Assurance process is reviewed by the CFA's Quality and Compliance team and the Health Board.

1.3 NWSSP formulates its work plan by taking a risk-based approach, and the guidance is used to help provide a framework on which such arrangements can be developed and organisations are encouraged to make tailor-made plans.

1.4 Audit Wales had the following comments to make:

"[the Template Work-plan] appears to be a comprehensive and demanding proactive programme of Counter fraud work. If the plan is delivered to a high standard across the NHS in Wales, [it] will make a significant impact in the prevention of fraud in the NHS.
It may be worth reminding LCFS' of the importance of liaison with External Auditors when planning local Counter fraud work in order to prevent duplication of effort. There are some elements of the Counter-Fraud Work-plan which External Auditors may

review on a risk basis as part of their own reviews of Governance Arrangements, e.g. Whistle-Blowing arrangements, Declaration of Interests; Gifts and Hospitality. External Auditors will certainly be seeking to gain assurance that Counter fraud arrangements are robust, particularly in the light of NHS reorganisation in Wales."

The Wales Audit Office recognised that effective delivery of the plan does represent a substantial programme of work.

1.5 The total number of suggested **pro-active and reactive days** to be allocated in 2021-2022 for NWSSP is **75 days**. This has been calculated using data from organisations in both Primary and Secondary Care Sectors that have done well.

1.6 When planning the resources for counter fraud work, it is important that NWSSP accounts for reactive time and this should be reflected in the work plan.

1.7 Pro-Active work, e.g. strategic, culture, deterrence, prevention and detection, should not be absorbed by reactive activity or *vice versa* and to this end NHS Counter Fraud Authority strongly encourages pro-active work to be 'ring-fenced'. Effective pro-active work must be undertaken or there may be a risk from fraud, corruption or bribery.

1.8 Organisations vary in size and following scale is used to calculate the number of days allocated to counter fraud:

Number of staff	Number of Pro-Active Counter fraud days
Less than 4,999	295
5,000 to 9,999	305
10,000 to 13,999	315
More than 14,000	325

1.9 It is important to note that, while this is a work-plan to ensure effective counter fraud arrangements, it is not a maximum requirement and organisations are strongly urged to consider further local requirements that might result in the recommended resource levels being exceeded. The figure of 75 days is lower than quoted above and is considered insufficient by both the NWSSP Director of Finance & Corporate Services and the Audit Committee based on the risk profile of the organisation and the recent growth in size and services delivered. The pandemic has seen a substantial increase in expenditure, particularly on Personal Protective Equipment (PPE). At the current time, a lack of LCFS resource means that 75 days is all that can be delivered by the current team, but plans are in place within NWSSP to substantially increase the available resource. Once this is finalised, the number of days delivered can be revisited. In the interim, the focus will be on proactive fraud awareness work with the need for any investigatory work kept under review. Additional resource can be procured from either the Counter Fraud Wales Service and/or Internal Audit to address any short-term needs.

1.10 Organisations that vary from the standard should provide evidence why decisions on work planning have been taken and these should be shown to NHS CFA or NHS CFS (Wales).

1.11 The work-plan is a framework on which to build robust counter fraud arrangements and is comparable with the Annual Quality Assurance Programme and Self Risk Assessment that each Health Board or Trust is asked to submit at the end of the financial year.

2 Taking a risk-based approach to planning local counter fraud work

2.1 Locally based investigators are in the best position to identify and understand the counter fraud requirements for their organisation. Successful implementation of counter fraud policy relies on the work of the Local Counter Fraud Specialist (LCFS).

2.2 The work-plan should be tailor-made for the NHS organisation, for example, utilising local annual staff survey results will identify areas on which to concentrate for raising awareness, while examination of referrals may show the need for more work on preventing fraud or highlight that awareness is needed in a particular department or staff group.

2.3 Meeting key personnel in NWSSP and using the information from staff surveys are important methods for forming action plans. The responses may also show areas of risk, highlighting a need for pro-active prevention or detection work.

2.4 The LCFS will liaise with the individual in NWSSP who is responsible for managing risk. It is recommended that the LCFS is told about frauds which have occurred in the organisation to identify any risks and act to prevent those happening again.

2.5 Any risks which are identified by the LCFS must be placed on an appropriate risk register to provide another level of assurance that the risk will be managed.

2.6 While every effort will be made to identify local risks, it is important that information from outside the organisation is considered; for example, NHS Counter Fraud Authority alerts which must also be included in risk-based planning.

2.7 Accurate records of counter fraud work are crucial to planning investigations, evaluating outcomes, risk register entries and audit reports. The end of year Quality Assurance Programme and Self Risk Assessment requires accurate record keeping and can help to identify strengths and weaknesses.

2.8 To help organisations take a risk-based approach to counter fraud work and planning, the NHS CFA has issued a risk assessment tool. That tool helps the LCFS when assessing the counter fraud arrangements at their own organisation. It is

designed to complement the quality assurance process, and provides a process to review counter fraud arrangements prior to completing the end of year quality assurance programme.

3 Focusing on outcomes and not activity

3.1 Completed counter fraud work will show the results for each investigation or referral. Those outcomes may relate to successful investigations or progress being made in proactive areas, for example, employee's feedback on how their knowledge of fraud in the NHS has improved due to attending presentations. For example, for the year 2020-2021 based on feedback from members of staff who attended fraud awareness sessions, 63% said they "Strongly agreed" and 37% said they "Agreed" that the session improved their knowledge of counter fraud work.

3.2 That feedback supports the progress in developing an anti-fraud culture. Another example would be reviewing an organisation's policies to identify any potential areas which may be susceptible to fraud. A good example of this is the childcare funding for student nurses who are eligible for the payments. A weakness in the process was identified and after altering the wording on the claim forms fraud referrals have reduced from 2 or 3 a year to 1 in 2 years. The NHS must get value for the money it spends on counter fraud work and in planning for the year ahead consideration needs to be given to obtaining evidence to demonstrate this is happening.

4 Work-plan Components

Meets The Requirement	Partially Meets The Requirement	Does Not Meet The Requirement	Local Counter Fraud Service Position
1 Accountable individual There is a member of the executive board or equivalent body who has a clearly defined responsibility for the strategic management of, and support for, counter fraud, bribery and corruption work.	Not applicable to this component	There is no member of the executive board, or equivalent body, who has a clearly defined responsibility for the strategic management of, and support for, counter fraud, bribery and corruption work	The Director of Finance & Corporate Services is the lead and accountable Executive Director.
2 Counter fraud bribery and corruption strategy The impact of the organisation's counter fraud, bribery and corruption strategy has been evaluated, and the counter fraud work plan or counter fraud resources has been updated as required as a result.	The organisation's counter fraud, bribery and corruption strategy is aligned to NHSCFA's strategy, and it has been approved at senior management or executive level.	The organisation does not have a counter fraud, bribery and corruption strategy.	NWSSP has a counter fraud policy which follows the NHSCFA strategy. An annual counter fraud plan for the health board is agreed by the Audit and Assurance Committee. This plan is yet to be approved by the audit committee
3 Fraud bribery and corruption risk assessment Resources to carry out the work are realistically assessed and suitable for addressing the risk identified within a reasonable timescale, in line with the	Risk assessments have been carried out to identify fraud, bribery and corruption risks at the organisation in line with GCFP fraud risk assessment methodology. These	There is no evidence of any local risk assessments carried out to identify fraud, bribery and corruption risks at the organisation	The fraud policy has been reviewed and will be assessed against the risk register. Liaison with other departments such as procurement and internal audit is carried out to identify any areas which may be vulnerable to fraud. Resources to carry out the work are reviewed

organisational risk policy	risks are recorded in line with the organisational risk management policy.		annually. Currently only two LCFSs are available to carry out counter fraud work due to illness and staff moving to new posts. A vacancy for an investigator has been advertised also an advert for the Counter Fraud Manager vacancy will be posted towards the end of October 2021
4 Policy and response plan There are significant levels of staff knowledge and awareness of the existence of the policy and plan. Levels of awareness are routinely measured, and any resulting corrective or preventative action is implemented and evaluated.	The organisation's policy and plan are in line with the NHSCFA's strategy, and it has been approved at senior management or executive level, implemented and communicated across the organisation.	The organisation does not have a policy and plan, or where one exists, it is not publicised, or it is out of date	Fraud awareness sessions are regularly carried out and the staff complete feedback sheets. For the year 2020-2021, 67% said they "Strongly agreed" and 33% said they "Agreed" that the session improved their knowledge of counter fraud work.
5: Annual action plan Risk-based objectives of the work plan are adequately resourced to carry out the work.	The annual work plan has been agreed by the audit committee (or equivalent body). Adequate resources have been assigned to specific areas of activity.	There is no evidence of the annual work plan being agreed by the audit committee (or equivalent body).	The annual counter fraud plan is signed off by the Director of Finance and then approved by the Audit and Assurance Committee who then monitor progress on a quarterly basis.
6 Outcome-based metrics The organisation has agreed targets / outcomes and has metrics in place to monitor progress - these are regularly reviewed by the Audit Committee and revised	The organisation has agreed targets / outcomes but no evidence of tracking or monitoring to measure progress	No metrics are in place (or defined outcomes against counter fraud initiatives or investments).	The targets for the counter fraud work is set out at the beginning of the financial year as part of the annual plan. Progress towards those targets for example: the days allocated for investigations, financial recoveries, the number of open and closed cases and the number of fraud awareness

where necessary. New metrics are appropriately implemented.			sessions is reported to the Audit and Assurance committee at each meeting.
7 Reporting routes for staff, contractors and members of the public The organisation has well established and documented reporting routes for staff, contractors and members of the public to report incidents of fraud, bribery and corruption, including the NHSCFA's Fraud and Corruption Reporting Line and online reporting tool.	The organisation has well established and documented reporting routes for staff, contractors and members of the public to report incidents of fraud, bribery and corruption, including the NHSCFA's Fraud and Corruption Reporting Line and online reporting tool.	The organisation does not have well established and documented reporting routes for staff, contractors and members of the public to report incidents of fraud, bribery and corruption, or where reporting routes exist, it is not publicised, or it is out of date.	Every fraud presentation covers ways in which staff can report any suspicions or concerns about fraud both internally and the external NHS Fraud Reporting Line. All referrals are recorded on the case management system
8 Report identified loss There is evidence to indicate that the completeness and timeliness of information recorded on the approved NHS fraud case management system is regularly and soundly evaluated and that, where appropriate, findings lead to improvements.	The organisation records all reports of suspected fraud, bribery and corruption, investigative activity, including all outcomes, recoveries and system weaknesses identified during the course of investigations and/or proactive prevention and detection exercises, on the approved NHS fraud case management system in line with	The organisation does not use the approved NHS fraud case management system to record all reports of suspected fraud, bribery and corruption, investigative activity, including all outcomes, recoveries and system weaknesses identified during the course of investigations and/or proactive prevention and detection exercises.	All progress and outcomes are recorded on the case management system. Part of the investigation is to identify weaknesses in policies or procedures which are recorded in the investigation report. Appropriate action is taken to prevent similar incidents happening again.

	NHSCFA guidance.		
9 Access to trained investigators the organisation has notified any or all changes to nominations to the NHSCFA as soon as reasonably practicable. There is an accredited, nominated and appropriately trained person(s) who is employed or contracted in and conducts the full range of counter fraud, bribery and corruption work on behalf of the organisation	Not applicable to this requirement	There is no accredited person (or persons) employed or contracted in to carry out the full range of counter fraud, bribery and corruption work on behalf of the organisation.	NWSSP has access to two accredited fraud investigators in full time employment. There are 2 vacancies in the Counter Fraud Department of which one is advertised and the vacancy for the department manager will be advertised towards the end of October.
10 Undertake detection activity Where anomalies are identified which may be indicative of fraud, bribery and corruption, the organisation carries out proactive exercises to address them. Resulting recommendations are actioned	The organisation can demonstrate that it uses relevant information and intelligence to identify anomalies that may be indicative of fraud, bribery and corruption.	There is no evidence that the organisation uses relevant information and intelligence to identify anomalies that may be indicative of fraud, bribery and corruption.	The CF service regularly reviews department policies to identify areas which may be vulnerable to fraud, bribery or corruption. In addition to that proactive work is undertaken by engaging with other departments, for example Accounts Payable, Procurement and Internal Audit
11 Access to and completion of training The organisation has an ongoing programme to raise awareness of fraud, bribery and corruption issues among all staff, using a range of	The organisation has an ongoing programme to raise awareness of fraud, bribery and corruption issues among all staff using a range of methods. This may	The organisation has not raised awareness of fraud, bribery and corruption issues among staff and has not attempted to create a counter fraud, bribery and corruption culture.	Fraud awareness sessions are regularly given to departments and new employees which is tailor-made to the audience to ensure it is relevant. A counter fraud newsletter is published every 4 months which gives details of counter fraud contacts

methods that are appropriate to different staff groups. There is evidence that presentations and other awareness materials are targeted to specific staff groups	include induction, presentations, newsletters, posters and other awareness materials. The awareness work carried out is in line with NHSCFA's strategy		
12 Policies and registers for gifts and hospitality and Conflicts of Interest The organisation has a managing conflicts of interest policy and registers that include gifts and hospitality that is proactively communicated to all staff.	The organisation has a managing conflicts of interest policy and registers that include gifts and hospitality that is available to all staff and includes the appropriate references to fraud, bribery and corruption and the requirements of the Bribery Act 2010	The organisation does not have a managing conflicts of interest policy and registers that include gifts and hospitality or does not publicise it where one exists.	NWSSP has policies that cover conflicts of interest and gifts and hospitality. The Head of Finance and Business Development manages the Conflict of Interest register and liaises with counter fraud if appropriate.

Appendix 1

Total number of Days for the 2021/22 Financial Year is 75*.

***As stated elsewhere in this document, the number of days proposed does not reflect the risk profile of NWSSP, but the plan is constrained by available resource. Plans to increase the available LCFS capacity to NWSSP are in progress and the number of days in the plan will be revisited once additional resource has been procured. Additional help will be procured from either CFSW and/or Internal Audit as appropriate.**

COUNTER FRAUD SUMMARY PLAN ANALYSIS 2021/22

AREA OF WORK	NWSSP
General Requirements	
Production of Quarterly Reports to Audit Committee	3
Attendance at Audit Committees	3
Planning/Preparation of Annual Report and Work Programme	4
Annual Activity	
Creating an Anti-Fraud Culture	0
Presentations, Briefings, Newsletters etc.	14
Other work to ensure that opportunities to deter fraud are utilised	1
Prevention	
The reduction of opportunities for Fraud and Corruption to occur	0
Detection	
Pro-Active Exercises (e.g. Procurement)	17
National Fraud Initiative 2020/21	2
Investigation, Sanctions and Redress	
The investigation of any alleged instances of fraud	25
Ensure that Sanctions are applied to cases as appropriate	4
Seek redress, where fraud has been proven to have taken place	2
Pooled days to be used on “as and when” basis	0
TOTAL VELINDRE UNIVERSITY NHS TRUST	**75**

Agreed by and signed by

Signature: **Date:**

Andy Butler
Finance Director – NHS Wales Shared Service Partnership

Signature: **Date:**

Nigel Price
Counter Fraud - Cardiff and Vale University Health Board

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
AGENDA ITEM	3.2
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	Raising Our Game Action Plan

PURPOSE

To present the Raising Our Game Action Plan to the Committee for assurance purposes.

1. BACKGROUND

The "Raising Our Game" report from Audit Wales on the state of Counter Fraud provision across the Welsh Public Sector was published in the summer of 2020 and was considered in depth at the November Counter Fraud Steering Group meeting. The conclusion of the report is that NHS Wales is in a relatively strong position in terms of Counter Fraud arrangements when compared to that in both central and local government in Wales. However, it is recognised that there is more that can be done, particularly in the areas of training, data analytics, policies, and collaboration.

The Action Plan that was documented in response to the report was presented to the April 2021 Audit Committee for information and it was agreed that the Action Plan would be brought back to the Committee on a six-monthly basis. The Action Plan is considered and updated at each of the quarterly meetings of the Counter Fraud Steering Group.

Much of the Action Plan is on-going, and had previously been addressed as part of the Fighting Fraud Strategy, but the areas that are currently of key focus are:

- Resourcing – ensuring there is sufficient LCFS resource across NHS Wales organisations;
- Training – disparities are evident in the numbers of staff being trained in fraud awareness across NHS Wales; and
- Data Analytics – due to some information governance concerns, progress has been delayed in accessing National Fraud Initiative data to provide strategic oversight and to lean lessons to improve controls.

2. RECOMMENDATION

The Audit Committee are asked to:

- **NOTE** the Raising Our Game Action Plan.

Counter Fraud Steering Group – Raising Our Game Action Plan (October 2021)

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
Leadership and Culture					
Key Findings – ***The NHS Counter Fraud Service provides leadership, specialist investigation skills, support and guidance to the sector, and a Counter Fraud Steering Group provides strategic direction and oversight. This leadership model delivers a coordinated approach to counter-fraud across the NHS in Wales and a good counter-fraud culture complemented by inbuilt scrutiny of the arrangements. The legal framework specific to the NHS Wales and the levels of investment give counter-fraud a high profile and robust enforcement and recovery mechanisms. At a local level, strategic leadership was evident within Health Boards through the dissemination of a consistent message, both internally and externally, that fraud is not tolerated.***					
1	The Welsh Government should enhance its strategic leadership of counter fraud across the public service in Wales, playing a co-ordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities. ***(N.B. Whilst the recommendation is aimed at Welsh Government and the public sector overall, we have assessed our position in terms of the specific relationship between Welsh Government and the NHS).***		• Good relationships between Counter Fraud Services Wales (CFSW) and Heads of Fraud and Internal Audit at Welsh Govt; • WG Head of NHS Financial Management on Counter Fraud Steering Group CFSG; • WG signed off Fighting Fraud Strategy; • WG liaison with NHS Counter Fraud Authority (NHSCFA) on strategic requirements. • Enhanced LCFS representation at CFSG.	• Maintain and enhance relationships between CFSW, Local Counter Fraud Specialists (LCFS), CFSG and Welsh Government (WG). • Update Fighting Fraud Strategy as necessary.	• Set up a sub-group to review the Fighting Fraud Strategy in the early part of 2022/23 and then take back to CFSG for sign-off. • Invite Steve Tooby, Head of Counter Fraud Services, WG to occasional CFSG to present on issues from WG perspective.

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
2	All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.		• NHS Wales has a defined Counter Fraud Service CFSW/LCFS/NHSCFA • Strategic oversight and direction via the CFSG • Fighting Fraud Strategy • Counter Fraud Newsletters • Staff Induction Sessions • Role of Audit Committees in promoting zero tolerance and approval of workplans; • Use of intranet and direct comms e.g. to Primary Care Contractors. • GD Member of Finance Academy Governance Group • Rolling programme of training regularly reviewed by at least some LCFS.	• Review training packages for staff. • Share good practice via Lead LCFS Forum – ascertain what is provided across each UHB/Trust. • Consider whether E-Learn should be mandatory across NHS Wales. If not possible for all staff target training at those that are considered as high risk and/or used tiered training dependent on risk. Use Finance Academy to progress this.	• E-Learn currently being reviewed – slow progress so needs to be escalated. Aiming for completion by Spring 2022. • Targeted training delivered recently within NWSSP – e.g. Accounts Payable.

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
Risk Management and Control Framework					
Key Findings – ***National Fraud Risk Alerts are produced by the NHS Counter Fraud Authority. These are routinely circulated to all LCFSs and Directors of Finance across NHS Wales. The LCFSs are also required to conduct their own local risk assessments. The Counter Fraud Steering Group has undertaken an overall risk assessment and produced assurance maps in respect of each main area of fraud. These maps will be used to target areas of proactive work.***					
3	All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.		• National Fraud Risk Alerts • Use of national intelligence to produce local risk assessments • Assurance Maps • Access to NHSCFA risk assessments • Involvement in NHSCFA exercises e.g. Procurement • Enhanced liaison with PPE teams, Audit Wales and Internal Audit. • Bank of risk assessments for each health body – should be evidenced via compliance with Cabinet Office Standards.	• Revisit and review Assurance Maps • Review recent returns required by NHS Cabinet Office Standards – review by NHS CFA (submitted at end of May). • Ask NHSCFA (RR) to provide update on review process against new standards.	• Review assurance maps by March 2022. • Need to collate risk assessments across NHS Wales to provide a national view on risks – by autumn 2021.
4	Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.		• Annual Workplans informed by Risk Assessments • Assurance Maps • Sharing of emerging risks between key stakeholders; • NHS Wales is part of the Wales Fraud Forum	• Strengthen links between fraud risk assessments and risk registers.	As Action 3.

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
Policies and Training					
Key Findings – ***NHS bodies have each developed comprehensive counter-fraud strategies informed by an over-arching national strategy. There are good examples of awareness-raising in the NHS where the LCFS has an on-going work programme to develop and maintain an anti-fraud culture within their Health Board. These programmes include the preparation of presentations and publications to raise awareness of fraud. There are also examples of LCFS undertaking staff surveys to capture the levels of staff awareness of fraud in order to act if necessary. In addition, the NHS has developed a fraud awareness e-learning package for all staff and levels of compliance across organisations are reported to the Directors of Finance on a quarterly basis. However, counter-fraud training for new staff is generally not a mandatory requirement.***					
5	All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.		• NHS Counter Fraud Manual • NHS Wales Fighting Fraud Strategy • NHSCFA Central Guidance • Codes of Conduct • Gifts & Hospitality Register • Whistleblowing Policy • Audit Committee approval of workplans and all associated documents	No further action considered necessary at this stage and assurance should be obtained by review of compliance with the Cabinet Office Standards.	
6	Staff working across the Welsh Public Sector should receive fraud awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.		• LCFS Work Programmes include promoting fraud awareness • Existing Staff Induction and targeted training • Staff Surveys • E-Learning Packages • Training statistics reported quarterly to CFSG and DoFs	• Review and update current training packages; • Consider making training mandatory and/or targeted at specific staff; • Review accuracy of reported training figures • See update on Action 3.	Meetings have been held recently with the Finance Academy Governance Group to seek their assistance in improving the quality of the e-learning module and to gain views on whether to make this training mandatory.

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			• Audit Committee Chairs have fraud as a standing agenda item in their meetings;		
7	Cases where fraud is identified and successfully addressed should be publicised to reinforce a robust message from the top that fraud will not be tolerated.		• NHS Counter Fraud Newsletter • NHS Websites • Participation in BBC/S4C programmes • Strong relationship with local media.	• Continue to seek new avenues to ensure that newsletter is more widely circulated. • Make greater use of social media to highlight cases. • Use LCFS Forums to check current arrangements and to provide assurance that circulation is adequate.	• There is no national newsletter but HBs happy to produce their own. • Reviewed circulation and considered sufficient at current time.
Capacity and Expertise					
Key Findings – *Counter-Fraud is generally better resourced in the NHS than other public sector bodies and there has been an increase in LCFS resource over recent years. There is a central team within the NHS Counter Fraud Services Wales which investigates complex, large scale frauds and provides a financial investigation resource. The team also provides guidance, intelligence and investigative support to the network of finance directors and LCFS at health bodies in Wales. In addition, Welsh Government Directions require that each health body should appoint at least one LCFS who is an accredited counter-fraud professional. These LCFS are the primary points of contact for counter-fraud work at their respective health bodies and have a key role in fraud prevention and detection. Increasing staffing levels above the minimum number is a matter of local discretion. The mixture of LCFS and support and guidance from the NHS Counter Fraud Service and the Counter Fraud Steering Group has resulted in improved counter-fraud arrangements within the NHS sector in comparison to the other sectors. However, whilst LCFS staff are often shared between individual Health Boards, they are not pooled across the entire sector. As a result, the relatively low counter-fraud staff numbers in some Health Boards can cause issues if staff members are absent from work. There is a general recognition that more proactive work should be undertaken.*				
8	All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced		• LCFS – recent years has seen growth in numbers from 14 to 20 WTE	• There is a need to review current provision in some	• Cabinet Office Standards provide independent assessment of current

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
	effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.		• CFSW – investment in Financial Investigators • NHS CFA - NHS Wales has access to specialist Counter Fraud support services • Cabinet Office Standards - Counter Fraud Staff\Processes\procedures are Quality Assured against National Standards.	health bodies to ensure it is sufficient. • Pursue opportunities for sharing and/or pooling of resource on all-Wales basis. • Need to look at succession planning/cover arrangements.	adequacy of resource at each UHB/Trust – needs to be tested and reviewed. • Wider All-Wales DoF discussion being pursued on total resource. • NWSSP looking at increasing resource – particularly given long-term absence and subsequent retirement of Local LCFS.
9	All public bodies should have access to trained counter-fraud staff that meet professionally recognised standards**.**		• All Health Boards have Accredited LCFS • CFSW consists of Accredited investigators and financial investigators • NHS CFA – services are provided to NHS Wales by staff who work in a specialised organisation who are experts in their field • QA Standards – Counter Fraud Staff \ Processes \procedures are Quality	• Measure performance against revised Cabinet Office Standards • Consider appointment of DoF as Fraud Champion (as part of Cabinet Office Standards)	DoF cannot be appointed as Fraud Champion – therefore either Board Secretary/Director of Corp Gov or Deputy Dof most likely to fulfil this role.

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			Assured against National Standards.		
10	All public bodies should consider models adopted elsewhere in the UK relating to the pooling/sharing of resources in order to maximise the availability of appropriately skilled staff.		• Sharing of staff across Health Boards and Trusts in place (e.g. Swansea provide services to Powys and CTUHB; C&V provide services to Trusts). • CFSW provide support to cover vacant posts	• Consider how resources can be better pooled across NHS Wales and particularly financial investigator capacity.	• COVID-related sickness is severely affecting the resource provided to and by C&V UHB. • All-Wales DOF discussion. • Steve Tooby to attend some meetings of CFSG
Tools and Data					
Key Findings – ***NHS bodies all use the same case management system to record and monitor the progress of potential fraud cases. Data Analytics are used to detect fraud in following up on NFI data matches for example, but previous audit work has shown that the level of engagement with the NFI varies considerably across Welsh public bodies.***					
11	All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforces the tone from the top that the organisation does not tolerate fraud.		• Case Management System – new CLUE system will calculate savings and losses rather than just recoveries. • Full range of possible sanctions employed. • Action taken immediately to prevent fraud from occurring/increasing. • Cases triaged to decide whether conducted by LCFS, CFSW, or NHSCFA. • Action is taken to communicate widely the		Clue System introduced 1 April 2021 – dual running with FIRST until all cases closed on latter system. System is considered to be working well.

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			result of successful enforcement to promote the message that fraud is not tolerated.		
12	All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.		• Access to NFI Database • Audit Wales presentation to CFSG on Data Analytics. • NWSSP employed Data Analyst in 2020. • PPV investigation of Outliers. • Proactive investigations undertaken using data analytics e.g. Pharmacy, Optical Claims. • Cyber Security dummy exercises undertaken based on identified fraud risks.	• Undertake strategic review of NFI to identify key themes and opportunities to strengthen controls. • Work with Employment and Recruitment Agencies to enable their data to be shared on NFI. • CFSW liaising with Audit Wales on taking their data analytics forward.	• Initiative signed off by DoFs but currently stalled due to IG concerns. These mainly relate to Payroll data and therefore may focus initially on Creditor information. • Work on-going to make the database more meaningful for NHS Wales. • Joint work with Audit Wales on data analytics on pharmacy claims - SLA signed off between PCS, CFSW and Audit Wales for Pharmacy data.
Collaboration					
Key Findings – ***Because of the tiered approach to counter-fraud within NHS Wales and the established formal partnerships with the NHS CFA, there is good access to specialist fraud investigation teams such as surveillance (in pre-COVID times), computer forensics, asset recovery and financial investigations. The NHS Counter Fraud Service Wales provide the surveillance, asset recovery and financial investigations service to NHS Wales, while the NHS CFA provide forensic computing services and other specialist support services to NHS Wales, under the terms of their annual agreement with the Welsh Government.***					

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
13	Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.		• SLA with NHS CFA to provide specialist CF support services and representation on CFSG • Information Sharing Protocols – PPV/IA/CFSW/LCFS • CFSW share knowledge with, and attend meetings of, the Economic Crime Unit run by South Wales Police. • MoU with HMRC • Intelligence Sharing arrangements with WG, DWP, Immigration and Borders. • Membership of Wales Fraud Forum (Steve Tooby (WG) is vice-chair and Head of CFSW is member of Steering Group comprising public and private sector representatives).	• As above, strategic review of NFI would help to take this issue forward. • Establish Information Sharing Protocols with Local Authorities.	Steve Tooby looking to access information from NHS on mandate frauds to help Local Authorities**.**

Reporting and Scrutiny

Key Findings – ***The arrangements within NHS Wales to record, collate and share information about fraud losses and recoveries are well established. The NHS Counter Fraud Service collates information on the number of fraud cases and recoveries from each health body as a matter of course. There are quarterly and annual operational performance reports which summarise information about resources, referrals and the work of the Counter-Fraud Service and LCFS based at each health body. These reports are reviewed by the Counter Fraud Steering Group and shared with Directors of Finance and the Audit Committee of each health body, helping to facilitate meaningful comparisons within the sector. The NHSCFA also reports to the Welsh Government on a quarterly basis.***

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
14	Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, enhance monitoring, and support targeted action.		• Quarterly reporting to CFSG and NHS Directors of Finance • NHS CFA quarterly and Annual reports to Welsh Government, CFSG and Directors of Finance • Links with NHS BSA (esp. PPV) • CFSW attend NHSE Counter Fraud Management Group • CFSW presents to WG HSS Audit and Risk Committee • CFSW attend Health Inspectorate Wales Summits • Membership of Wales Fraud Forum • Presentations to CFSG from CIFAS	• Establish more opportunities for information sharing with rest of UK • As increased WG partnership funding is being channelled through NHS to Local Authorities and the 3rd Sector – there is a need to ensure procedures exists to protect against fraud. • Head of CFS Wales has discussed the inclusion of NHS data in the Digital Economy Act with Head of Audit and Head of Fraud at WG and this will be considered post CV 19 situation	• CLUE captures useful information which will support benchmarking arrangements in 2nd half of 2021/22. • CIFAS presented to CFSG in June 2021. CFSG reviewing what they are able to provide by way of assistance to NHS Wales – at present not considered to be particularly beneficial.
15	Audit Committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.		• Regular reporting to, and attendance at, Audit Committees. • Approval of workplans and increased resource by Audit Committees. • Good engagement with Audit Committee Chairs' meeting.	• Audit Committee Chairs to consider adoption of the Government Counter Fraud Functional Standards – **complete**.	Audit Cttee chairs more engaged with Cabinet Office standards. Appointing Board Secretary as Fraud Champion will also help to ensure that Audit Committee better engaged with counter-fraud arrangements.

Key to Status

	All required actions complete*
	Some further minor actions required
	Significant actions still required
	Major action required

**There may be instances where an assessment is green as we are content with the current position, but where we choose to take further action to enhance and develop the current position.*

Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership

Annual Report 2020-2021

1. FOREWORD

I am pleased to present the Annual Report of the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership. It outlines the coverage and results of the Committee's work for the year ending 31 March 2021.

During the year, I was supported by Independent Members, Mr Gareth Jones, and Mrs Jan Pickles, who offered considerable knowledge and wide-ranging experience to the Committee. I would like to take this opportunity to put on record my sincere thanks for the significant contribution made by both during the year.

I would like to express my thanks to all the Officers of the Committee who have supported and contributed to the work carried out and for their commitment in meeting important targets and deadlines. I also wish to record my appreciation for the support and contribution given by Internal Audit at NWSSP, Local Counter Fraud Services and by Audit Wales.

Despite a very challenging year due to the pandemic, meetings have been well attended, and there was constructive dialogue and challenge throughout. All meetings have been held virtually and have generally worked well. A characteristic of the Committee's work and its related meetings has been the willingness of all parties to raise issues, acknowledge shortcomings and put forward positive suggestions to help bring about meaningful improvements to services, systems, and day-to-day working practices. This approach is to be welcomed and is very much appreciated by the Committee.

I am keen to foster and promote a culture of continual improvement and, as a Committee, we continued to conduct a brief effectiveness review session at the end of each meeting and introduced topical service presentations to the agenda in order to strengthen and engage in a meaningful way with this process. The issuing of electronic Committee papers has contributed to effective sustainable development and has helped to reduce our environmental impact.

Going forward, the Committee intends to continue to pursue a full programme of work covering a wide range of topics and subject areas as part of its long-term aim to help further strengthen the governance arrangements of NWSSP, in order to achieve better value for money and high quality, sustainable outcomes for NHS Wales.

Mr Martin Veale JP
Chair of the Velindre University NHS Trust Audit Committee for NWSSP

2. INTRODUCTION

The Committee's business cycle runs from the closure of the Annual Accounts in one financial year to the next. This reflects its key role in the development and monitoring of the Governance and Assurance framework for NWSSP, which culminates in the production of the Annual Governance Statement.

This report sets out the role and functions of the Audit Committee and summarises the key areas of business undertaken during the year. In addition, the report sets out some of the key issues, which the Committee will be focussing on over the next few years.

3. ROLE, MEMBERSHIP, ATTENDEES AND COMMITTEE ATTENDANCES

3.1 Role

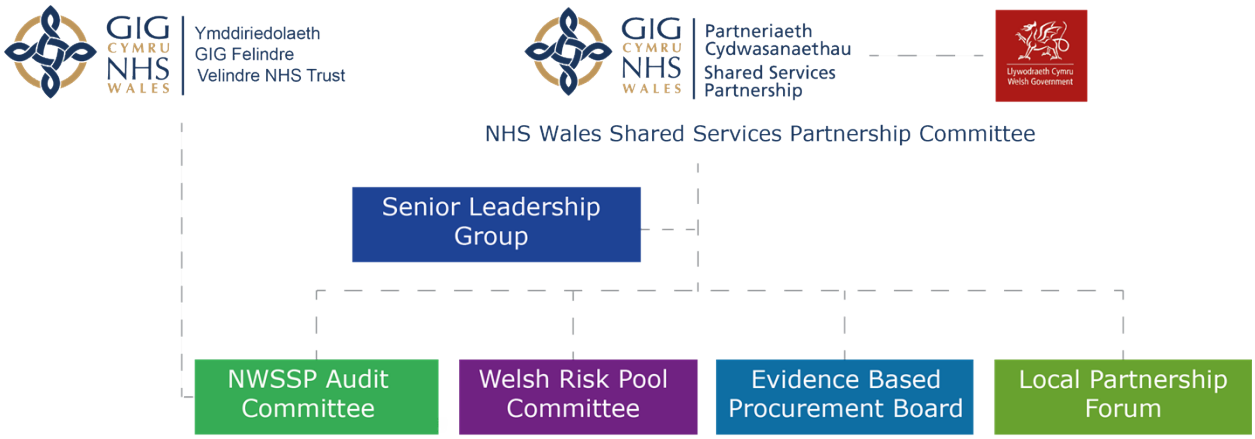
The Audit Committee advises and assures the Shared Services Partnership Committee (SSPC) on whether effective governance arrangements are in place through the design and operation of the SSPC Assurance Framework. This framework supports the SSPC in its decision-making and in discharging its accountabilities for securing the achievement of NWSSP's objectives in accordance with the standards of good governance determined for the NHS in Wales.

The organisation's system of internal control has been designed to identify the potential risks that could prevent NWSSP achieving its aims and objectives. It evaluates the likelihood of the risks being realised, considers the impact should they occur and seeks to manage them efficiently, effectively, and economically. Where appropriate, the Committee will advise the SSPC (and Velindre University NHS Trust, where appropriate) and the Accountable Officer(s) on where and how the Assurance Framework may be strengthened and developed further.

The Committee's Terms of Reference are reviewed annually and are included within the Standing Orders for the SSPC and Velindre University NHS Trust.

Detail of the overall Assurance Framework is set out in **Figure 1** overleaf:

Figure 1: Overall Assurance Framework



Underpinned through the overarching Velindre University NHS Trust legal and assurance framework

The above framework is to be strengthened in 2021/22 with the addition of a Quality & Safety Committee.

3.2 Membership

Given the hosting and specific governance responsibilities of Velindre in relation to NWSSP, Velindre University NHS Trust's Audit Committee also acts as the Audit Committee for NWSSP. As such, the same three Independent Members sit on both Audit Committees.

3.3 Attendees

The Committee's work is informed by reports provided by Audit Wales, Internal Audit, Local Counter Fraud Services and NWSSP personnel. Although they are not members of the Committee, auditors, and other key personnel from both Velindre University NHS Trust and NWSSP are invited to attend each meeting of the Audit Committee. Invitations to attend the Committee meeting are also extended where appropriate to staff where reports relating to their specific area of responsibility are discussed.

3.4 Attendance at Audit Committee 2020-21

During the year, the Committee met on four occasions. All meetings were quorate and were well attended as shown in **Figure 2** overleaf:

Figure 2: Meetings and Member Attendance 2020-21

In Attendance	April 2020	June 2020	Oct 2020	Jan 2021	Total
Committee Members					
Martin Veale, Chair & Independent Member	✓	✓	✓	✓	**4/4**
Gareth Jones, Independent Member	✓	✓	✓	✓	**4/4**
Janet Pickles, Independent Member	✓	✓	✓	x	**3/4**
Audit Wales					
Audit Team Representative	✓	✓	✓	✓	**4/4**
NWSSP Audit Service					
Director of Audit & Assurance	✓	✓	✓	✓	**4/4**
Head of Internal Audit	✓	✓	✓	✓	**4/4**
Counter Fraud Services					
Local Counter Fraud Specialist	x	✓	✓	✓	**3/4**
NWSSP					
Margaret Foster, Chair NWSSP	✓	✓	✓	✓	**4/4**
Neil Frow, Managing Director	✓	✓	✓	✓	**4/4**
Andy Butler, Director of Finance & Corporate Services	✓	✓	✓	✓	**4/4**
Peter Stephenson, Head of Finance & Business Development	✓	✓	✓	✓	**4/4**
Roxann Davies/Carly Wilce Corporate Services Manager	✓	✓	✓	✓	**4/4**
NWSSP Secretariat	✓	✓	✓	✓	**4/4**
Velindre University NHS Trust					
Mark Osland, Director of Finance	✓	✓	✓	✓	**4/4**
Lauren Fear, Director of Corporate Governance	✓	✓	✓	✓	**4/4**

4. AUDIT COMMITTEE BUSINESS

The Audit Committee provides an essential element of the organisation's overall assurance framework. It has operated within its Terms of Reference in accordance with the guidance contained within the NHS Wales Audit Committee Handbook.

The Audit Committee agenda broadly follows a standard format, comprising four key sections; External Audit, Internal Audit, Counter Fraud Services and 'Internal Control and Risk Management'. These are discussed further below.

4.1 External Audit (Audit Wales)

Audit Wales provides an Audit Position Statement at each meeting, summarising progress against its planned audit work. The following additional reports were presented during the year:

- Management Letter 2019/20
- Audit Wales Nationally Hosted NHS IT Systems Assurance Report
- Audit Wales "Raising our Game" on tackling fraud in Wales
- Audit Wales Audit Assurance Arrangements 2021
- Audit Wales Procuring and supplying of PPE during Covid-19
- Audit Wales Data Analytics
- Audit Wales Maintaining Good Governance in the NHS during the Covid-19 crisis

Audit Wales have stated that the findings of their work enable them to place reliance on the services provided by NWSSP.

Unfortunately, the Committee was not provided with any notice of the decision made by Audit Wales not to undertake on-site stocktakes due to the Covid pandemic, and so did not have the opportunity to discuss the consequences of this upon the accounts of Velindre University NHS Trust for year ended 2020/21.

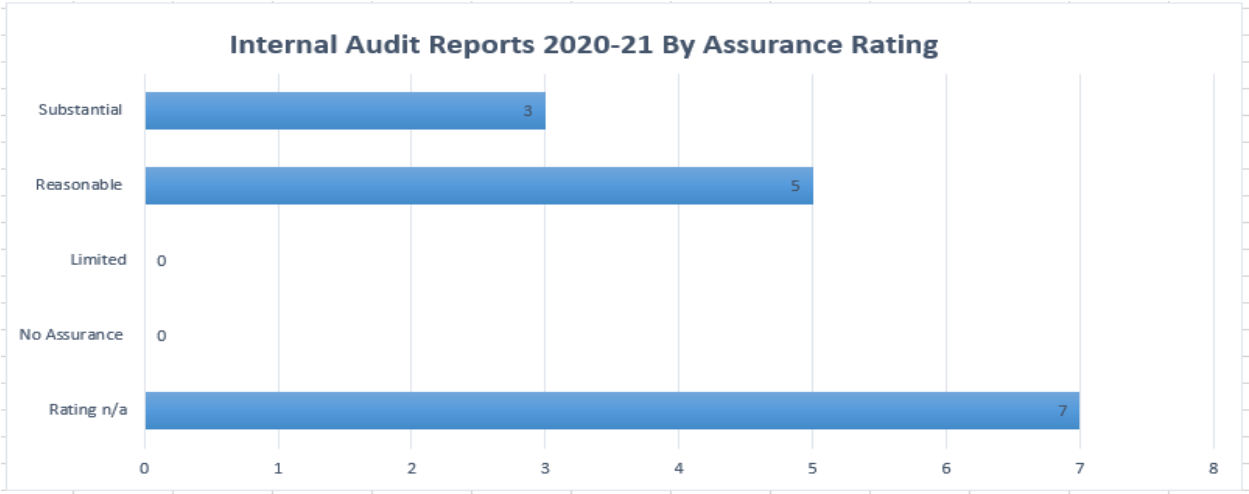
4.2 Internal Audit

Internal Audit have continued to support the organisation in the development and improvement of its governance framework by providing proactive advice and support on new developments and ensuring that the existing systems and processes of control are reviewed, weaknesses identified, and suggestions for improvement made.

15 Internal Audit reports were generated during 2020-21 and they achieved assurances as follows:

- 3 reports achieved Substantial assurance
- 5 reports achieved a Reasonable assurance
- 7 Advisory reports were generated (where assurance is not applicable)

Figure 3: Internal Audit Reports 2020-21 by Assurance Rating



During 2020-21, the reports to Committee on Internal Audit's programme of work included:

- Internal Audit Position Statement at each meeting;
- Head of Internal Audit Opinion and Annual Report;
- Quality Assurance and Improvement Programme Report;
- Internal Audit Operational Plan; and
- 15 Internal Audit Reports, as detailed in Appendix A.

Head of Internal Audit Opinion and Annual Report

Figure 4: Head of Internal Audit Opinion: Reasonable Assurance

 Reasonable	The Shared Services Partnership Committee can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

4.3 Local Counter Fraud Services

The work of the Local Counter Fraud Services is undertaken to help reduce and maintain the incidence of fraud (and/or corruption) within NWSSP to an absolute minimum. Regular reports were received by the Committee to monitor progress against the agreed Counter Fraud Plan, including the following:

- Counter Fraud Progress Update at each meeting;
- Counter Fraud Annual Report 2019/20;
- Counter Fraud Work Plan 2020/21; and
- Counter Fraud Newsletter.

As part of its work, there is a regular annual programme of raising fraud awareness, for which a number of days are allocated and included as part of a Counter Fraud Work Plan which is approved annually by the Audit Committee. In addition to this a quarterly newsletter is produced which is available to all staff on NWSSP's intranet; all successful prosecution cases are publicised to obtain the maximum deterrent effect.

The pandemic did significantly affect the provision of the Counter Fraud service during 2020-21. In the early months of the pandemic, staff from the Cardiff & Vale UHB team, who supply services to NWSSP, were re-deployed onto front-line duties. In recent months, the designated Local Counter Fraud Specialist (LCFS) has been on long-term sickness absence due to a very serious COVID illness. At the same time, the fraud risk profile for NWSSP has increased, not least due to the substantial sums of money passing through the organisation to procure and store Personal Protective Equipment (PPE) and other medical consumables and equipment. I am aware that meetings have been held between the Finance Directors of NWSSP and Cardiff & Vale UHB, and that NWSSP are looking to invest to increase resource in this area, and I am therefore hopeful that there will be a resolution to this issue shortly.

4.4 Internal Control and Risk Management

In addition to the audit reports dealt with by the Committee during the reporting period, a wide range of internally generated governance reports/papers were produced for consideration by the Audit Committee including:

***Annual Governance Statement*:** During 2020-21, the NWSSP produced its Annual Governance Statement which explains the processes and procedures in place to enable NWSSP to carry out its functions effectively. The Statement was produced following a review of NWSSP's governance arrangements undertaken by the NWSSP Senior Management Team and the Head of Finance and Business Development. The Statement brings together all disclosures relating to governance, risk, and control for the organisation.

***Tracking of Audit Recommendations*:** The Committee has continued focus on the timely implementation of audit recommendations. The overall position with this is very positive but occasionally requests are made to extend the date of an agreed action due to a change in circumstance. All such requests have to be approved by the Committee and an action can only be extended once.

Audit Committee Effectiveness Survey: An anonymised Committee Effectiveness Survey was undertaken to obtain feedback from Committee members on performance and potential areas for development. The statements used in the survey were devised in accordance with the guidance outlined within the NHS Audit Committee Handbook and aligned with the statements used by Velindre University NHS Trust for its Effectiveness Survey.

The results of the survey were very positive and highlighted that 80% of respondents agree that their experience of remote meetings have been effective and that 100% agree that the content of the organisations system of assurance are robust. Operating an e-board software system has allowed us to significantly reduce our paper/printing usage reducing our carbon footprint and impact on the Environment, supporting our commitments to ISO 14001 certification and Wellbeing of Future Generations goals.

A full list of the internal reports/papers considered by the Audit Committee in 2020-21 is attached at **Appendix B** for information.

4.5 Private Meeting with Auditors

In line with recognised good practice, a private meeting was held in January 2021 between Audit Committee members, Internal Audit, External Audit, and the Local Counter Fraud Specialist. This provided an opportunity for any matters of concern to be raised without the involvement of Executives. No issues of concern arose from the meeting. All auditors are also aware that they can directly approach the Chair at any time with any matters that concerns them.

5. REPORTING AND COMMUNICATION OF THE COMMITTEE'S WORK

The Committee reports a summary of the key issues discussed at each of its meetings to the SLG, SSPC and to Velindre University NHS Trust Board by way of an Assurance Report. In addition, this Annual Report seeks to bring together details of the work carried out during the reporting period, to review and test NWSSP's Governance and Assurance Framework. The outcome of this work has helped to demonstrate the effectiveness of NWSSP's governance arrangements and underpins the assurance the Committee was able to provide to both the SLG, SSPC and Velindre University NHS Trust.

6. CONCLUSION AND FORWARD LOOK

The work of the Audit Committee in 2020-21 has been varied and wide-ranging. The Committee has sought to play its part in helping to develop and maintain a more effective assurance framework and improvements have been evidenced by the findings of internal and external audit.

The COVID-19 pandemic had a significant impact on NWSSP throughout the year and initially rapid changes to systems and processes were required to respond to the pandemic and to continue to deliver existing services. The establishment of the Finance Governance Group helped to maintain control over very large financial commitments on PPE and other medical equipment, whilst giving Procurement colleagues the agility to respond quickly in a very competitive and challenging marketplace. Reports have been provided to each Committee on NWSSP's response to COVID and these include not only detail on the financial commitments, but also assurance over the measures put into place to both protect the health and well-being of NWSSP staff, whilst

continuing to maintain services to its existing (and new) customer base. The Audit Committee will continue to review the increased challenges facing NWSSP in response to the pandemic.

In addition, the Audit Committee will continue to adopt the following priorities for 2021-22:

- A higher standard of assurance, through strengthening existing governance processes, particularly in relation to corporate risk management and assurance mapping;
- A continued focus on the timely implementation of audit recommendations; and
- Capturing lessons learned and reviewing how we develop as a Committee, considering better value for money and service improvement. Whilst we all hope that some normality may return as we emerge from the pandemic, we also do not want to lose the benefits that have accrued over the last year. Virtual meetings are likely to remain in some form as they offer opportunity to reduce travelling time and costs, and generally make the meetings more accessible to all.

APPENDIX A

List of Internal Audits Undertaken and Assurance Ratings

Internal Audit Assignment	Assurance Rating 2020-21	Date Presented To Audit Committee
Credit Card Expenditure	Substantial	October 2020
Primary Care Contractor Payments (All Wales)	Substantial	June 2021
Welsh Risk Pool Services	Substantial	June 2021
Covid-19 Premises Safety	Reasonable	April 2021
Student Awards Services	Reasonable	April 2021
Payroll Services	Reasonable	April 2021
Procure to Pay (P2P)	Reasonable	June 2021
Head of Internal Audit Opinion & Annual Report	Reasonable	June 2021
Financial Governance Arrangements During Covid-19 Pandemic	Advisory Report	October 2020
Declarations of Interest	Advisory Report	January 2021
Covid-19 Divisional Preparedness and Resilience review	Advisory Report	January 2021
PCS Payment System Data Migration	Advisory Report	April 2021
PCS Payment System Project Management	Advisory Report	April 2021
Brexit Preparations	Advisory Report	June 2021
Single Lead Employer (SLE)	Advisory Report	June 2021
Substantial Assurance Rating	*3*	
Reasonable Assurance Rating	*5*	
Limited Assurance Rating	*0*	
No Assurance Rating	*0*	
Assurance Not Applicable	*7*	
Total	**15**	

APPENDIX B

Internally Generated Assurance Reports/Papers

Report/Paper	Every Meeting	Annually	As Appropriate
Tracking of Audit Recommendations	✓		
Governance Matters	✓		
Corporate Risk Register	✓		
Audit Committee Forward Plan	✓		
Annual Governance Statement		✓	
Audit Committee Effectiveness Review and Results		✓	
Audit Committee Annual Report		✓	
Audit Committee Terms of Reference		✓	
Assurance Mapping		✓	
Freedom of Information (FOI) Annual Report		✓	
NWSSP Integrated Medium Term Plan (IMTP)		✓	
NWSSP Annual Review		✓	
Welsh Language Annual Report		✓	
Review of Stores Write-Offs		✓	
Review of the Shared Services Partnership Committee's Standing Orders (SSPC SOs)			✓

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
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	NWSSP Audit Committee Effectiveness Survey 2021
PURPOSE To present the Committee with a copy of the feedback received from completion of the annual Audit Committee Effectiveness Survey, as set out at **Appendix 1**.	

1. INTRODUCTION

The mandate of the Audit Committee is to **advise** and **assure** the Shared Services Partnership Committee (SSPC) and the Accountable Officer on whether effective arrangements are in place, regarding the design and operation of NWSSP's system of governance and assurance. This supports the SSPC in its decision making and in discharging its accountabilities for securing the achievement of the NWSSP's objectives in accordance with the standards of good governance determined for the NHS in Wales.

Section 8.2.1 of the SSPC Standing Orders states:

> "*The SSPC shall introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Sub-Committees, Expert Panel and any other Advisory Groups. Where appropriate, the SSPC may determine that such evaluation may be independently facilitated.*"

In order to gauge the Committee's effectiveness, an electronic survey has been devised to obtain the views of Committee members across a number of themes:

- Compliance With Law And Regulations Governing NHS Wales
- Internal Control and Risk Management
- Internal Audit
- External Audit
- Counter Fraud
- Committee Leadership

2. EFFECTIVENESS SURVEY3.

The survey is based on the guidance contained within the NHS Audit Committee Handbook and to ensure both Velindre and NWSSP Committees have issued aligned survey questions.

3. RESULTS AND FINDINGS

- 9/15 responded giving a response rate of 60% This is down on last year's rate which was 86%.

- Only 6 respondents answered all 49 questions, giving us 425 opinions in total to consider. This is down on last years in which 10 respondents answered all 49 questions.

    - Response opinions are set out below:
        - Yes/Agree, 390 responses
        - No/Disagree, 17 responses
        - Somewhat, 18 responses
        - Other, 0
        - Additional comments, 13

    - The Survey was issued via an open anonymous link to participants; and
    - Every question had the option to leave a comment for those wishing to expand.

- Overall feedback:
    - Very positive responses received from participants in regards to the Chairing of the Committee. It is a common theme that members feel the Committee is chaired well, is efficient and effective and has an encouraging effect on members when it comes to discussions and questions. With the move to virtual meetings, it has also been stated how well the Chair has adapted to this and has continued to manage the meetings very well;
    - The atmosphere at meetings is conducive to open and productive debate;
    - All members and attendees' behaviour is courteous and professional;
    - The majority of participants have found having virtual meetings a positive experience, with members picking up on it helping to reduce travel and improve our carbon footprint/sustainability and would welcome this to continue in the future;
    - Members agree the Committee meets sufficiently frequently to deal with planned matters and enough time is allowed for questions and discussions;
    - All respondents were in agreement that the Committee is provided with sufficient authority and resources in order to perform its role effectively.

4. NEXT STEPS

The results of the survey provide a rich source of information and provide assurance in terms of existing arrangements and potential areas for development, going forward, as well as any required amendments to be incorporated into the Terms of Reference. The Terms of Reference form an Annex to the Shared Services Partnership Committee Standing Orders.

5. RECOMMENDATIONS

The Committee are asked to **NOTE** the findings of the Audit Committee Effectiveness Survey 2021.

Appendix 1
Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Audit Committee Self-Assessment Survey

1. Does the Audit Committee have written Terms of Reference, which adequately define its role in accordance with Welsh Government guidance?

More Details

Yes	9
Somewhat	0
No	0

2. Additional comments

More Details

0
Responses

Latest Responses

3. Are the Terms of Reference reviewed annually to take into account governance developments (including good governance principles) and the remit of other Committees within the organisation?

More Details

Yes	8
Somewhat	1
No	0

4. Additional comments

More Details

0
Responses

Latest Responses
""

5. Has the Audit Committee been provided with sufficient authority and resources to perform its role effectively?

More Details

Yes	9
Somewhat	0
No	0

6. Additional comments

More Details

0
Responses

Latest Responses
""

7. Does the Audit Committee report regularly to the NWSSP Partnership Committee and Velindre Trust Board?

More Details

Yes	8
Somewhat	0
No	1

8. Additional comments

More Details

0

Responses

Latest Responses

""

9. Does the Audit Committee prepare an Annual Report on its work and performance in the preceding year, for consideration by the NWSSP Partnership Committee and Velindre Trust Board?

More Details

Yes	9
Somewhat	0
No	0

10. Additional comments

More Details

0

Responses

Latest Responses

""

11. Has the Audit Committee established a cycle of business to be dealt with across the year?

More Details

Yes	9
Somewhat	0
No	0

12. Additional comments

More Details

0

Responses

Latest Responses

""

13. Does the Audit Committee meet sufficiently frequently to deal with planned matters and is enough time allowed for questions and discussions?

More Details

Yes	9
Somewhat	0
No	0

14. Additional comments

More Details

0
Responses

Latest Responses
""

15. Is the atmosphere at Audit Committee meetings conductive to open and productive debate?

More Details

Yes	9
Somewhat	0
No	0

16. Additional comments

More Details

2
Responses

Latest Responses
""
"Chair encourages contributions"

Additional comments: "Meeting is well chaired and all views/comments are welcome; and Chair encourages contributions".

17. Is the behaviour of all members/attendees courteous and professional?

More Details

Yes	9
Somewhat	0
No	0

18. Additional comments

More Details

0
Responses

Latest Responses
""

19. Are Audit Committee meetings scheduled prior to important decisions being made?

More Details

Yes	7
Somewhat	2
No	0

20. Additional comments

More Details

1

Responses

Latest Responses

"The meetings tend to follow a set quarterly pattern but if there is an i..."

""

Additional comments: "The meetings tend to follow a set quarterly pattern but if there is an important decision that needs Audit Committee scrutiny there is sufficient agility (particularly via MS Teams) to convene an extraordinary meeting to deal with it."

21. Do you consider that where private meetings of the Audit Committee are held (Part B), that these have been used appropriately for items that should not be discussed in the public domain (i.e. commercially sensitive, identifiable information)?

More Details

Yes	7
Somewhat	1
No	0

22. Additional comments

More Details

2

Responses

Latest Responses

"It could be made clear specifically what the reason is for each item b..."

""

"Not known"

Additional comments: "It could be made clearer specifically what the reason is for each item being in part B but generally it is only used for commercially sensitive, counter fraud and cyber security which seems appropriate."

23. Would you agree that each agenda item is 'closed off' appropriately so it is clear what the conclusion is?

More Details

Yes	9
Somewhat	0
No	0

24. Additional comments

More Details

0

Responses

Latest Responses

""

25. Would you welcome greater use of the Welsh Language at meetings?

More Details

Yes	0
Somewhat	0
No	9

26. Additional comments

More Details

0
Responses

Latest Responses
""

27. Would you agree that your experience of holding remote/virtual meetings of the Audit Committee has been positive? Please leave a comment to detail further.

More Details

Yes	8
Somewhat	1
No	0

28. Additional comments

More Details

2
Responses

Latest Responses
"the Teams system works but my personal preference is face to face m..."

Additional comments: "Meetings have been well structured and chaired, they have been just as effective as they were prior to the move to virtual meetings" and
"The Teams system works but my personal preference is face to face meetings."

29. Does the Audit Committee review assurance and regulatory compliance reporting processes?

More Details

Yes	8
Somewhat	1
No	0

30. Additional comments

More Details

0
Responses

Latest Responses
""

31. Does the Audit Committee have a mechanism to ensure awareness of topical, legal and regulatory issues?

More Details

Yes	8
Somewhat	1
No	0

32. Additional comments

More Details

0
Responses

Latest Responses
""

33. Has the Audit Committee formally considered how it integrates with other Committees that are reviewing risk (e.g. Risk Management)?

More Details

Yes	7
Somewhat	0
No	2

34. Additional comments

More Details

2
Responses

Latest Responses
"Have answered yes but not really applicable for NWSSP."
""

***Additional Comments**: "Membership includes QSP Chair" and "Have answered yes, but not really applicable for NWSSP."*

35. Has the Audit Committee reviewed the robustness and effectiveness of the content of the organisation's system of assurance?

More Details

Yes	8
Somewhat	0
No	0

36. Additional comments

More Details

0
Responses

Latest Responses
""

37. Do you consider that the reports received by the Audit Committee are timely and have the right format/content, to enhance it to discharge its internal control and risk management responsibilities?

More Details

Yes	7
Somewhat	1
No	0

38. Additional comments

More Details

0
Responses

Latest Responses
""

39. Is there clarity over the timing and content of the assurance statements received by the Audit Committee from the Head of Internal Audit?

More Details

Yes	8
Somewhat	0
No	0

40. Additional comments

More Details

0
Responses

Latest Responses
""

41. Are the Charter or Terms of Reference approved by the Audit Committee and regularly reviewed?

More Details

Yes	8
Somewhat	0
No	0

42. Additional comments

More Details

0
Responses

Latest Responses
""

43. Does the Audit Committee review and approve the Internal Audit Plan at the beginning of the financial year?

More Details

Yes	7
Somewhat	0
No	1

44. Additional comments

More Details

0
Responses

Latest Responses
""

45. Does the Audit Committee approve any material changes to the Plan?

More Details

Yes	7
Somewhat	1
No	0

46. Additional comments

More Details

0
Responses

Latest Responses
""

47. Are Audit Plans derived from clear processes based on risk assessment with clear links to the system of assurance?

More Details

Yes	8
Somewhat	0
No	0

48. Additional comments

More Details

0
Responses

Latest Responses
""

49. Does the Audit Committee receive periodic progress reports from the Head of Internal Audit?

More Details

Yes	8
Somewhat	0
No	0

50. Additional comments

More Details

0

Responses

Latest Responses

""

51. Does the Audit Committee investigate the reason for management refusal to accept audit recommendations?

More Details

Yes	8
Somewhat	0
No	0

52. Additional comments

More Details

0

Responses

Latest Responses

""

53. Does the Audit Committee effectively monitor the implementation of management actions from Audit Reports?

More Details

Yes	8
Somewhat	0
No	0

54. Additional comments

More Details

0

Responses

Latest Responses

""

55. Does the Head of Internal Audit have a direct line of reporting to the Audit Committee and its Chair?

More Details

Yes	9
Somewhat	0
No	0

56. Additional comments

More Details

0

Responses

Latest Responses

""

57. Does the Audit Committee review the effectiveness of Internal Audit and the adequacy of staffing and resources within Internal Audit?

More Details

Yes	8
Somewhat	1
No	0

58. Additional comments

More Details

1

Responses

Latest Responses

""

Additional comments: "Small team impacted by sickness this year."

59. Has the Audit Committee evaluated whether Internal Audit complies with the Public Sector Internal Audit Standards (PSIAS)?

More Details

Yes	8
Somewhat	0
No	0
Other	0

60. Additional comments

More Details

0

Responses

Latest Responses

""

61. Has the Audit Committee agreed a range of Internal Audit performance measures to be reported on a routine basis?

More Details

Yes	8
Somewhat	1
No	0
Other	0

62. Additional comments

More Details

0

Responses

Latest Responses

""

63. Does the Audit Committee receive and review the Head of Internal Audit's Annual Report and Opinion?

More Details

Yes	9
Somewhat	0
No	0
Other	0

64. Additional comments

More Details

0

Responses

Latest Responses

""

65. Do the Auditor General's representatives present their Audit Plans and Strategy to the Audit Committee, for consideration?

More Details

Yes	9
Somewhat	0
No	0

66. Additional comments

More Details

0

Responses

Latest Responses

""

67. Does the Audit Committee receive and monitor actions taken in respect of previous years' reviews?

More Details

Yes	8
Somewhat	1
No	0

68. Additional comments

More Details

0
Responses

Latest Responses
""

69. Does the Audit Committee consider the Auditor General's Annual Audit Letter?

More Details

Yes	9
Somewhat	0
No	0

70. Additional comments

More Details

0
Responses

Latest Responses
""

71. Does the Audit Committee assess the quality and effectiveness of External Audit work (both financial and non-financial audit)?

More Details

Yes	5
Somewhat	2
No	2

72. Additional comments

More Details

1
Responses

Latest Responses
""

Additional comments: "This year we have been let down by the refusal of Audit Wales to observe the stocktake of PPE due to risks to their staff. This has left the Trust in an invidious position".

73. Does the Audit Committee review the nature and value of non-statutory work commissioned by organisation from the Auditor General?

More Details

Yes	5
Somewhat	1
No	2

74. Additional comments

More Details

0
Responses

Latest Responses
""

75. Does the Audit Committee review and approve the Counter Fraud Work Plan at the beginning of the financial year?

More Details

Yes	9
Somewhat	0
No	0

76. Additional comments

More Details

0
Responses

Latest Responses
""

77. Does the Audit Committee satisfy itself that the Work Plan adequately covers each of the seven generic areas defined in the NHS Counter Fraud Policy?

More Details

Yes	7
Somewhat	1
No	0

78. Additional comments

More Details

1
Responses

Latest Responses
"it has in the past but now it comes under the new Government Funct..."

Additional comments: "It has in the past but now it comes under the new Government Functional Standard Counter Fraud."

79. Does the Audit Committee approve any material changes to the Plan?

More Details

Yes	9
Somewhat	0
No	0

80. Additional comments

More Details

0
Responses

Latest Responses
""

81. Are Counter Fraud Plans derived from clear processes based on Risk Assessment?

More Details

Yes	8
Somewhat	1
No	0

82. Additional comments

More Details

1
Responses

Latest Responses
"Not sure it is always clear how the plans are linked to risk, particularl...
""

Additional comments: "Not sure it is always clear how the plans are linked to risk. Particularly given 95% of NHS Wales spend goes through NWSSP and the heightened risk recently from bank mandate fraud and cyber threat."

83. Does the Audit Committee receive periodic reports from the Local Counter Fraud Specialist?

More Details

Yes	9
Somewhat	0
No	0

84. Additional comments

More Details

0
Responses

Latest Responses
""

85. Does the Audit Committee effectively monitor the implementation of management actions arising from Counter Fraud reports?

More Details

Yes	7
Somewhat	2
No	0

86. Additional comments

More Details

1
Responses

Latest Responses
""

Additional Comments: "I would like to see data on reporting of low level concerns to cultural change."

87. Does the Local Counter Fraud Specialist have a right of direct access to the Audit Committee and its Chair?

More Details

Yes	9
Somewhat	0
No	0

88. Additional comments

More Details

0
Responses

Latest Responses
""

89. Does the Audit Committee review the effectiveness of the Local Counter Fraud Service and the adequacy of its staffing resources?

More Details

Yes	9
Somewhat	0
No	0

90. Additional comments

More Details

0
Responses

Latest Responses
""

91. Does the Audit Committee receive and review the Local Counter Fraud Specialist's Annual Report of Counter Fraud Activity and Qualitative Assessment?

More Details

Yes	9
Somewhat	0
No	0

92. Additional comments

More Details

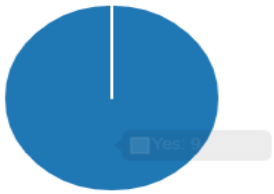
0
Responses

Latest Responses
""

93. Does the Audit Committee receive and discuss reports arising from quality inspections by NHS Counter Fraud Authority?

More Details

Yes	9
Somewhat	0
No	0



94. Additional comments

More Details

0
Responses

Latest Responses
""

95. Do you consider that Audit Committee meetings are chaired effectively and with clarity of purpose and outcome?

More Details

Yes	8
Somewhat	0
No	0

96. Additional comments

More Details

1
Responses

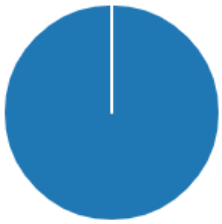
Latest Responses
""

Additional Comments: "Martin is an inclusive chair he manages the meetings at a pace that allows all non-auditors to understand the intricacies of the audit world."

97. Do you consider that the Audit Committee Chair provides clear and concise information to the governing body on the activities of the Audit Committee and the implication of all identified gaps in assurance and/or control?

More Details

Yes	9
Somewhat	0
No	0



98. Additional comments

More Details

0

Responses

Latest Responses

""

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
AGENDA ITEM	
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services, NWSSP
PREPARED BY	Linsay Payne - Interim Deputy Director of Finance
TITLE OF REPORT	COVID-19 Update

PURPOSE
The purpose of this paper is to provide the Audit Committee with an update of ongoing Covid-19 related issues and expenditure within NWSSP.

This includes expenditure incurred on behalf of the Welsh Government relating to All Wales purchases and separately the additional expenditure incurred by NWSSP in 2021/22. It also includes information on donations of equipment and PPE that NWSSP have co-ordinated on behalf of Welsh Government.

1. INTRODUCTION

The Covid-19 pandemic has provided unprecedented challenges to health and social care provision and required significant and sometimes difficult decisions to be made at pace. As documented throughout 2020/21 NWSSP needed to move swiftly and put in place revised operating procedures to provide required responses on a timely basis.

Through NWSSP efforts supplies of PPE and equipment were successfully secured across markets with global competition for products. At times market prices were increasing day by day as governments across the world tried to secure similar items. NWSSP established, and continues to implement, additional arrangements to support swift decision making while maintaining good governance and control.

We have incurred unprecedented levels of expenditure since mid March 2020 and were required to enter into new contracts with both existing and new suppliers to meet the growing levels of demand from NHS and Social Care bodies in Wales. We also received requests from suppliers for significant payments in advance at an unprecedented level.

2. GOVERNANCE AND ASSURANCE ARRANGEMENTS

Delegated limits for COVID expenditure

The Velindre NHS Trust Board agreed in March 2020 to change its own and the NWSSP Scheme of Delegation to help facilitate the increased value and volume of expenditure being incurred on behalf of the Welsh Government at this time. The revised limits

delegated authority for the NWSSP Chair and either of the NWSSP Managing Director or the NWSSP Director of Finance & Corporate Services was increased from £100,000 to £2 million and then to £5million

Given the establishment of a regular supply chain for PPE and the new PPE procurement framework, the approval limits have reverted to the pre-covid limits from 1st October 2021.

Welsh Government approval continues to be required for any contracts in excess of £1m and for advanced payments exceeding 25%.

Additional assurance arrangements introduced for COVID expenditure

As previously detailed, the NWSSP Finance Governance Group was established to consider these significant advance payment requests.

The group reviewed 49 contracts, of which 43 were approved and required an advance payment to be made. NWSSP continues to maintain a checklist of all these advance payments for both stock and non-stock orders. Deliveries are tracked and recorded to ensure all the contracts where advance payments have been made are honoured and completed. Five of the orders where advance payments were made were subsequently cancelled and the advance payments were returned or funds held in Escrow have been transferred to a different contract. At the end of September, only one contract for FFP3 masks where advance payment was made has not been delivered in full. Regular deliveries are being made by the supplier and future delivery schedules are being established.

At the end of September 2021, surplus funds of $7.493m are securely held within the Escrow account. These were intended to be held for future anticipated orders. It is likely that there will be an exchange loss in the region of £0.7m as a result of fluctuations in the exchange rate. Following the supplier who utilises the escrow account not tendering to join the PPE framework, we do not anticipate that these funds can now be utilised elsewhere. We will therefore work with the supplier to finalise the reconciliation on the account now that the final import of PPE was received during September. Any exchange rate loss incurred when the funds are returned will be reported to a future Audit Committee meeting and funding for this will be required from Welsh Government if this cannot be accommodated within the 2021/22 covid expenditure forecast.

The checklist as at 30th September 2021 is provided in **Appendix 2** for information.

In addition, due to NWSSP acting as the importer of PPE, we are continuing to work with the global team at EY regarding the establishment of any liability for import VAT following the PPE import duty relief ending on 31st December 2020. NWSSP challenged the import duty relief applied by the freight forwarder and accrued the VAT liability for the imports to 31st March 2021 in the 2020/21 financial year. Retrospective import reports are in the process of being requested from HMRC to enable a full compliance review to be undertaken to ensure the correct treatment.

3. COVID-19 EXPENDITURE – All Wales

We continue to incur expenditure on behalf of Welsh Government to issue PPE to both social care and primary care and also to support the mass vaccination programme with the creation and distribution of the vaccine packs. Expenditure to 31st August 2021 totalled £13.171m, with a full year forecast of £32.024m as detailed in the table below:

	YTD	Full Year Forecast
	£m	£m
Mass Vaccination	2.127	5.580
Social Care/Primary Care PPE	11.044	26.444
TOTAL	**13.171**	**32.024**

This expenditure is recharged in full to Welsh Government

4. COVID-19 EXPENDITURE – NWSSP

NWSSP also continues to incur additional operational costs to support the ongoing NHS Wales covid response and recovery initiatives. This includes provision of support to PPE warehousing and distribution, TTP distribution, recruitment of additional staff across NHS Wales and payroll resource to enrol and pay newly recruited staff. To 31st August 2021 we have incurred additional operational expenditure of £1.949m, with a full year forecast requirement of £5.024m.

This expenditure can be categorised as follows:

	YTD	Full Year Forecast
Pay	0.896	2.286
Estates / Security	0.319	0.795
Insurance	0.028	0.067
Transport	0.627	1.698
Other	0.078	0.178
TOTAL	**1.949**	**5.024**

Welsh Government have provided funding for Q1 & Q2 requirements and have signified their intention to provide funding for the full year forecast, although we await official confirmation.

5. COVID-19 DONATIONS

As has been reported in the press, on behalf of Welsh Government, we have made, or are in the process of making, three donations to other countries. These have all received appropriate authorisation from Welsh Government. These can be summarised as follows:

(a) May 2021 – Donation of equipment to India

Equipment	NWSSP Donated Quantity	NWSSP Donated Value
Visionaire 5	1	518.33
CPAP Dream Station/System 1	100	191,696.95
Vivo 2	18	32,420.85
Vivo 3	4	8,248.17
VENT50-C	2	3,490.35
Lumis 150	31	57,606.68
VIVO 55 GB BREAS	26	227,919.12
UCL VENTURA/RESMED CPAP SYSTEM	15	35,100.00
	197	**557,000.45**

The final value of the donation is less than the initial loss form submitted to the Audit Committee for approval. This is due to the reduction in the requirements and the removal of a large volume of PPE that was initially intended to be donated. This donation has been funded by AME impairment funding provided by Welsh Government.

(b) August 2021 – Donation of PPE to Namibia

A donation of PPE to Namibia was agreed by Welsh Government due to links with Cardiff University and the Phoenix project. The PPE list below was drawn up against a list of required PPE for Namibia provided by Welsh Government. These items represent those we are able to provide based on a reasonable assessment to confirm that these goods would not be required in the event that Wales' public health position changed. Welsh Government have provided full funding for this donation.

Item Code	Description	Number	Cost Total
BWK688	GOWNS DISPOSABLE FLUID RESISTANT WITH THUMB LOOP : PEALZ BL	500,000	£2,100,000
BWM223	FACE MASK MEDICAL TYPE IIR DISPOSABLE (BOX 50) : NWSSP	500,000	£30,000
MRB109	HAND SANITISER LIQUID ALCOHOL GEL 500ML : CL903	200,000	£1,042,000
BTB675	APRON DISPOSABLE POLYTHENE STANDARD WHITE 720MM X 1100MM (28in X 43in)17 MICRON - IMPERIAL (PACK 250) : PROTECTALLAPRONWHITE	100,000	£37,000
BTS063	GOGGLES PROTECTIVE G19 : 12854409	10,000	£51,500
BTS040	FACE VISOR SPLASH FULL SINGE USE LATEX FREE	10,000	£29,600
MVN041	BODY BAG ADULT	5,000	£150,000
MVN032	BODY BAG (POUCHES) POLY SLIT WHITE 93in X 37in THICKER (ROLL 30) : ER6032	3,610	£55,116
QAA050Z	BODY BAG (POUCHES)	1,390	£28,878
FDD973	FACE MASK FFP3 RESPIRATOR UNVALVED HANDANHY : HY9330	648,300	£3,696,191

	£7,220,285

(c) <u>September 2021 – Donation of test kits and equipment to Namibia</u>

During September the Welsh Government Track, Track & Protect team received an additional request for 300,000 Covid test kits which were agreed to be provided to Namibia. These are test kits that we purchased at the start of the pandemic and would be unable to use within NHS Wales before their expiry date of March 2022.

In addition, Welsh Government asked NWSSP to identify any ventilators which could be donated to Africa and we have identified 40 mechanical ventilators donated from Welsh health organisations at the onset of the pandemic for which we have no demand in Wales. Colleagues managing the Wales Pandemic Stock have confirmed that we do not need these for resilience purposes. These are therefore proposed for donation to Namibia to support their pandemic response. These are all fully depreciated assets with zero net book value so therefore do not record any donation value as shown in the table below:

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

Welsh Government will provide full funding for these items.

6. RECOGNITION

The efforts of NWSSP Finance and the Finance Governance Group in supporting the Covid pandemic response have recently been recognised at two awards ceremonies:

- Finance Awards Wales – Covid Heroes category Winner
- Public Finance Awards – Good Governance, Risk Management or Prevention – Highly Commended

See **Appendix 1** for further details.

7. RECOMMENDATION

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

Appendix 1 Awards

NWSSP team celebrate success at Finance Awards Wales and Public Finance Awards

Finance Award Wales

A collaborative cross-divisional team of Shared Services colleagues were recently announced as winners in the 'COVID Hero/Heroes' category in a prestigious ceremony led and hosted by Finance Awards Wales.

Held at City Hall, Cardiff, Finance Awards Wales are is designed to recognise, attract and invest in the talented finance professionals working in Wales. The awards showcase the best in Finance talent from experienced finance directors to unsung heroes leading expert transactional accounting, and importantly to the next generation of apprentices and graduates.

The winning team was made up of representatives from across Shared Services , including members of Velindre NHS University Trust, who demonstrated to the awards judges how the team's innovative and agile approach in transforming governance enabled the respective Board and those bodies to whom they were supplying, gain assurance and confidence in the quality and supply of Personal Protective Equipment (PPE) across the NHS, primary care contractors and the social care sector in Wales.

As the pandemic began to unfold there was a realisation that a transformation of governance processes needed to take place to secure increased PPE for front line staff, whilst tackling issues of scarcity of supply and working remotely.

The NWSSP team worked with the Velindre NHS University Trust Board to increase their delegated limits whilst still working within the requirements of Welsh Government. The team also used advice issued by Welsh Government to provide rapid guidance to all managers and budget holders reinforcing the message that all decision-making must be.

A Finance governance group was established drawing upon national expertise from Finance, Procurement, Internal Audit, Counter Fraud, Legal Services, Surgical Materials Testing Laboratory (SMTL), Payments and included the Board Vice Chair. Together, they scrutinised as much information as could be gathered to inform the decision-making process by Government and the Board through the form of a checklist.

The checklist included considerations of the standard of product, company background checks, pricing and payment arrangements and also offered advice and notes of risk to the board in determining their approval. This was undertaken remotely using the newly implemented Microsoft Teams platform with regular Board briefings taking place to ensure they were fully informed in their decision making.

This process was used around 35-40 times during the height of the pandemic. Internal Audit played a key role in reviewing process and recommending improvements on an on-going basis to ensure there was a continuous review and improvements of the processes in place.

This new and innovative process enabled agile and faster paced decision making which ensured front line workers had access to vital PPE. It also enabled mutual aid PPE support to the NHS England and through the approach protected the public purse from potential fraud.

Director of Finance and Corporate Services, Andy Butler said: ***'*NHS *Wales Shared Services played a key role in ensuring that front line staff had access to the vital PPE during the pandemic. It was very much a team effort with Finance supporting colleagues in Procurement, Health Courier Services and other Shared Services' divisions as well as working closely with Welsh Government and Velindre NHS Trust . I'm really pleased and proud that our collective efforts have been recognised by the prestigious Finance Awards Wales 2021'***

Many features of the revised process will be maintained into the future. The approach taken by Shared Services during the pandemic is one of a suite of case studies of best practice that will be used to continuously improve Shared Services' governance approaches in NHS Wales Finance.

Shared Services have also welcomed the opportunity to showcase the approach to colleagues in Scotland and Northern Ireland as part of a learning exchange initiative.

Public Finance Awards 2021 – Good Governance and Risk Management

NHS Wales Shared Services were also Highly Commended in the 'Good Governance and risk management' category at the prestigious Public Finance annual awards held in London for the arrangements put in place around PPE procurement and distribution. NWSSP were nominated alongside

Business Assurance Team, Health and Safety Executive

HMT Balance Sheet Team, HM Treasury
Internal Audit, HM Revenue & Customs
MIAA contributing to the wider NHS
Risk Management Team, Department for Work and Pensions
The Internal Audit Network (TIAN)
The NAO's Fraud and Error in DWP Audit Team, National Audit Office

Simon Cookson – Director of Audit and Assurance and Linsay Payne – Deputy Director of Finance represented NWSSP at the awards held in London.

Simon Cookson said

"To be recognised on a UK wide basis for the work we did here in Wales to support staff and to help keep them safe during the pandemic is a fantastic achievement. The highly commended notation reflects great credit on all those in ***NHS Wales Shared Services as well as colleagues in Velindre University NHS Trust and Welsh Government who worked together to ensure effective governance around the PPE contracts that played such a key role in NHS Wales'*** *response to the COVID-19 pandemic. It was a pleasure to receive the certificate with Linsay at the Public Finance awards dinner in London."*

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NHS WALES SHARED SERVICES PARTNERSHIP

FINANCE GOVERNANCE GROUP AUTHORISATION CHECKLIST
UPDATED SEPTEMBER 2021

Governance reference	**A**	**B**	**C**	**D**	**1**		**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Supplier	Henleys Medical Supplies	Guardian	Guardian	Allsops CTF	365 Healthcare		GB UK Healthcare	Excalibur	Pharmapac	Continuum	Gen Med	Bunzl	Guardian	Lovair	Deloitte
Items ordered	1,000 Thermometers	20,004 boxes Surgical anti-fog type IIR mask	400,000 non-sterile reinforced gowns	7,500 body bags	4.28m Type IIR masks	0.112m visors	250,000 Type IIR masks	4m FFP2 face masks	40m Type IIR Masks	45m Type IIR masks	3m Fluid repellent gowns	30m Type IIR masks & 1.4m FFP3 masks	2.37m Fluid resistant thumb loop gowns	10,000 bottles hand sanitiser	Consultancy services to support PPE 15th April - 15th May 2020
Cost per item including VAT	£210.00	£180 and £144 per box	£5.16	£3.59	Type IIR £0.456	Visors £0.81	£0.76	£6.48	£0.32	£0.47	£2.50	£0.60	£3.50	100ml £2.30 1L £7.56	N/A
Total Contract Value (including VAT)	£210,000.00	£3,360,672.00	£2,064,000.00	£26,910.00	£2,042,984.00		£190,005.00	£25,920,000.00	£12,800,000.00	£21,150,000.00	£7,500,000.00	£18,000,000.00	£8,304,795.00	£49,320.00	£183,201 (VAT reclaimable)
Advance payment %	50%	30%	30%	50%	50%		25%	0%	50%	100%	25%	50%	30%	25%	0%
Value of advance payment (including VAT)	£105,000.00	£1,008,000.00	£619,200.00	£13,455.00	£1,021,099.00		£47,501.25	£0.00	£6,400,000.00	£21,150,000.00	£1,875,000.00	£9,000,000.00	£2,491,439.00	£12,330.00	£0.00
Procurement Lead	Eleanor Aston	Gareth Stallard	Gareth Stallard	Joanne Liddle	Gareth Stallard		Gareth Stallard	Jonathan Irvine	Claire Salisbury	Claire Salisbury	Claire Salisbury	Claire Salisbury	Gareth Stallard	Terri Branagan	N/A
Governance paperwork received from procurement	D&B 26.03.20	D&B 29.03.20	D&B 29.03.20	D&B 02.04.2020	06.04.2020		06.04.2020	07.04.2020	09.04.2020	09.04.2020	09.04.2020	14.04.2020	14.04.2020	10.04.2020	14.04.2020
Finance & Governance Committee approval	NOT SET UP - NF/AB APPROVED	NOT SET UP - NF/AB APPROVED	NOT SET UP - NF/AB APPROVED	NOT SET UP - NF/AB APPROVED	07.04.2020		07.04.2020	07.04.2020	09.04.2020	09.04.2020	09.04.2020	14.04.2020	14.04.2020	14.04.2020	14.04.2020
WG Approval if required	N/R	02.04.2020		N/R	28.04.2020		N/R	07.04.2020	09.04.2020	09.04.2020	09.04.2020	14.04.2020	15.04.2020	N/R	N/A
Velindre Trust Board Approval if required	N/R	31.03.2020	N/R	N/R	N/R		N/R	08.04.2020	09.04.2020	09.04.2020	09.04.2020	14.04.2020	15.04.20202	N/R	N/R
PO raised	712115169	712115017 712115166 712115167	712115473	712115538 712115539 712115540	712087345-605/618/619	712114993	712049093-486	712115932	712116047	712116048	712116045	712116194	712090985-91 to 111	712115948-1 -2-3	712116453
OJEU contract notice publication date or contract reference	EXISTING FRAMEWORK 2017/S 094 183450	OJEU NOTICE PUBLISHED 02/07/20	OJEU NOTICE PUBLISHED 02/07/20	BELOW OJEU THRESHOLD	OJEU NOTICE PUBLISHED 02/07/2020	ORDER VALUE BELOW OJEU THRESHOLD	OJEU NOTICE PUBLISHED 02/07/20		OJEU NOTICE 102510 PUBLISHED 24/06/2020	OJEU NOTICE 102511 PUBLISHED 24/06/2020	OJEU NOTICE PUBLISHED 01/07/2020	OJEU NOTICE 102508 PUBLISHED 24/06/2020	ORDER CANCELLED	BELOW OJEU THRESHOLD	NOT REQUIRED - CALL OFF FROM EXISTING CONTRACT
Invoice received to match approved value	S-101676	30/03/2020	PF.GSU.202001	23997 23998 23999	55233768 55234189 55234190	55233724	0000004884 0000004887 0000004888		LH20013	GBP835b	INV-0494	NHS -140420	Various see attached invoice schedule	1048804 1048805 1048806	8001202041 8001212285
Request to make payment sent to AP	N/A	N/A	03.04.2020	03.04.2020	09.04.2020 15.04.2020	15.04.2020	09.04.2020		16.04.2020	14.04.2020	14.04.2020	15.04.2020	15.04.2020	15.04.2020	NO ADVANCE PAYMENT MADE
AP payment request sent to Velindre	30.03.2020	30.03.2020	03.04.2020	03.04.2020	09.04.2020 15.04.2020	15.04.2020	09.04.2020		17.04.2020	14.04.2020	14.04.2020	15.04.2020	16.04.2020	15.04.2020	
Velindre confirm payment made	30.03.2020	31.03.2020	03.04.2020	03.04.2020	09.04.2020 16.04.2020	16.04.2020	09.04.2020		17.04.2020	14.04.2020	14.04.2020	15.04.2020	17.04.2020	16.04.2020	
Payment confirmed to supplier/procurement	30.03.2020	31.03.2020	03.04.2020	03.04.2020	09.04.2020 16.04.2020	16.04.2020	09.04.2020		17.04.2020	14.04.2020	14.04.2020	15.04.2020	17.04.2020	16.04.2020	
Remittance confirmed by supplier	30.03.2020	31.03.2020	03.04.2020	17.04.2020 20.04.2020	14.04.2020 17.04.2020	17.04.2020	14.04.2020					15.04.2020	17.04.2020	16.04.2020	
Date goods received	Received w/c 1st June	504 boxes delivered in May	400,000 received June/July	20.04.2020 24.04.2020 05.05.2020	June/July/ August	June/July/ August	Apr-20	ORDER CANCELLED	Final Delivery July	Deliveries April, May & June	Final delivery end of October	Deliveries May & June	ORDER CANCELLED - REFUND OF ADVANCE PAYMENT MADE	20.04.2020	April - May 2020
Estimated planned delivery dates	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE		FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE		FULL DELIVERY MADE	FULL DELIVERY MADE
Date invoice for balance paid	11.06.2020	Sep-20	Jul-20	17.04.2020 20.04.2020	Sept/Oct 20	Aug/Sept 20	w/c 1st June		Final invoice paid August 20	N/A	Final invoice paid Nov 20	Final invoice paid June 20		21.04.2020	N/A

Governance reference	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Supplier	365 Healthcare	Feelassured Ltd	GBUK Ltd	Bunzl	GI Medical UK Ltd	Bunzl	Rocialle	Liscombe	Bunzl	Alexandra	Bunzl	Bunzl	Clandeboye Agencies	Denka	Air Partner
Items ordered	500,000 FFP3 masks	4 Medimix syringe filling machines	1m Type IIR masks	500,000 Type IIR masks	500,000 Type IIR masks	600,000 Type IIR masks	4.125m Surgical splashshields	710,000 FFP3 masks	1,300,000 Type IIR masks	3,000,000 surgical gowns	990 boxes Nitrile gloves	6000 cases (1000 aprons per case) = 6m aprons	200,000 gowns	1 million Type IIR masks	Flights China to CWL & Cambodia to CWL
Cost per item including VAT	£8.64	£27,000.00	£0.76	£0.73	£1.20	£0.73	£1.56	£5.70	£0.73	£4.20	£180.00	£0.38	£4.20 (from Cambodia)	1.32	£655,000.00
Total Contract Value (including VAT)	£4,320,000.00	£108,000.00	£760,020.00	£365,000.00	£600,000.00	£438,000.00	£6,435,000.00	£4,047,000.00	£949,000.00	£12,600,000.00	£178,200.00	£2,304,000.00	£1,008,000.00	£1,320,000.00	£655,000.00
Advance payment %	50%	0%	25%	50%	100%	100%	30%	25%	100%	25%	50%	50%	50%	33%	100%
Value of advance payment (including VAT)	£2,160,000.00	£0.00	£190,005.00	£182,500.00	£600,000.00	£438,000.00	£1,930,500.00	£1,011,750.00	£949,000.00	£3,150,000.00	£89,100.00	£1,152,000.00	£420,000.00	£435,600.00	£655,000.00
Procurement Lead	Matthew Lewis	Helen James	Gareth Stallard	Claire Salisbury	Claire Salisbury	Claire Salisbury	Michael Powis	Matthew Lewis	Claire Salisbury	Romano Provini	Charlotte Bolan	Julie Fulton	Romano Provini	Gareth Stallard	Jonathan Irvine
Governance paperwork received from procurement	16.04.2020	08.04.2020	15.04.2020	16.04.2020	16.04.2020	17.04.2020	16.04.2020	17.04.2020	21.04.2020	21.04.2020	17.04.2020	21.04.2020	23.04.2020	22.04.2020	27.04.2020
Finance & Governance Committee approval	16.04.2020	16.04.2020	16.04.2020	16.04.2020	16.04.2020	17.04.2020	17.04.2020	17.04.2020	21.04.2020	22.04.2020	22.04.2020	22.04.2020	23.04.2020	[redacted]	28.04.2020
WG Approval if required	16.04.2020	N/A	N/R	28.04.2020	28.04.2020	17.04.2020	17.04.2020	22.04.2020	21.04.2020	22.04.2020	N/R	22.04.2020	23.04.2020	[redacted]	24.04.2020
Velindre Trust Board Approval if required	N/R	N/A	N/R	N/R	N/R	N/R	20.04.2020	N/R	N/R	23.04.2020	N/R	N/R	N/R	[redacted]	N/R
PO raised	712116337 712116338 712116340	712115832	712049093-500 501/502	712116314	712116277	712116320	712000235-2274 to 2291	712116352-4 to 12	712116439	[redacted]	712116316	71200000077-1000 & 1001 & 1003	712116649	[redacted]	712116684
OJEU contract notice publication date or contract reference	ORDER CANCELLED	BELOW OJEU THRESHOLD	OJEU NOTICE SENT FOR PUBLICATION 01/07/2020	OJEU NOTICE 104171 PUBLISHED 22/09/2020	[redacted]	OJEU NOTICE 104171 PUBLISHED 22/09/2020	OJEU NOTICE PUBLISHED 02/07/2020	OJEU NOTICE SENT FOR PUBLICATION 01/07/2020	OJEU NOTICE 104256 PUBLISHED 23/09/2020	[redacted]	OJEU NOTICE PUBLISHED 02/07/2020	OJEU NOTICE PUBLISHED 03/08/2020	OJEU NOTICE SENT FOR PUBLICATION 21/08/2020	[redacted]	NATIONAL UK ARRANGEMENT VIA MILITARY
Invoice received to match approved value	55235445 55235444 55235443	2004116	4957 4958 4959	NHS-160420	[redacted]	NHS-170420	Various see attached invoice schedule	Proforma 20-4-20	NHS-210420	[redacted]	NHS-AA170420	NHS-200420 NHS-B200420 NHS-C200420	170929	[redacted]	0568 0569
Request to make payment sent to AP	22.04.2020	[redacted]	15.04.2020	20.04.2020	[redacted]	20.04.2020	21.04.2020	22.04.2020	27.04.2020	[redacted]	22.04.2020	22.04.20	24.04.2020	[redacted]	24.04.2020
AP payment request sent to Velindre	22.04.2020	NO ADVANCE PAYMENT MADE	15.04.2020	20.04.2020	[redacted]	20.04.2020	21.04.2020	22.04.2020	27.04.2020	[redacted]	22.04.2020	22.04.2020	24.04.2020	[redacted]	24.04.2020
Velindre confirm payment made	23.04.2020	[redacted]	16.04.2020	20.04.2020	[redacted]	20.04.2020	21.04.2020	22.04.2020	27.04.2020	[redacted]	22.04.2020	22.04.2020	24.04.2020	[redacted]	24.04.2020
Payment confirmed to supplier/procurement	23.04.2020	[redacted]	16.04.2020	20.04.2020	[redacted]	20.04.2020	21.04.2020	22.04.2020	27.04.2020	[redacted]	22.04.2020	22.04.2020	24.04.2020	[redacted]	24.04.2020
Remittance confirmed by supplier	23.04.2020	[redacted]	17.04.2020	20.04.2020	[redacted]	20.04.2020	21.04.2020	22.04.2020	27.04.2020	[redacted]	22.04.2020	22.04.2020	24.04.2020	[redacted]	
Date goods received	ORDER CANCELLED - REFUND OF ADVANCE PAYMENT MADE	15th & 17th April	0.826m received to date	17.04.2020	[redacted]	21.04.2020	1,000 of 16,500 delivered	160,000 received June/July	24.04.2020	[redacted]	May	Final balance of 6m delivered 10th July	28.04.2020	[redacted]	28.04.2020
Estimated planned delivery dates	[redacted]	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	[redacted]	FULL DELIVERY MADE	ORDER QUANTITY REDUCED , FINAL DELIVERY MADE, CREDITS RECEIVED FOR ADVANCE PAYMENT ON QUANTITY NOT DELIVERED	FULL DELIVERY MADE	FULL DELIVERY MADE	[redacted]	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	[redacted]	FULL DELIVERY MADE
Date invoice for balance paid	[redacted]	N/A	Final invoice paid July 20	20.04.2020	[redacted]	N/A	Final invoices/credits to be paid January 2021	N/A	N/A	[redacted]	14.05.20 20.05.20	Final invoice paid July 2020	30.04.2020	[redacted]	N/A

Governance reference	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**		**35**	**36**	**37**	**38**	**39**
Supplier	The Safety Supply Co Ltd	Core Hygiene	BTB International	Bunzl	Nelsons Lab	ABC Invest	Simon Safety Ltd	Logotek	BTBW		Pharmapak	BTBW	BTBW	Owens Distribution	BTBW
Items ordered	10,000 Wraparound safety glasses	2.4m aprons	65 million Type IIR masks - 4 nations provision	36m Nitrile Gloves	External testing	2.500,000 FFP3 masks (reduced to 2 million)	42,640,400 aprons	144 million nitrile gloves	1,800,000 FFP3 masks		144 million nitrile gloves	2,000,000 FFP3 masks	65million Type IIR facemasks (over 6 months)	Storage and distribution capacity - 1st July to 31st January 2021	100 million nitrile gloves (over 10 months)
Cost per item including VAT	£3.54	£0.10	£0.36	£0.75		£4.86	£0.09	£0.20	£5.220		£0.135	£3.500	£0.200	N/A	£0.095
Total Contract Value (including VAT)	£35,406.78	£273,600.00	£23,400,000.00	£27,000,000.00	$17,979	£9,720,000.00	£3,917,323.00	£23,006,400.00	£9,396,000 ($11,602,800)	£1,744,816 ($2,257,200)	£19,440,000.00	£7,000,000 ($8,800,000)	£13,000,000.00	£588,000.00	£9,500,000.00
Advance payment %	50%	50%	10% plus instalment 1	50%	100%	100% on transfer of ownership	3000 cases	20%	100% into Escrow - 30% released in advance	100% into Escrow	50%	100% into Escrow - 30% released in advance	10% into Escrow on PO (£1.3m), 90% in 6 equal instalments (£1.95m)	0%	10% into Escrow on PO (£0.950m), 90% in 10 equal instalments (£0.855m)
Value of advance payment (including VAT)	£17,700.00	£136,800.00	$4,451,400.00	£13,500,000.00	$17,979	£9,720,000.00	£194,766.00	£4,601,280.00	£9,396,000 ($11,602,800)	£1,744,816 ($2,257,200)	£9,720,000.00	£7,000,000 ($8,800,000)	£1,300,000.00	£0.00	£950,000.00
Procurement Lead	Luke Godwin	Julie Fulton	Claire Salisbury	Charlotte Bolan	N/A	Romano Provini	Romano Provini	Charlotte Bolan	Claire Salisbury	Claire Salisbury	Claire Salisbury	Claire Salisbury	Claire Salisbury	Paul Thomas	Claire Salisbury
Governance paperwork received from procurement	27.04.2020	27.04.2020	29.04.2020	06.05.2020	N/A	14.05.2020	15.05.2020	18.05.2020	22.05.2020	05.10.2020	22.05.2020	08.06.2020	30.06.20	25.06.20	30.06.20
Finance & Governance Committee approval	28.04.2020	30.04.2020	01.05.2020	06.05.20	15.05.20	18.05.2020	18.05.2020	NOT PROCEEDING DUE TO BETTER PRICE IDENTIFIED FROM ANOTHER SUPPLIER	22.05.2020	05.10.2020	22.05.2020	08.06.2020	30.06.20	30.06.20	30.06.20
WG Approval if required	N/R	N/R	01.05.2020	07.05.20	N/R	19.05.2020	N/R		28.05.2020	06.10.2020	26.05.2020	09.06.2020	01.07.20	N/R	01.07.20
Velindre Trust Board Approval if required	N/R	N/R	05.05.2020	07.05.20	N/R	18.05.2020	N/R		28.05.2020	07.10.2020	26.05.2020	10.06.2020	01.07.20	N/R	01.07.20
PO raised	712116713	712117147-1 TO 36	712117303	PO712000077-1007 TO 1039	712116799	712117743	712116693-2 to 50		712118056	712118056 AMENDED	712117952	712118537	712119557	712120395 712121729	712119558
OJEU contract notice publication date or contract reference	ORDER NOT PROGRESSED DUE TO CERTIFICATION ISSUES	Existing NPS FRAMEWORK NPS-CFM-0099-19	OJEU NOTICE 102373 PUBLISHED 22/09/2020	OJEU NOTICE SENT FOR PUBLICATION 02/07/2020	BELOW OJEU THRESHOLD	ORDER CANCELLED	EXISTING NPS FRAMEWORK NPS-CFM-0099-19		OJEU NOTICE 104163 PUBLISHED 22/09/2020		OJEU NOTICE 104165 PUBLISHED 22/09/2020	ORDER WITHDRAWN	19/11/2020	OJEU NOTICE PUBLISHED 22/09/20	24/11/2020
Invoice received to match approved value		PROFORMA	PAYMENT SCHEDULE	NHS-240420-1007 TO 1039	O-404126-S9W1W6	Escrow payment request	190108, 190109, 190110		Escrow payment request (BTBW FFP3)	Escrow payment request (BTBW FFP3a)	LH20023	Escrow payment request (BTBW FFP3 No 2)	BTBW Type IIR Deposit	Various ongoing invoices being raised	BTBW Gloves
Request to make payment sent to AP		07.05.2020	07.05.2020	07.05.2020	15.05.2020	28.05.20	02.06.20		29.05.2020	08.10.2020	27.05.2020	10.06.2020	15.07.2020	NO ADVANCE PAYMENT MADE	16.07.2020
AP payment request sent to Velindre		07.05.2020	07.05.2020	07.05.2020	15.05.2020	28.05.20	02.06.20		29.05.2020	08.10.2020	27.05.2020	10.06.2020	15.07.2020		16.07.2020
Velindre confirm payment made		07.05.2020	07.05.2020	07.05.2020	18.05.2020	29.05.20	02.06.20		29.05.2020	08.10.2020	27.05.2020	10.06.2020	15.07.2020		16.07.2020
Payment confirmed to supplier/procurement		07.05.2020	07.05.2020	07.05.2020	18.05.2020	29.05.20	02.06.20		29.05.2020	08.10.2020	27.05.2020	10.06.2020	15.07.2020		16.07.2020
Remittance confirmed by supplier		13.05.2020	07.05.2020	07.05.2020	20.05.2020	29.05.20	03.06.20		29.05.2020	08.10.2020	27.05.2020	10.06.2020	15.07.2020		16.07.2020
Date goods received		Weekly deliveries received since 11th May	1st delivery made 29th May	Multiple deliveries from 30th May	20.05.2020	ORDER CANCELLED £9.720m advance returned 16.06.20	1st delivery scheduled 15th June		100,000 masks delivered December 2020, remaining 1.7m order cancelled April 2021 - $5,597,091 Escrow funds transferred to FGG reference 45, balance of funds to be held in Escrow for future orders to avoid exchange rate loss		Final delivery and balance of payment made August 21	ORDER CANCELLED - funds transferred to PO 712119558 to save an exchange rate loss of £335k	w/c 14th September	Ongoing	Dec 20 - Jul 21
Estimated planned delivery dates		FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE	FULL ACCESS TO REPORTS GIVEN		FULL DELIVERY MADE				FULL DELIVERY MADE		FULL DELIVERY MADE	FULL DELIVERY MADE	FULL DELIVERY MADE
Date invoice for balance paid		N/A	Reconciliation of Escrow account received	Final payment made October 20	N/A		Throughout delivery - all invoices paid				On delivery		All funds deposited into Escrow	N/A	Balance of funds transferred from PO 712118537

Governance reference	**40**	**41**	**42**	**43**		**44**	**45**
Supplier	Gunnebo UK Ltd	BTBW	BTBW	Pharmapac		BTBW	BTBW
Items ordered	Controlled drug store at Picketston	76m Type IIR masks	182m Nitrile Gloves	2m FFP3 masks		Flights for 64m gloves and additional cost of gloves	Additional cost of raw materials for outstanding delivery of 208.2m gloves
Cost per item including VAT	N/A	£0.050		£5.500	£6.600		
Total Contract Value (including VAT)	£115,108.80	£3,800,000.00	£14,560,000.00	£5,500,000.00	£6,600,000.00	$3,120,119	$5,597,091
Advance payment %	40%	10% deposit plus instalment 1	100% into Escrow	100% into Escrow	100% into Escrow	100% into Escrow	100% into Escrow
Value of advance payment (including VAT)	£46,043.52			£5,500,000.00	£5,500,000.00	$3,120,119	$5,597,091
Procurement Lead	Mark Roscrow	Claire Salisbury	Claire Salisbury	Claire Salisbury	Claire Salisbury	Claire Salisbury	Claire Salisbury
Governance paperwork received from procurement	28.09.20	30.09.20	30.09.20	15.10.2020	11.11.2020	14.03.21	08.04.21
Finance & Governance Committee approval	01.10.20	01.10.20	01.10.2020	15.10.2020	11.11.2020	15.03.21	14.04.21
WG Approval if required	05.10.20	05.10.2020	05.10.2020	16.10.	11.11.2020	15.03.21	
Velindre Trust Board Approval if required	N/R	07.10.2020	07.10.2020	19.10.2020		N/R	N/R
PO raised	712122718	712124013	712124575	712124160		712132580	
OJEU contract notice publication date or contract reference	BELOW OJEU THRESHOLD	19/11/2020	24/11/2021	17/11/2020		24/11/2020	24/11/2020
Invoice received to match approved value	CMC-094 Paid 20.10.20	Escrow payment request (BTBW 76m Type IIR masks)	Escrow payment request (BTBW 182m gloves)	Escrow payment	Escrow payment	Escrow payment schedule - LESS $1,679,550 surplus from FFP3 contract cancellation - actual payment into Escrow $1,440,569	Escrow payment schedule - funds transferred from cancelled order Ref 34
Request to make payment sent to AP	N/A - BACS	20.10.2020	17.11.2020	20.10.2020	12.11.2020	30.03.21	[redacted]
AP payment request sent to Velindre	N/A - BACS	20.10.2020	17.11.2020	20.10.2020	12.11.2020	30.03.21	
Velindre confirm payment made	N/A - BACS	20.10.2020	17.11.2020	20.10.2020	12.11.2020	30.03.21	
Payment confirmed to supplier/procurement	N/A - BACS	20.10.2020	17.11.2020	20.10.2020	12.11.2020	30.03.21	
Remittance confirmed by supplier	N/A - BACS	20.10.2020	17.11.2020	21.10.2020	12.11.2020	30.03.21	
Date goods received		All deliveries made prior to 31/3/21	Final Delivery Sept 21	0.709m delivered to end Sept 21		All goods within NWSSP ownership by 31/3/21	
Estimated planned delivery dates	Works completed	FULL DELIVERY MADE	FULL DELIVERY MADE	1.291m undelivered at 30/9/21 - regular fortnightly deliveries being made		FULL DELIVERY MADE	FULL DELIVERY MADE
Date invoice for balance paid	On completion and satisfactory sign off of works	All funds deposited into Escrow	All funds deposited into Escrow	All funds deposited into Escrow		Balance of remaining funds transferred from cancelled PO 712118537, with shortfall of payment due made in March 2021	N/A

STOCK ORDERS IN EXCESS OF £1M REQUIRING WG APPROVAL - NO ADVANCE PAYMENTS MADE

Governance reference										
Supplier	BCB International	British Rototherm	Genmed Enterprises UK	Halco Europe	Imperial Polythene	LJA Miers	Lyreco	Plaspac UK Ltd	The Royal Mint	3M Health Care Ltd
Items ordered	Hand sanitiser 96,000 x 500ml bottles, 48,000 x 50ml bottles	3,650,000 visors	750,000 Type II masks, 9,400,000 Type IIR masks	672,000 face shield/visors	49,250,000 aprons	756,000 full face shields/visors	640,000 full face visors	93 million aprons	500,000 visors	299,280 FFP2 respirators
Total Contract Value	1,551,000.00	15,500,000.00	7,113,000.00	1,464,960.00	3,037,975.00	1,118,880.00	4,633,600.00	5,115,000.00	2,600,000.00	518,349.00
Contract duration	01.04.20 - 31.07.20	15.04.20 - 06.12.20	01.05.20-30.06.20	18.05.20-06.07.20	30.04.20-30.09.20	18.05.20 - 06.07.20	26.05.20 - 26.05.20	25.04.20-30.09.20	18.05.20 - 06.07.20	17.04.20-01.06.20
Procurement Lead	Terri Brannigan	Romano Provini	Gareth Stallard	Romano Provini	Julie Fulton	Romano Provini	Romano Provini	Julie Fulton	Romano Provini	Michael Powis
WG over £1m retrospective approval form completed	11.06.20	15.06.20	12.06.20	15.06.20	16.06.20	15.06.20	15.06.20	16.06.20	15.06.20	05.08.20
Finance & Governance Committee reviewed	01.10.20	01.10.20	01.10.20	01.10.20	01.10.20	01.10.20	01.10.20	01.10.20	01.10.20	01.10.20
OJEU contract notice publication date or contract reference	Direct award under Regulation 32(2)(c) of the Public Contract Regulations 2015 ('Direct Award due to reasons of extreme urgency')									

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12th October 2021
AGENDA ITEM	6.4
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 Management Arrangements

PURPOSE

To update the Audit Committee on NWSSP Stock Management Arrangements in place for 2021-23.

Introduction

As previously reported, in order to support the all-Wales response to Covid 19, NWSSP have been required to put in place a stock pile 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 at 30th September 2021.

Storage Facility	£'m
NHS Store Bridgend	3.697
NHS Store Denbigh	1.327
WG / NHS Store St Athan	7.143
NHS Store Newport	18.393
NHS Store Newport Brexit Stocks	3.227
External Storage South West	16.105
External Storage South East	22.635
External Storage North	4.520
Vested Stock**	10.669
Total Stockholding	**87.716**

***The vested stocks comprise £8.5m of FFP3 masks which are held by 3M and are due for delivery to NWSSP stores, plus £2.1m Lumera test kits which will continue to be held by Lumera to avoid stock date issues.*

This report provides Committee members with assurance over the accuracy of recorded stock balances by detailing the NWSSP stock taking and governance arrangements in place to ensure the safeguarding of stock and accurate recording of stock balances.

Perpetual Stock Taking Arrangements NHS Stores

The following NWSSP Stores operate a Warehouse Management System (WMS):

- NHS Store Bridgend
- NHS Store Denbigh
- NHS Store Newport
- WG / NHS Store St Athan

Here perpetual stock taking is facilitated through daily cycle counting which enables the periodic counting of individual items throughout the course of the year to ensure the accuracy of inventory quantities and values. Each day the system automatically (randomly) selects a number of items to be cycle counted and all items are selected during the financial year. Once a cycle count is selected the system will not allow for any movements against that item until it is completed. Any identified discrepancies are managed through the Stores Losses Protocol which requires investigation and Manager approval for losses over £1k and further approval for losses over £5k in line with standing financial instructions.

Note the WG/NHS Store St Athan has recently been set up in WMS and a full manual stock take carried out to enable these stocks to be accurately input to the system. We are in the process of enabling cycle counting for this store with the assistance of Version 1. Previously stock taking in this store was managed manually bi-annually but during the pandemic and prior to input to WMS stocks were counted on a weekly rolling basis.

Historically Audit Wales have raised no significant issues with the cycle counting process and have carried out sample testing of stock values at year end. All previous audit outcomes have confirmed this approach as a robust stock taking arrangement and outcomes have been positive. Any recommendations made or suggestions for improvement have been implemented. Internal audit has also undertaken detailed reviews of stores processes in previous years with no significant issues arising.

Stock Taking Arrangements Brexit Stocks

In preparation for Brexit, during 2018/19 NWSSP established a standing Brexit stock of regular use and critical items to provide for supply chain resilience during the Brexit process. Due to the passage of time NWSSP are

now in the process of transferring short life Brexit stocks to stores pick locations for use before expiry.

To manage this process a full rolling stock take was carried out between January and March 2021, no stock discrepancies were identified, and all products and expiry dates were captured on a spreadsheet. The only movement against these stocks is for the short life stock transfer to pick. As stocks are transferred to pick through system functionality and the manual spreadsheet is updated and reconciled back to the system. Once stocks have been transferred out of Brexit, they are picked up by the cycle count in that store. To date no discrepancies have been identified, should there be an issue this would be investigated and approved in line with the Stores Losses Protocol for NWSSP NHS Stores.

Stock Taking Arrangements Non-NHS Stores

The arrangements in place for stocktaking in the Non-NHS storage facilities vary between sites depending on what facilities the supplier offers. This is reported monthly through the Systems Team to Senior Management and Finance.

- External Storage South West: This supplier does not operate an automated Warehouse Management System. Therefore, monthly physical stock takes are in place. These are undertaken by NWSSP staff and reconciled to the NWSSP Inventory system. Any discrepancies identified are managed and approved in line with the Stores Losses Protocol for NWSSP NHS Stores.

- External Storage South East and North: These suppliers operate their own internal Inventory Management Systems from which they provide a stock holding report on monthly basis. This report is reconciled to the NWSSP Inventory system. In addition, monthly visits are carried out by NWSSP staff to undertake random sample stock checks. Again, any discrepancies identified are managed and approved in line with the Stores Losses Protocol for NWSSP NHS Stores.

Further Governance Arrangements in Place

1. Governance Groups meeting bi-monthly:
    - Operational Inventory Management Group - Chaired by Senior Finance Business Partner and including all key Stores Systems and Operational staff.
    - Strategic Inventory Management Group - Attended by Director of Finance and Director of Procurement.

These forums provide for process scrutiny and review and for discussion and resolution of issues.

2. Established Financial Control Processes
   - Movement on Stock balances is reconciled monthly
   - Inventory system issues are reconciled to invoices raised
   - Stores financial management reports are produced and scrutinised by the Finance Business Partner and Stores Budget Holder.
   - Recorded losses are reported through NWSSP Audit Committee

3. Additional PPE stock scrutiny in place
   - Monthly production of PPE Stock balances report
   - Monthly meetings to confirm balances and movement against issues and purchases, including Director of Finance and Director of Procurement sign off.

Audit Arrangements

Internal Audit Scheduled Audit Review of Stores

This Internal Audit is planned for early November 2021 and will cover several areas:

- External warehouses, including checking and comparing stock records
- Security at all of sites, both external and internal
- Governance around our stock, both internal and external
- Stock management systems
- Reporting
- Controls in place for receipting and issuing
- Cycle counting & stock taking

To complete this work the Internal Audit team will attend both NWSSP stores and external contractor stores.

External Audit Arrangments

As a result of Covid-19 restrictions in March 2021 Audit Wales were unable to attend stores and were therefore unable to obtain sufficient appropriate audit evidence through a physical stock verification, as mandated by the Auditing Standard, and consequently they issued a qualified 'limitation of scope' opinion on the 2021-21 financial statements. We are aware from recent discussions with Audit Wales that they propose to attend physical locations and obtain stock verification during the forthcoming audits. We will look to work closely with the Audit Wales to ensure we can accommodate their requirements.

Recommendation

The Audit Committee are asked to note the NWSSP's stocktaking and other governance arrangements relating to safeguarding and accurate recording of stocks.

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
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 **22 June 2021 to 03 October 2021**. A summary of activity for the period is set out in **Appendix A**.

Description	No.
File Note	**6**
Invitation to competitive quote of value between £5,000 and £25,000 (exclusive of VAT)	**6**
Invitation to competitive tender of value between £25,000 and the prevailing OJEU threshold (exclusive of VAT)	**0**
Single Tender Actions	**1**
Single Quotation Actions	**3**
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	**18**

3. NWSSP PROCUREMENT SERVICES ALL WALES CONTRACTING ACTIVITY

During the period **16 June 2021 to 30 September 2021**, activity against **64 contracts** have been completed. This includes **32** contracts at the **briefing** stage and **23** 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 **0** declarations as to Gifts, Hospitality or Sponsorship made since the last Audit Committee meeting.

5. WELSH GOVERNMENT QUARTERLY UPDATE

On a quarterly basis, we issue a letter to Dr Andrew Goodall at Welsh Government to confirm any Audit Reports which have achieved limited or no assurance. We were pleased to submit a nil return to the latest report, for the last quarter.

6. RECOMMENDATIONS

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

APPENDIX A - NWSSP Contracting Activity Undertaken (22/06/2021 to 03/10/2021)

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	NWSSP-Corp	NWSSP-DCO-819	24/06/2021	Direct call off	5 Year Rental Agreement for Multifunctional devices	Konica Minolta	£6,176	Direct Call Off from CCS Framework	Endorsed	No action required
2.	VEL	NWSSP – PCS	NWSSP-RFQ-823	25/06/2021	Request for Quote	New Office renovations for medical examiner	Richard H Powell and Partners Ltd	£6,607	Invitation to Quote awarded on the basis of quality. Other suppliers are looking to subcontract the work out causing complications.	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
3.	VEL	NWSSP – PCS	NWSSP-SQA-825	29/06/2021	Single Quotation Tender	Installation of Automatic Fire Detection system	TOD Fire & Security	£9,759	Only the approved landlord contractor is permitted to undertake works on the system within this premise.	Endorsed	No action required
4.	VEL	NWSSP-TMU	NWSSP-SQA-829	15/07/2021	Single Quotation Tender	Purchasing, of Laminar Air Flow cabinet	Connect2Cleanrooms	£5,852	Standardisation with existing equipment.	Endorsed	No action required
5.	VEL	NWSSP-Payroll	NWSSP-SQA-830	13/07/2021	Single Quotation Tender	Upgrade of Zyscan System	Commercial Ltd	£6,720	Only able to upgrade system with existing supplier for scanning invoices.	Endorsed	No action required
6.	VEL	NWSSP-SES	NWSSP-RFQ-833	29/07/2021	Request for Quote	Independent consultant to review performance of the NHS Building for Wales frameworks.	Construction Excellence in Wales	£7,950	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
7.	VEL	NWSSP-SES	NWSSP-RFQ 835	22/07/2021	Request for Quote	To carry out a post project evaluation (PPE) on the recently completed Grange University Hospital.	Mcbains ltd	£8,700	Invitation to Quote – single response	Compliant, 5 suppliers viewed the opportunity, 1 response received	No action required

8.	VEL	NWSSP-Corp	NWSSP-RFQ-842	20/09/2021	Request for Quote	Purchase and supply of LED lighting in Nantgarw	LH Evans Ltd	£22,589	Invitation to quote – Lowest bid.	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
9.	VEL	NWSSP – IP5	NWSSP-STA-843	28/09/2021	Single Tender Action	Purchase and supply of 4 refrigerators for storing of biologics and vaccines as part of the All Wales Vaccination Booster Program.	Labcold Limited	£25,147	Only supplier able to provide equipment to match mandatory specification within the timescales.	Endorsed	No action required
10	VEL	NWSSP-PCS	NWSSP-RFQ-847	10/08/2021	Request for Quote	Placement fee for supplying a software Developer	Intapeople Ltd	£5,683	Awarded based on M.E.A.T	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
11	VEL	NWSSP-Corp	NWSSP-RFQ-855	01/06/2021	Request for Quote	To upgrade to LED lighting at HQ, Nantgarw (Labour only)	Proactive Maintenance Services	£12,500	Invitation to quote – Lowest bid.	Compliant, 3 suppliers viewed the opportunity, 2 response received	No action required
12	VEL	NWSSP-SC	VEL-NWSSP-094	09/06/2021	File note	Kerosene spillage at West Point	GPT Environmental Management Services	£10,548	Emergency response required at HCS base in West Point sits to undertake site survey and carry out remedial works	Competition not sought in accordance with SFI'S however, time was extremely limited due to the urgency	No action required
13	VEL	NWSSP-HCS	VEL-NWSSP--095	28/06/2021	File note	Temporary External Storage & Transport of PPE for COVID19	Delsol	£120,000	This File note will cover the expenditure committed for the period from June 2020 until October 2021	Competition not sought in accordance with SFI'S	Formal procurement to be undertaken external warehousing storage and distribution
14	VEL	NWSSP-HCS	VEL-NWSSP-096	28/06/2021	File note	Temporary External Storage & Transport of PPE for COVID19	Gerry Jones	£350,000	This File note will cover the expenditure committed for the period from June 2020 until October 2021	Competition not sought in accordance with SFI'S	Formal procurement to be undertaken external warehousing storage and distribution

15	VEL	NWSSP-HCS	VEL-NWSSP-097	28/06/2021	File note	Temporary External Storage & Transport of PPE for COVID19	Owens Transport	£800,000	This File note will cover the expenditure committed for the period from June 2020 until October 2021	Competition not sought in accordance with SFI'S	Formal procurement to be undertaken external warehousing storage and distribution
16	VEL		VEL-NWSSP-FN-099	07/07/2021	File note	Emergency Generator	Lorne Stewart	£9,133	The generator was arranged as an emergency measure with no notice. It was essential to have emergency power back-up.	Competition not sought in accordance with SFI'S	No action required
17	VEL		VEL-NWSSP-FN-107	24/08/2021	File note	Zylab Professional Services to support IT System	Zylab UK Ltd	£9,366	Maintenance and support renewed to avoid disruption to service.	Competition not sought in accordance with SFI'S	Agreement to be added to the Electronic Contract management system to ensure renewal is captured on time

APPENDIX B - All Wales Contracting Activity In Progress (17/06/2021-30/09/2021)

No.	Contract Title	Doc Type	Total Value	JI approval <£750K	WG approval >£500k	NF approval £750-£1M	Chair Approval £1M+
1.	**AB - Attend anywhere** - Platform Enterprise Subscription including dedicated Instance Maintenance and Support Contract period – 1 year	ratification	£ 1,630,000	16/06/2021	18/06/2021	trust gov applies	trust gov applies
2.	**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. Contract period – July 17 – July 22	extension	£ 3,503,898	16/06/2021	original approval applies 12/04/17	16/06/2021	16/06/2021
3.	**PPE Commercial storage Provision of PPE/Medical Consumables** Commercial Storage Facilities & Distribution Services Contract period - 1 Year (with an option to extend for up to a further 12 months)	briefing	£ 950,000	29/06/2021	n/a	n/a	n/a
4.	**Anti Infective drugs** created to align all three of the current Generic Drugs Anti-Infective contracts into one contract. All the current Anti-Infectives contracts come to an end on 31st January 2022. This tender will include antibacterial and antifungal drugs. Contract period - 2 year with an option to extend for up to a further 24 months	briefing	£ 13,039,067	22/06/2021	19/07/2021	n/a	n/a
5.	**CVU - Single Nucleotide Polymorphism (SNP) Array Reagents and Platform** - The single array platform will be suitable for both germline and acquired copy number analysis using DNA extracted from a variety of sample types including (but not limited to) blood, amniotic fluid, bone marrow and other tissue types Contract period: two years with an option to extend for up to a further 12 months	ratification	£ 1,027,344	22/06/2021	16/07/2021	trust gov applies	trust gov applies
6.	**DHCW - P675 GP systems** The purpose of this Framework Agreement is to allow Health Boards to Call Off GP IT Clinical Systems & Services for all GP Practices in Wales. Contract period – five (5) years with the option to extend by up to a further five (5) years in increments of twelve (12) months	ratification	£ 71,400,000	24/06/2021	08/07/2021	08/07/2021	09/07/2021

7.	**Cardiology Radiology Endoscopy Surgical urology consumables** The Interventional portfolio covers four specialist clinical areas, Cardiology, Radiology, Endoscopy and Surgical Urology, brought together under one overarching non-ranked, multi-supplier Framework Agreement. Contract period - 1st January 2022 – 31st December 2025	briefing	£ 126,693,668	24/06/2021	29/07/2021	n/a	n/a
8.	**Junior Doctor E-Rota Monitoring for Junior Doctors** is a cloud-based software solution to assist Health Boards / Trusts in NHS Wales to plan and monitor their junior doctors' rotas and rosters in line with EWTD and New Deal, supporting exception reporting and including the potential for a self-rostering programme. Contract period - 2 years, with option to extend for a further 12 months	briefing	£ 678,066	28/06/2021	n/a	n/a	n/a
9.	**Natural Gas** - The supply of Natural Gas to NHS Wales hospitals and sites. Contract period - 01/04/2022 to 31/03/2027 with option to extend for a further 3 years	ratification	£ 82,998,720	29/06/2021	09/07/2021	13/07/2021	13/07/2021
10.	**DHCW - Test Track Trace CRM** - development resources for the Contact Tracing Solution in line with Welsh Government Policy and management of the Covid-19 pandemic Contract period - twelve (12) months, with the option to extend for a further twelve (12) months	briefing	£ 2,600,000	CS 02/07/2021	22/07/2021	n/a	n/a
11.	**Electrosurgical Instrumentation** Electrosurgery is the use of radiofrequency (RF) currents, modified from standard electricity by an electrosurgical generator, to cut and coagulate tissues. The output current is regulated by the control panel on the high frequency generator, with the cutting or coagulation controlled by the footswitch/handle button during surgery Contract period - 01/12/2021- 30/11/2025	briefing	£ 6,342,471	CS 08/07/2021	sent to WG 8/7	n/a	n/a
12.	**Theatrewear** the provision of disposable Theatre Wear items for NHS Wales including Caps, Patient Gowns, Surgical Gowns, Warm Up Jackets, Scrub Suits, and Surgical Masks. The items are integral to ensuring that the sterile field is protected during surgery and provide protection to both users and patients from the transfer of bacteria, hair, bodily fluids, saline, and chemicals used during surgical procedures Contract period - 3 years with option to extend for 12 months	extension	£ 2,693,405	CS 02/07/2021	original approval applies 5/11/18	13/07/2021	13/07/2021

13.	**National collaborative care homes** FA procurement for a Framework Agreement for the provision of Services by independent providers to younger adults (18+) in mental health and learning disabilities care homes and care homes with nursing Contract period - 1st October 2016 – 31st March 2024	extension	£ 975,000,000	CS 02/07/2021	original approval applies 28/9/16	13/07/2021	13/07/2021
14.	**Orthopaedic trauma & joint replacement framework** A Framework Agreement to cover Health Boards and Trusts in Wales and Northern Ireland for the supply of Orthopaedic, Trauma and Joint Replacement consumables Contract period - 4 Years - 1st August 2021 – 31st July 2025	ratification	£ 125,200,000	CS 02/07/2021	16/07/2021	16/07/2021	16/07/2021
15.	**CVU - Lease of Franking Machine**. Lease of 2 franking machines for the provision of posting services across the Health Board Contract period – 1 August 2021 – 31 March 2022	ratification	£ 960,000	CS 09/07/2021	22/07/2021	trust gov applies	n/a
16.	**PHW - AB Molecular** To undertake the routine servicing and maintenance of the analysers, to respond to urgent call-outs and undertake emergency repairs to ensure the analysers are fully operational, to maintain resilience for Covid testing Contract period - 7 years, to commence May 2021 until May 2028 – invoiced annually.	ratification	£ 998,025	07/07/2021	19/08/2021	trust gov applies	n/a
17.	**Junior Doctor** E-Rota Monitoring for Junior Doctors is a cloud-based software solution to assist Health Boards / Trusts in NHS Wales to plan and monitor their junior doctors' rotas and rosters in line with EWTD and New Deal, supporting exception reporting and including the potential for a self-rostering programme. Contract period - 2 years, with option to extend for a further 12 months	ratification	£ 678,066	CS 09/07/2021	19/07/2021	n/a	n/a
18.	**Construction framework** Integral to this framework Hywel Dda and Swansea Bay University Health Boards are seeking to appoint suitably qualified construction contractors to undertake various packages of minor/intermediate and major works across the Health Boards entire geographical area via compliant construction frameworks. Contract period - 3 years plus option to extend for a further 12 months	briefing	£ 84,000,000	CS 22/07/2021	11/08/2021	n/a	n/a
19.	**DHCW - DSPP Digital Application Partner P659** To establish a consultancy and development resource partner to assist with delivering the Digital Services for Patients and the Public ("**DSPP**").	ratification	£ 7,000,000	CS 16/07/2021	10/08/2021	trust gov applies	trust gov applies

	Contract period 1st September 2021 to 31st March 2024 The Authority may extend the Agreement in increments of not less than twelve (12) months up to a maximum of two (2) years						
20.	**DHCW - DSPP Digital Application Partner P660** To establish a consultancy and development resource partner to assist with delivering the Digital Services for Patients and the Public ("**DSPP**"). Contract period 1st September 2021 to 31st March 2024 The Authority may extend the Agreement in increments of not less than twelve (12) months up to a maximum of two (2) years	ratification	£ 6,250,000	CS 16/07/2021	29/07/2021	trust gov applies	trust gov applies
21.	**DHCW - GP MPS P686** To establish a consultancy and development resource partner to assist with delivering the Digital Services for Patients and the Public ("**DSPP**"). Contract period 1st September 2021 to 31st March 2024 The Authority may extend the Agreement in increments of not less than twelve (12) months up to a maximum of two (2) years	briefing	£ 7,250,000	CS 15/07/2021	11/08/2021	n/a	n/a
22.	**CAJE Software** CAJE is a secure password – protected internet – based system for recording job matching and job evaluation outcomes, storing information related to those outcomes and consistency monitoring outcomes. Within NHS Wales, the use of Computer Aided Job Evaluation (CAJE) tool was made compulsory during assimilation process resulting in a high usage of the system. NHS Boards and trusts have continued to use CAJE for all workforce processes relating to Job Evaluation and rely heavily upon it. Contract period 6 Years 3 months (with an option to extend for 12 months)	ratification	£ 517,339	20/07/2021	sent to WG 20/7		
23.	**General Medical & Assessment Consumables** The General Medical & Assessment Consumables contract was formally known as 'Miscellaneous Medical & Surgical'. This contract was originally created as a way of classifying a diverse range of high usage products that could not be easily categorised under existing contracts. Work during the previous Tender exercise moved a variety of items to new and existing contracts such as the ENT Patient Assessment & Examination Consumables contract. Contract period - 1st December 2021 – 30th November 2025	briefing	£ 3,079,346	15/07/2021	17/08/2021	n/a	n/a
24.	**Vascular Access Accessories** consists of a range of different items used in vascular access both in hospital and at home. The products included on this agreement are used throughout the departments in the hospitals, and includes items used for intravenous anaesthesia,	briefing	£ 3,269,408	15/07/2021	28/07/2021	n/a	n/a

	giving sets for fluids and blood, and items used to prevent patients from causing harm by removing intravenous lines. A large proportion of the agreement consists of needle free bungs and extension sets, which have been key in reducing needlestick injuries Contract period **01/01/2022 – 31/12/2026**						
25.	**PHW - Servicing and Maintenance of Cepheid GeneXpert Analysers** To undertake the routine servicing and maintenance of the analysers, to respond to urgent call-outs and undertake emergency repairs to ensure the analysers are fully operational, to maintain resilience for Covid testing Contract period 7 years, to commence May 2021 until May 2028	ratification	£ 665,333	15/07/2021	query 28/7	n/a	n/a
26.	**VEL - Molecular Enteric Pathogen detection analysers** The use of commercial molecular assays for the detection of gastrointestinal pathogens allows microbiology laboratories to offer more rapid and efficient routine NAAT-based diagnostic services for infectious intestinal disease diagnosis. Contract period 3 years with an option to extend for a further period up to 24 months.	briefing	£ 4,254,000	22/07/2021	17/08/2021	n/a	n/a
27.	**CVU - Glucose/Ketone EQA Vials** Supplying to more than 35,000 sites per month, Weqas provides over 40 EQA Programmes, including external audit, performance analysis and an educational advisory service. Weqas has Clinical Laboratory Quality Assurance Support, within four distinct services: Contract period 1st September 2021 to 31st August 2024 (three years)	ratification	£ 630,020	22/07/2021	sent to WG 26/7		
28.	**Approved bodies audit services** These audits are specific to the Sterile Services Departments and relate to specific ISO standards required as part of their on-going quality assurance compliance. Contract period 1st April 2022 – 31st March 2026	briefing	£ 664,000	22/07/2021	n/a at this stage	n/a	n/a
29.	**HDDA - Car Park Management** extend its contract for the Management of Car Park Enforcement Services at Glangwili Hospital, Carmarthen and Prince Philip Hospital, Llanelli Contract period 3 years from 1st of Sept 2018, 1 year from 1st of Sept 2021 and a further year thereafter	extension	£ 882,747	03/08/2021	original approval applies 15/8/18	trust gov applies	trust gov applies
30.	**Podiatry Products** include a range of foot orthoses which have been split into several single supplier Lots. A new multi supplier lot has	briefing	£ 1,091,862	27/07/2021	19/08/2021	n/a	n/a

	also been developed incorporating sheet materials and orthotic components for in house manufacturing and adaptions Contract period – 4 years from 01/11/2021						
31.	**IV & Irrigation Solutions** This contract is for all parenteral preparations of fluid and electrolyte imbalance also all irrigations solutions that are purchased by hospital pharmacy departments in Wales. Contract period 01/02/2022 to 31/01/2024 (with option to extend for a further 24 months to 31/01/2025)	briefing	£ 8,414,970	27/07/2021	11/08/2021	n/a	n/a
32.	**CVU - Community Opportunities Service** (Mental Health Contract Renewal) Community Opportunity Services support 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. Contract period 1st April 2022 to 31st March 2025 with an option to extend to 31st March 2027	Briefing	£ 1,953,207	03/08/2021	sent to WG 03/8		
33.	**CVU - Mental Health Crisis House** (Mental Health Contract Renewal) Crisis Services are an innovation in the care and treatment of people experiencing serious mental illness who would previously have been admitted to hospital. They seek to provide person-centred, intensive, short term treatment and support in the least restrictive environment possible – either at home or in a Crisis House. They are based on a holistic approach, allowing social issues to be addressed as part of a care plan, and can also offer support and education to family and carers. Contract period 1st April 2022 to 31st March 2025 with an option to extend to 31st March 2027	Briefing	£ 1,266,962	03/08/2021	sent to WG 03/8		
34.	**CVU - Specialist Palliative Care Support** Specialist Palliative care is provided in the home or other residential setting in the community. Services are available at different times over a 7 day period. Care is delivered to patients in the community through a core specialist multidisciplinary team, led by a Community Nurse Specialist, to provide holistic care. All patients have an agreed care plan and can be referred to other services. Care will include complex symptom control, specialist palliative rehabilitation, and coordination of care at the end of life. Palliative care education and advice is provided to other health care professionals	Briefing	£ 5,111,860	03/08/2021	19/08/21 with comments	n/a	n/a

	Contract period 1st April 2022 to 31st March 2025 with option to extend to 31st March 2027						
35.	**CVU - Hospice at Home Service** The service will be delivered through the provision of high quality planned nursing care in an agreed combination of visits over the 24 hours period as appropriate to support the needs of the patients and their carers. Contract period 1st April 2022 to 31st March 2025 with option to extend to 31st March 2027	Briefing	£ 1,203,235	03/08/2021	17/08/2021	n/a	n/a
36.	**CVU - Hospice In Patient Service** for patients with complex needs who need 24/7 assessment and management by a specialist multidisciplinary team. The hospice works collaboratively with the Cardiff and Vale University Health Board to deliver prudent healthcare for the local population and has been providing care to the local population since the 1960's receiving over 450 new inpatients per year Contract period 1st April 2022 to 31st March 2025 with option to extend to 31st March 2027	Briefing	£ 5,150,040	03/08/2021	15/9/21		
37.	**CVU - Patient digital communication systems** to provide its patients with a dynamic digital communication service in addition to traditional mail for those who cannot access digital services. Contract period 2 years +2 years extension option	briefing	£ 3,000,000	03/08/2021	sent to WG 03/8		
38.	**CVU - Re-commissioning of Substance Misuse Services** We need to integrate our service provision, and further emphasise the provision of inclusive, adaptable provision which takes a whole person, strengths based approach. summarized in the types of provision below and are currently contracted out under 13 different contracts and service orders. Public Awareness, prevention, workforce education and training, Harm reduction, intervention and support, Children and Young People Contract period 10 years (5+2+2+1)	briefing	£ 21,529,910	04/08/2021	20/09/21	n/a	n/a
39.	**ICNET Extension** outside contract period Infection Prevention and Control surveillance system that provides cross-hospital electronic infection case management, immediate alerting of information relevant to infection control to ward staff and others, including health protection specialists, and in depth and real-time reporting for clinical and public health action. Contract period 16th August 2021 – 15th August 2023	extension	£ 839,895	20/08/2021	sent to WG 23/8		

40.	**VEL - Post Registration Pharmacy** HEIW is seeking to commission delivery of a training programme for post-registration foundation pharmacists in Wales. The programme is non- mandated and will provide a career pathway and required transition for emerging new registrants from September 2022 to January 2027 to achieve independent prescribing (IP) status alongside gaining a Royal Pharmaceutical Society (RPS) credential Contract period **4 Years**	briefing	£ 2,100,000	06/08/2021	sent to WG 6/8		
41.	**Maintenance & Support of Cisco Network Equipment** To provide maintenance and support of Cisco network equipment located throughout Swansea Bay University Health Board, along with the Bridgend area of Cwm Taf Morgannwg University Health Board under an agreed SLA. Contract period 01/09/2021 – 31/08/2024 (3 Years)	ratification	£ 967,375	06/08/2021	26/08/2021	sent to NF 26/8	n/a
42.	**All Wales Student Bursary Award** System To procure an All Wales Student Bursary Award System to manage the processing of student bursary applications for healthcare graduates. The service processes on average 9,600 student applications, manages approximately 12,000 phone calls a year, and awards a bursary value of £24.6m. Contract period 3 years option to extend by up to a further 24 months	briefing	£ 828,128	06/08/2021	n/a at this stage	n/a	n/a
43.	**Maint of CT scanners** HDDA Provision of regular servicing, corrective on-site repair visits and the supply and fitting of replacement parts, including specialist elements and software updates for the duration of the contract. Contract period 3 Years: 22/07/2021 – 21/07/2024	ratification	£ 692,210	06/08/2021	15/09/2021	n/a	n/a
44.	**SBU - Refurbishment of Enfys ward** The purpose of this contract is to procure, build and commission arrangements to develop the Enfys Ward (and co-located existing space) at Morriston Hospital to establish an Ambulatory Emergency Care and an Acute Medical Assessment Unit. Contract period 20 weeks. Work to be completed by 31st of March 2022	ratification	£ 1,800,000	16/08/2021	15/09/2021	trust gov applies	trust gov applies
45.	**SBU - Extension of Covid Testing Centre** To provide Covid testing facilities in the Neath Port Talbot & Swansea areas. Contract period April 2021 – March 2022 + 1 year extension	ratification	£ 699,051	07/09/2021	sent to WG 7/9		

46.	**Patient snacks & hydration** To provide Patient and Retail Snacks and Hydration products, including confectionary, bottled drinks, patient snacks, juices and squashes. Contract period 3 years with the option to extend for a further 12 months.	ratification	£ 8,362,687	16/08/2021	sent to WG 17/8		
47.	**DHCW - GP MPS** The provision of GP Managed Print Services to GP Practices across NHS Wales Contract period five (5) years with the option to extend for a period of a further two (2) years.	ratification	£ 8,233,685	16/08/2021	25/08/2021	trust gov applies	trust gov applies
48.	**Supply of Wheelchairs Seating & Postural Supports**, supply of Cushions,Backs/Postural Supports,Seating Systems,Bespoke Seating Systems,Postural Supports. Contract period **1st September 2019-31st August 2023**	extension	£ 1,651,448	16/08/2021	original approval applies 21/8/19	26/08/2021	26/08/2021
49.	**Provision of Managed Service for Medical Locums** To provide a managed service to medical workforce managers that includes direct engagement, demand management and recruitment Contract period 12 months from 01.09.2021 to 31.08.2022	extension	£ 1,662,884	15/09/2021			
50.	**DHCW - Evidence Summaries** NHS Wales e-Library for Health are looking to re-procure evidence summaries to support clinical decision-making processes regarding patient care. The evidence summaries bring together regularly updated research evidence with the knowledge of international experts. They offer step-by-step approaches to help manage patient diagnosis, prognosis, treatment and prevention. Contract period 3 years	briefing	£ 2,552,730	18/08/2021	26/08/2021	n/a	n/a
51.	**DHCW - E-Journals** to re-procure e-journal subscriptions for a period of 12 months ensuring NHS Wales maintains access to the electronic journals and resources the organisation has come to depend upon. Contract period 1 year	briefing	£ 1,650,000	18/08/2021	26/08/2021	n/a	n/a
52.	**IMCA** The purpose of the IMCA service is to help particularly vulnerable people who lack the capacity to make important decisions about serious medical treatment and changes of accommodation Contract period 1 April 2019 – 31 March 2022 (extended until 31 March 2024)	extension	£ 1,254,525	23/08/2021	original approval applies 23/11/18	25/08/2021	25/08/2021

53.	**MRI Sola Scanner for HDDA** Provision of regular servicing, corrective maintenance visits to site and the supply and fitting of replacement parts, including specialist elements and hardware and software upgrades for the life of the contract. Contract period 9 years following warranty expiry 09/08/2022 to 08/08/2031	ratification	£ 534,672	25/08/2021	sent to WG 25/8		
54.	**L&R CMS** The new Case Management System will be aligned to a standard and efficient business administration processes Contract period 6 years with option to extend for further 3 years (1+1+1)	briefing	£ 504,978	25/08/2021	n/a	n/a	n/a
55.	**Laparoscopic instruments & consumables** Laparoscopic Surgery is a minimally invasive surgery which involves a small incision on the abdomen to allow a surgeon to access the inside of the abdomen and pelvis Contract period 4 years	briefing	£ 31,848,940	07/09/2021	sent to WG 7/9		
56.	**DHCW - TTP CRM** Solution Provision of resources to support the development of the required functionality of the fully integrated Contact Tracing system in line with Welsh Government Policy and management of the Covid pandemic. Contract period One (1) Year, anticipated to commence on 1st November 2021 and expire 31st October 2022, with the option to extend for a further one (1) Year	ratification	£ 1,300,000	07/09/2021	sent to WG 7/9		
57.	**DHCW - A Library of Patient Information Documents and Consent Education Training Package for Clinicians** Contract period Two (2) year contract with option to extend for two (2) years and a further one (1) year	briefing	£ 860,000	08/09/2021	n/a at this stage	n/a	n/a
58.	**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. Contract period 1st January 2022 – 31st December 2025, with the option to extend for a further 2 years up to 31st December 2027	briefing	£ 10,270,815	15/09/2021	sent to WG 15/9		

59.	**SBU - Maintenance of disability bungalows**. To enhance the wellbeing and experience of mental health patients within the property Contract period 20 weeks	briefing	£ 1,172,000	15/09/2021	sent to WG 15/9		
60.	**BCU - Felindre Ward Door Replacement**, Bronllys require a contractor to replace anti-ligature / anti barricade doors. Contract period 2 months	ratification	£ 677,109	15/09/2021	sent to WG 15/9		
61.	**Plaster Room Related Items**. Provide a range of plaster room related products including plaster of paris, tubular stockinette, under wrap, footwear, casting tapes, strapping, synthetic splint roll, support slings Contract period 4 years	ratification	£ 1,773,482	16/09/2021	sent to WG 16/9		
62.	**Non-emergency patient transport** WAST identified the need to create and support a procured, compliant third-party management solution for its non-emergency patient transport services (NEPTS) in addition to existing WAST NEPTS resources Contract period 23/09/21-22/09/22	extension	£ 14,605,206	sent to JI 15/9			
63.	**BCU - Mobile PET CT Service** This contract is to ensure the maintained availability of a North Wales based PET CT imaging service for the populations of North wales and North Powys Contract period 2 years with the option to extend 2 x 1 year	briefing	£ 4,070,832	16/09/2021	sent to WG 16/9		
64.	**PHW - Provision of Expert Advice**, Co-Delivery and Support for Improvement Cymru, Public Health Wales for Patient Safety and Harm Reduction Improvement Support for NHS Wales to commission leading international external support in the development, co-delivery and ongoing advice for the focus of patient safety and harm reduction across the continuum for NHS Wales Contract period **2 years initial contract with option to extend to maximum of 5 years (reviewed annually after 2 years)**	briefing	£ 3,750,000	16/09/2021	sent to WG 16/9		

NWSSP
Assurance Mapping

12 October 2021

Audit Committee

Introduction

An assurance map sets out pictorially the level of assurance against risks using the HM Treasury Three Lines of Defence Model. The benefit of this approach is that it both introduces a qualitative assessment to the assurance and provides an informative overview of whether the level of assurance for each risk is appropriate.

The map is produced using the following criteria to rate the required level of assurance, the individual assurance providers, and the overall current level of assurance:

Detailed Review of Relevant Information		
Medium Level Review		
Cursory or narrow scope review		

While the detailed review of relevant information obviously provides the most assurance, there is a place for each of the three categories in gaining assurance over a specific risk. For instance, a risk where there are multiple levels of detailed assurance may well indicate over-control with possible duplication of effort. Generally, there is likely to be more detailed assurance in the 1st line of Defence, with the other two categories being more prevalent in the 2nd and 3rd lines.

Assurance can be both positive and negative (i.e. just because a risk is well-assured, it does not necessarily mean that there isn't a problem with it. However, if there is a problem, good assurance means that the organisation should know about it at an early stage).

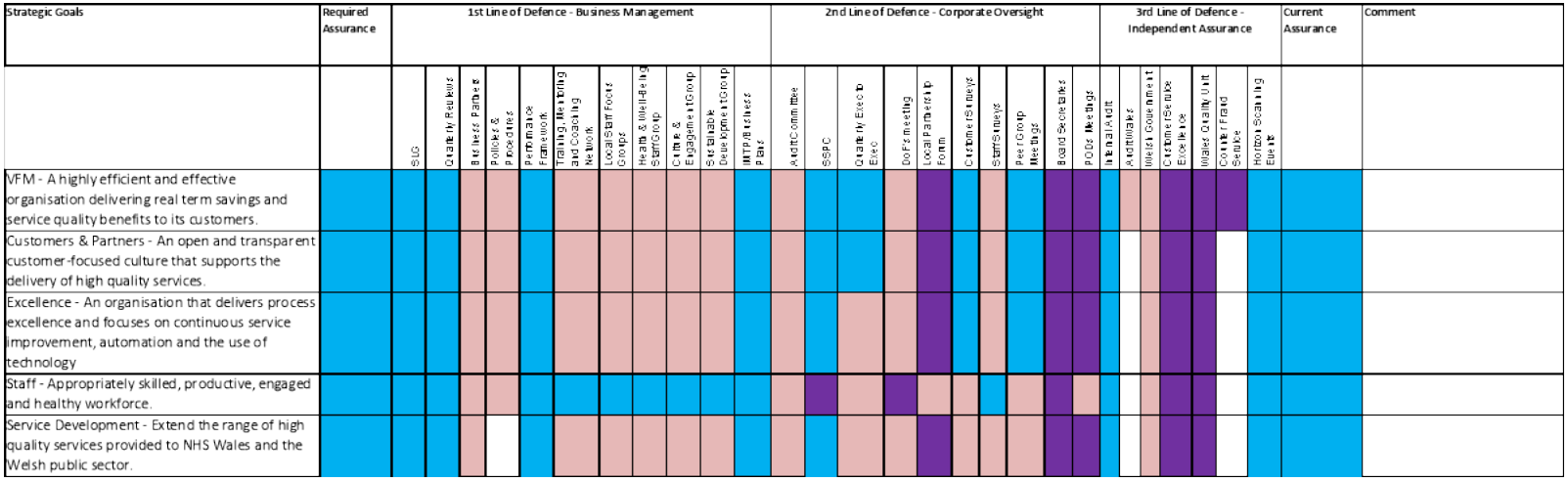
2021 Update

The Assurance Maps for NWSSP were first presented to the Audit Committee in November 2017, with an annual update provided since to ensure that they remain current.

The last update, to the June 2020 Committee, demonstrated that the vast majority of risks had adequate assurance in place. In general, all previous assurances remain in place and the maps now include assurance over the Laundry Service which transferred, at least in part, to NWSSP responsibility with effect from 1 April 2021.

Assurance Maps are currently being produced for other recently acquired or introduced services such as the Medical Examiner and Single Lead Employer. These will be presented to the Audit Committee as soon as they are available.

NWSSP Board Assurance Map



Strategic Goals	Required Assurance	1st Line of Defence - Business Management												2nd Line of Defence - Corporate Oversight									3rd Line of Defence - Independent Assurance							Current Assurance	Comment
		SLG	Quarterly Reviews	Business Partner	Policies & procedures	Performance Framework	Training, Learning and Coaching Network	Local Staff Focus Groups	Health & Wellbeing Staff Group	Comms & Engagement Group	Sustainable Development Group	IMTP/Business plans	Audit Committee	SSPC	Quarterly Exec Exec	DoFs meeting	Local Partnership Forum	Customer Surveys	Staff Surveys	peer Group Meetings	Board Secretaries	PODs Meetings	Internal Audit	Audit Wales	Welsh Government	Customer Service Excellence	Wales Quality Unit	Counter Fraud Service	Horizon Scanning Exercise		
VFM - A highly efficient and effective organisation delivering real term savings and service quality benefits to its customers.																														
Customers & Partners - An open and transparent customer-focused culture that supports the delivery of high quality services.																														
Excellence - An organisation that delivers process excellence and focuses on continuous service improvement, automation and the use of technology																														
Staff - Appropriately skilled, productive, engaged and healthy workforce.																														
Service Development - Extend the range of high quality services provided to NHS Wales and the Welsh public sector.																														

Accounts Payable

Risk	Assurance																										Comment
	Required Assurance	1st Line of Defence - Business Management								2nd Line of Defence - Corporate Oversight								3rd Line of Defence - Independent Assurance								Current Assurance	
		Policies & Procedures	Segregation of Duties	Oracle System Controls	Internal QA checks	AP SMT	Experian	FiscalTec Reports	KPI Reports	Senior Finance Review	NWSSP 14dy Review	P2P LHB Meeting	Quarterly Exec to Exec	NWSSP SLG	Customer Surveys	NWSSP IG Group	Internal Audit	AuditWales	Counter Fraud	National Fraud Initiative	VAT Audits	ISO	FiscalTec Reviews	Recovery Audit		
Duplicate or incorrect payments																											
Failure to comply with PSPP targets																											
Fraudulent or erroneous amendments to supplier details																											Updated for Bank Account Frauds
Payment madeto the wrong supplier																											
Incorrect payment or treatment of VAT																											VAT Audits within LHBs
Late payments to organisations exceeding contractual terms																											
Breach of sensitive data.																											

Audit & Assurance

Risk	Required Assurance	1st Line of Defence - Business Management						2nd Line of Defence - Corporate Oversight					3rd Line of Defence - Independent Assurance			Current Assurance	Comments
		Qualified / Skilled Staff	Internal Audit Quality Manual	TeamMate Audit Software	KPIs	Stakeholder Feedback	Quality Assurance & Improvement	NWSSP Quarterly Review	Audit Committees	Chairs of AC network	SSPC	Board Secretaries	External Quality Assessment	Audit Wales	External groups / accreditation		
Failure to comply with Public Sector Internal Audit Standards																	EQA in 2018 gave 'green' assessment across all Standards
Failure to complete Internal Audit Plans on a timely basis																	Recruitment still a challenge in some areas
Failure to be perceived as adding value by clients																	key area of focus for IMTP and working with Board Secretaries
Failure to meet reporting deadlines																	

Business Systems and Information

Risk	Required Assurance	1st Line of Defence - Business Management					2nd Line of Defence - Corporate Oversight								3rd Line of Defence - Independent Assurance							Current Assurance	Comment
		Qualified Staff	Policy & Procedures	Service Point Reports	Project Highligh Reports	Cyber Plan	PPI SMT	ICT Review	Digital Steering Group	NWSSP SLG	IGSG	BCP	IPAD	PMO	Internal Audit	AuditWales	External Consultants	DHCW Contract Meetings	Digital Directors Peer Group	NIS Regulations			
Failure to respond to user requests promptly																							Performance reports have been developed
Failure to deliver projects on time and/or budget																							
Risk of cyber security attack																							
Insufficient capacity and capability																							Ongoing review
Failure of business resilience																							Ongoing review
Technology replacement (hardware and software)																							

Corporate Services

Risk	Required assurance	1st Line of Defence - Business Management									2nd Line of Defence - Corporate Oversight												3rd Line of Defence - Independent Assurance						Current Assurance	Comment
		Policies & Procedures	Risk Register Review	Core Skills Training Framework	Health & Care Standards	Committee Self-Effectiveness Survey	Security Checklist	Business Continuity Plans	CPIP Self-Assessment	Quarterly Review	F&C/S Staff	NWSSP SLG	SSPC	Audit Committee	SSP Senior Meeting	IG Steering Group	Staff Survey	Board Self-Reflection Group	Health & Safety Group	Security Review	Annual Governance Statement	PMO	Internal Audit	Audit Wales	Wales Quality Centre	Customer Service Excellence	HSE	ISO/OHSAS		
NWSSP's estate is not effectively maintained and protected.																														
There is a major information governance breach																														
Risks are not effectively managed across NWSSP																														
Committees are not provided with accurate and timely information.																														

Counter Fraud

Risk	Required Assurance	1st Line of Defence - Business Management						2nd Line of Defence - Corporate Oversight									3rd Line of Defence - Independent Assurance							Current Assurance	Comment
		Accreditation of Staff	Anti Fraud Manual	CLUE Database	Self-Review Toolkit	Fighting Fraud Strategy	National Counter Fraud Standards	Counter Fraud Steering Group	DoFs	F&CS SMT	LHB Audit Committees	Wales LCFS Forum	Wales Lead LCFS Forum	Quarterly Reporting to LHBs	NHS CFA SRT Reviews	NHS CFA Annual Review	Police	CPS	Welsh Govt	Wales Fraud Forum	Audit Wales	Internal Audit	HMRC		
Failure to comply with PACE and other relevant legislation																									
Inconsistency of approach due to varying levels of resource																									LCFS staff accountable to their own employing organisations and health body performance assessed annually via the Cabinet Office Counter Fraud Standards.

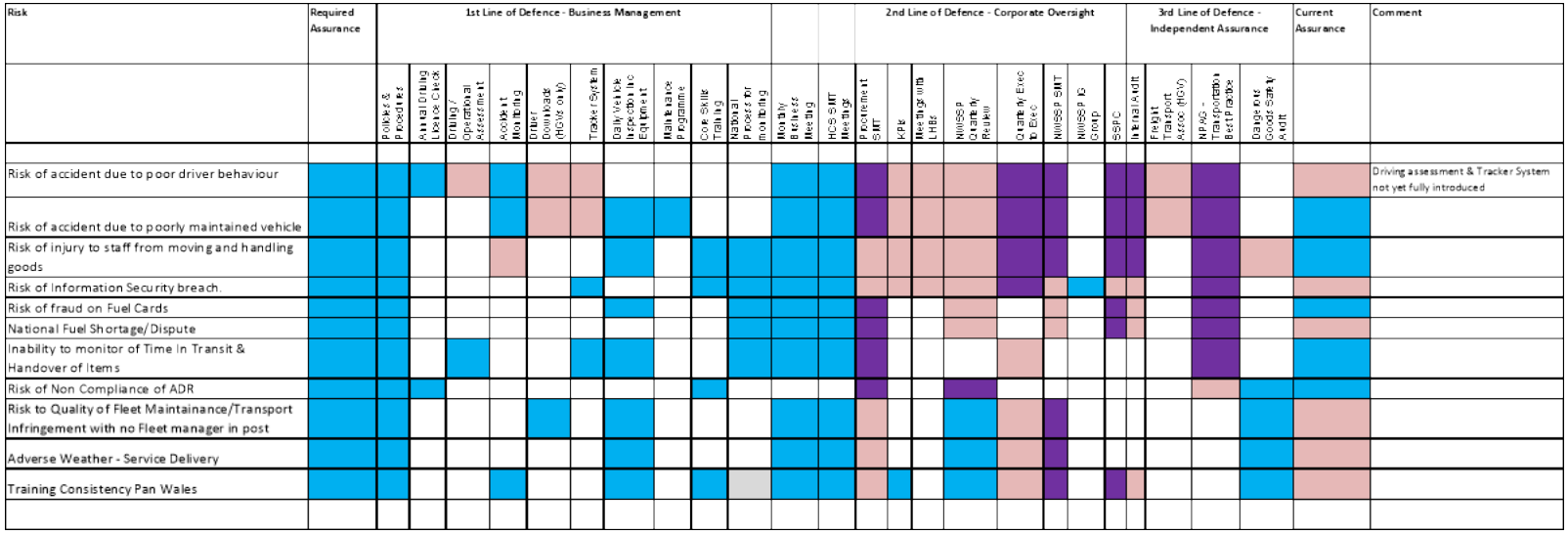
Finance

Risk	Required assurance	Business Management							Corporate Oversight								Independent Assurance				Current Assurance	Comment
		Policies & Procedures	Scheme of Delegation	Monthly Budget Reports	F&CS SMT	Professionally Qualified Staff	Core Skills Training Framework	PADR	Quarterly Reviews	NWSSP SLG	SSPC	Audit Committee	SSP Senior Meeting	Directors of Finance Forum	Staff Surveys	Finance Staff Academy	Internal Audit	Audit Wales	Wales Quality Centre	Customer Service Excellence		
Budgets do not accurately reflect the needs of NWSSP																						
Budget Holders do not understand and/or accept their financial management responsibilities																						
Lack of timely, appropriate and accurate financial information.																						
Failure to balance directorate and/or overall NWSSP budget.																						
Budget Setting Process is late or not tailored to individual Service spending profiles																						
3 year forecasting does not reflect the growing demands on NWSSP resources																						
Services are not provided with Senior Finance Business Partnering Support																						

Health & Safety

Risk	Required Assurance	1st Line of Defence - Business Management								2nd Line of Defence - Corporate Oversight									3rd Line of Defence - Corporate Oversight					Current Assurance	Comment
		Policies & Procedure	Tenbosh	Accreditation	RSK	Assessments	Regional H&S Meetings	All Wales H&S Meetings	H&S Site Audits	Senior Mgmt reporting	NWSSP SLG	LPF	Audit Committee	Velindre H&S Meetings	SSPC	VNHST Estates Meeting	All Wales H&S Advisors Forum	Claim'ty Reviews	HSE	Internal Audit	Welsh Governement	PODS		
Non compliance with policies, procedures and protocols																									
Failure to comply with statutory Health and Safety legislation (inc Estates)																									
Failure to induct new starters appropriately regarding site induction																									
Failure to maintain core competencies																									
Failure to report accidents/incidents in timely manner																									
Failure to have emergency preparedness measures in place																									
Failure to investigate incidents and accidents and to learn from experience																									
failure to identify hazards																									

Health Courier Services



Risk	Required Assurance	1st Line of Defence - Business Management												2nd Line of Defence - Corporate Oversight											3rd Line of Defence - Independent Assurance					Current Assurance	Comment
		Policies & Procedures	Annual Driving Licence Check	Driving / Operational Assessment	Accident Monitoring	Driver Downloads (HGVs only)	Tracker System	Daily Vehicle Inspections inc Equipment	Maintenance Programme	Core Skills Training	National Procedure monitoring	Monthly Business Meeting	HCS SMT Meetings	Procurement SMT	KPIs	Meetings with LHBs	NWSSP Quarterly Reports	Quarterly Exec to Exec	NWSSP SMT	NWSSP IG Group	SSPC	Internal Audit	Fleet Transport Assoc (HGVs)	NPAS - Transportation Best Practice	Dangerous Goods Safety Audit			
Risk of accident due to poor driver behaviour																														Driving assessment & Tracker System not yet fully introduced
Risk of accident due to poorly maintained vehicle																														
Risk of injury to staff from moving and handling goods																														
Risk of Information Security breach.																														
Risk of fraud on Fuel Cards																														
National Fuel Shortage/Dispute																														
Inability to monitor of Time In Transit & Handover of Items																														
Risk of Non Compliance of ADR																														
Risk to Quality of Fleet Maintainance/Transport Infringement with no Fleet manager in post																														
Adverse Weather - Service Delivery																														
Training Consistency Pan Wales																														

Laundry Services

Risk	Required Assurance	1st Line of Defence - Business Management					2nd Line of Defence - Corporate Oversight							3rd Line of Defence - Independent Assurance		Current Assurance	Comment
		Policies & Procedures	Service Level Agreement	Manager 1-2-1's	Maintenance Programme	Data	Balance Scorecard Reporting	Laundry Programme Board	Laundry SMT Meetings	Risk Assessment Biocontamination Control	Customer Quarterly Reviews	NWSSP Quarterly Review	NWSSP SMT	Internal Audit	BS 1406 5 Accreditation		
Risk of plant, equipment failures impacting on service delivery																	
Risk that all linen is not finished in accordance with agreed service specification.																	
Risk of regular microbiological and environmental monitoring not being conducted																	
Risk of soiled linen not being collected form Wards in a timely manner to ensure sufficient soiled linen is returned for processing																	
Risk of site logistics preventing the linen form being delivered or collected within the agreed delivery or collection time																	
Risk of linen provided not being used for the purpose intended																	
Risk of cages provided used for non linen purposes																	
Risk of clinical waste to be returned to NWSSP Laundry service																	
Risk of adverse Weather impacting on service delivery																	

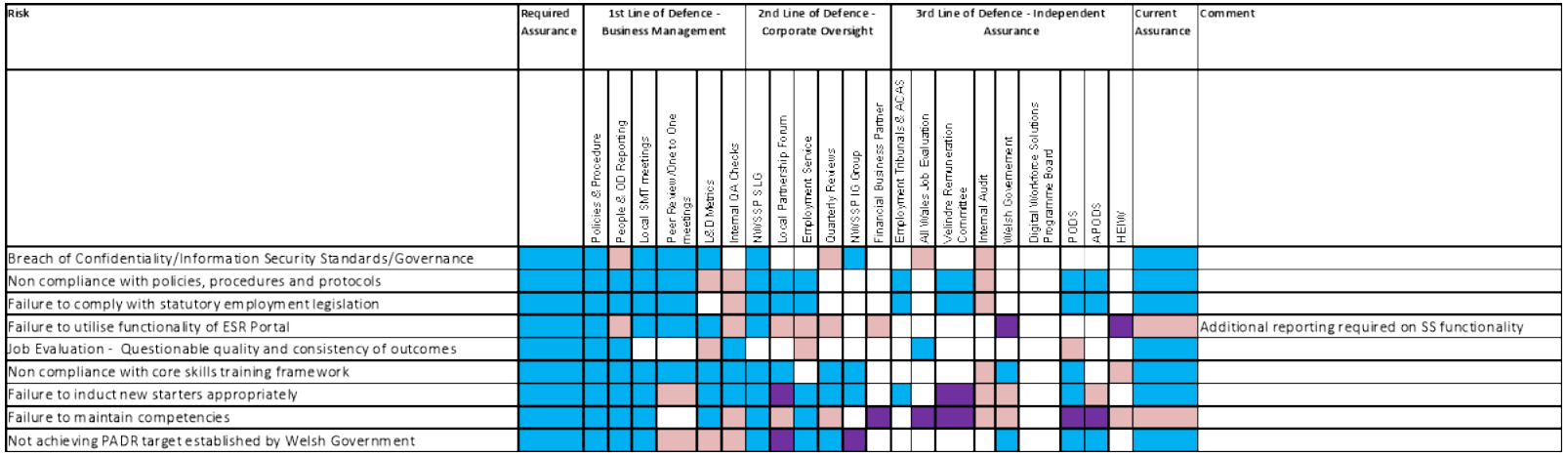
Legal & Risk Services

Risk	Required Assurance	1st Line of Defence - Business Management					2nd Line of Defence - Corporate Oversight							3rd Line of Defence - Independent Assurance		Current Assurance	Comment
		Policies & Procedures	Service Level Agreement	Manager 1-2-1's	Maintenance Programme	Data	Balance Scorecard Reporting	Laundry Programme Board	Laundry SMT Meetings	Risk Assessment Biocontamination Control	Customer Quarterly Reviews	NWSSP Quarterly Review	NWSSP SMT	Internal Audit	BS 1406 5 Accreditation		
Risk of plant, equipment failures impacting on service delivery																	
Risk that all linen is not finished in accordance with agreed service specification.																	
Risk of regular microbiological and environmental monitoring not being conducted																	
Risk of soiled linen not being collected form Wards in a timely manner to ensure sufficient soiled linen is returned for processing																	
Risk of site logistics preventing the linen form being delivered or collected within the agreed delivery or collection time																	
Risk of linen provided not being used for the purpose intended																	
Risk of cages provided used for non linen purposes																	
Risk of clinical waste to be returned to NWSSP Laundry service																	
Risk of adverse Weather impacting on service delivery																	

Payroll

Risk	Required assurance	1st Line of Defence - Business Management					2nd Line of Defence - Corporate Oversight											3rd Line of Defence - Independent Assurance								Current Assurance	Comment
		Policies & Procedures	Published Deadlines	Segregation of Duties	Variance Reports	Overpayment Reports	KPI Reports	Budget Reports	Expenses Oversight Report	ESMT SMT	Monthly LHB Meeting	LHB Quarterly Review	Quarterly Exec to Exec	Review	Annual Survey	NWSSP IG Group	NWSSP SLG	Internal Audit	Audit Wales	Audit Wales CAATS Audit	Counter Fraud	HMRC Audit	Customer Service Excellence	National Fraud Initiative	Wales Quality Unit		
Overpayment of employees																											
Underpayment of employees																											
Duplicate Payments																											
Under or over payment of expenses																											
Errors in calculating Tax and NI Payments																											
Information Governance/Data Protection Breach																											
Unauthorised access to Payroll Systems																											

People & OD - Organisation



Risk	Required Assurance	1st Line of Defence - Business Management						2nd Line of Defence - Corporate Oversight						3rd Line of Defence - Independent Assurance									Current Assurance	Comment
		Policies & Procedure	People & OD Reporting	Local SMT meetings	Peer Review/One to One meetings	L&D Metrics	Internal QA Checks	NWSSP SLG	Local Partnership Forum	Employment Service	Quarterly Reviews	NWSSP IG Group	Financial Business Partner	Employment Tribunals & ACAS	All Wales Job Evaluation	Welindre Remuneration Committee	Internal Audit	Welsh Governement	Digital Workforce Solutions Programme Board	PODS	APODS	HEIW		
Breach of Confidentiality/Information Security Standards/Governance																								
Non compliance with policies, procedures and protocols																								
Failure to comply with statutory employment legislation																								
Failure to utilise functionality of ESR Portal																								Additional reporting required on SS functionality
Job Evaluation - Questionable quality and consistency of outcomes																								
Non compliance with core skills training framework																								
Failure to induct new starters appropriately																								
Failure to maintain competencies																								
Not achieving PADR target established by Welsh Government																								

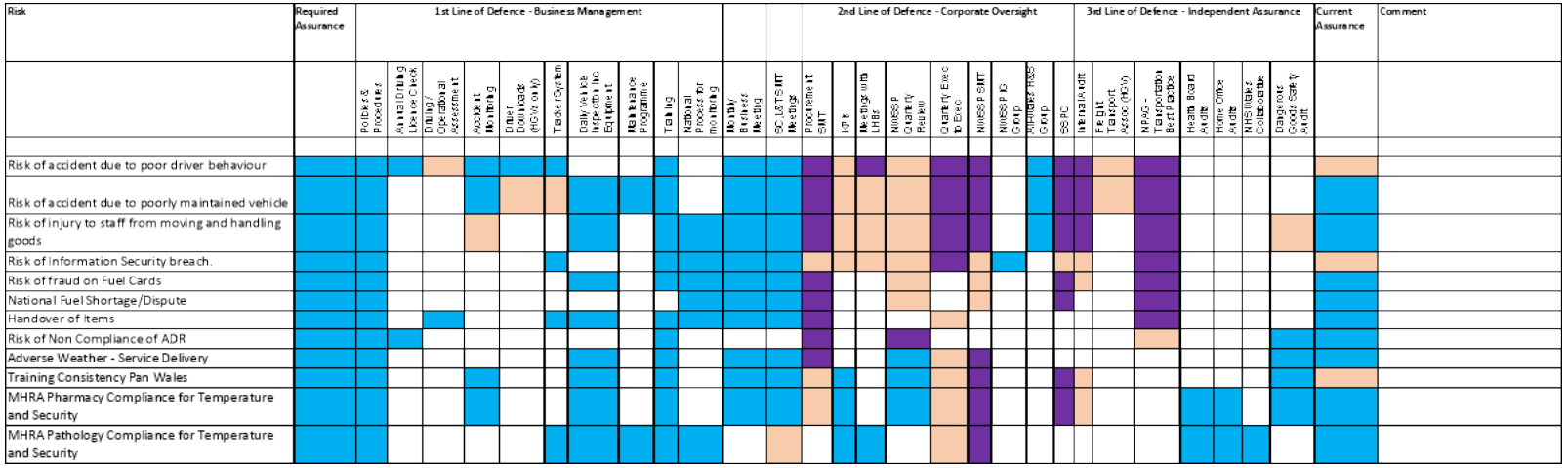
People & OD - Team

Risk	Required Assurance	1st Line of Defence - Business Management						2nd Line of Defence - Corporate Oversight						3rd Line of Defence - Independent Assurance									Current Assurance	Comment
		Policies & Procedure	People & OD Reporting	Local SMT meetings	Peer Review/One to One meetings	L&D Metrics	Internal QA Checks	NWSSP SLG	Local Partnership Forum	Employment Service	Quarterly Reviews	NWSSP IG Group	Financial Business Partner	Employment Tribunals & ACAS	All Wales Job Evaluation	Welindre Remuneration Committee	Internal Audit	Welsh Governement	Digital Workforce Solutions Programme Board	PODS	APODS/ADODS	HEIW		
Breach of Confidentiality/Information Security Standards/Governance																								
Non compliance with policies, procedures and protocols																								
Failure to comply with statutory employment legislation																								
Failure to utilise functionality of ESR Portal																								Additional reporting required on SS functionality
Job Evaluation - Questionable quality and consistency of outcomes																								
Non compliance with core skills training framework																								
Failure to induct new starters appropriately																								
Failure to maintain professional standards																								Additional reporting required
Not achieving PADR target established by Welsh Government																								

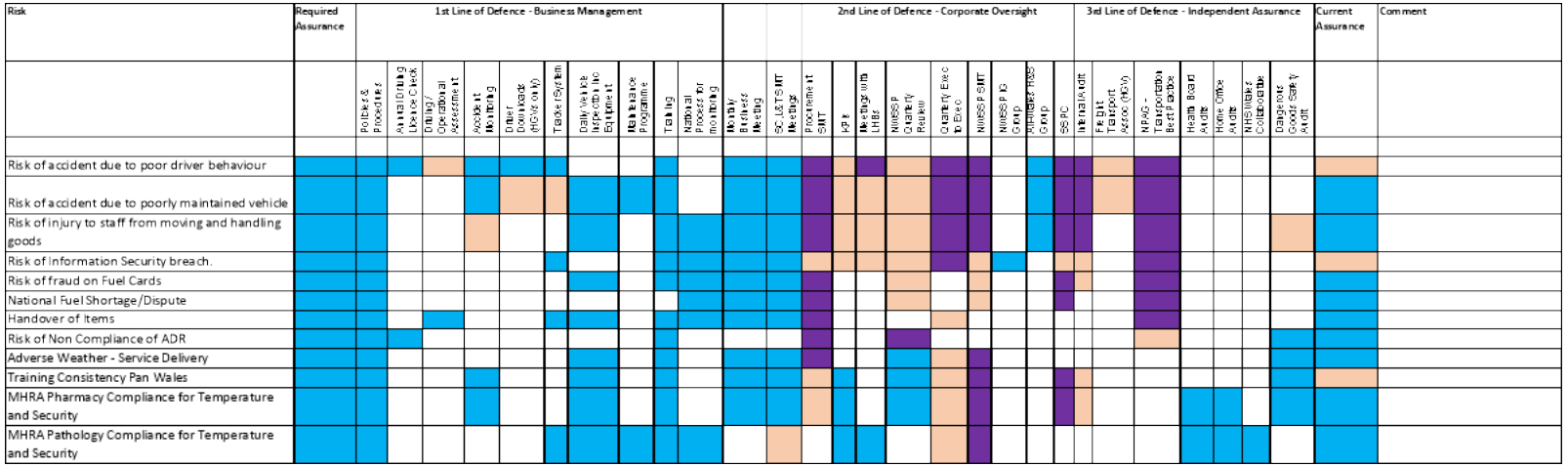
Primary Care Services

Critical Success Factors	Required Assurance	1st Line of Defence - Business Management													2nd Line of Defence - Corporate Oversight								3rd Line of Defence - Independent Assurance							Current Assurance	Comment
		Regulations	Policies & Procedures	Segregation of Duties	SLAs	Variance Reports	Analysis Reporting	NHAIS	SMT KPI Review	Published Deadlines	Business Continuity	PPV Audit	Internal QA		KPI reports to LHBs	SLA Meetings	NWSSP Quarterly Review	NWSSP SLG	Audit Committee	SSPC	Legal & Risk		Internal Audit	Audit Wales	Counter Fraud	DBS Audits	ISO Audits	CSE	Wales Quality Unit		
Primary Care payments made accurately and against payment timescales																															
Patient assignments actioned within 48 hours																															
Acceptance/deduction to/from GPs lists within an average of 2 working days																															
Additions to or variations or removals/amendments to Medical, Dental and Ophthalmic Performers Lists and the Pharmaceutical List within 3 months of full application.																															
Category A Cascade alerts to contractors within 6 hours of receipt																															Straightforward process
Category B Cascade alerts to contractors within 24 hours of receipt																															As above
Prescription Processing Schedule completion by 21st of each month																															
All previous month submissions to be scanned by last working day of the month																															

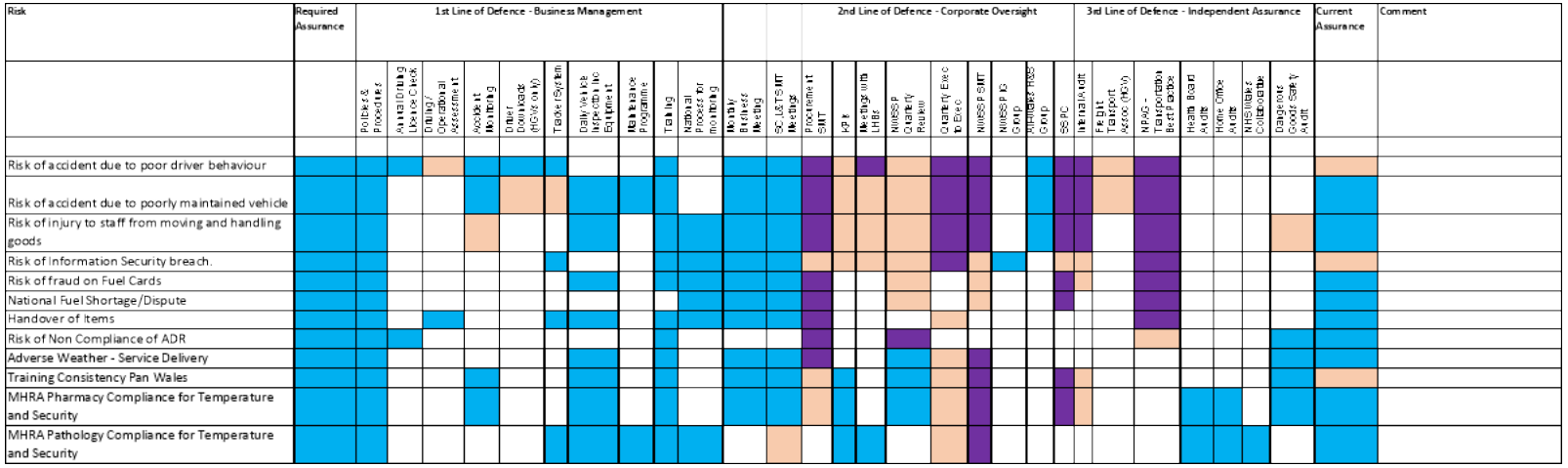
Procurement



Recruitment



Specialist Estates Services



Welsh Infected Blood Support Scheme

Risk	Required Assurance	1st Line of Defence - Business Management							2nd Line of Defence - Corporate Oversight							3rd Line of Defence - Independent Assurance							Current Assurance	Comment
		Policies & Procedures	Secure Database	Identity Checks	Privacy Impact Assessments	Lone Working Controls	KPIs	Segregation of Duties	NS Groups	Audit Committee	NWSSP SLG	SSPC	WIBSS Governance Group	Trust Board		Internal Audit	AuditWales	Welsh Govt.						
Breach of Confidential Information																								Governance arrangements embedded and Staff Guidance produced and adopted.
Inappropriate or inaccurate payments																								As above
Failure to make payments at agreed time																								KPIs have been developed and are regularly reviewed and updated.
Acting outside of intended process																								Staff Guidance Manual has been developed by WIBSS and adopted by WIBSS Governance Group.
Risk of violence during Welfare Officer visits																								

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
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 – October 2021

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	October 2021
Red Risk	1
Amber Risk	9
Yellow Risk	3
Green Risk	0
Total	**13**

2.1 Red-rated Risks

Risk A1 - Demise of the Exeter Software System

Connectivity issues have now been resolved and the system has now proceeded through the Technical Go-Live Stage. The system is therefore fully operational in a testing sense and the full operational go-live is now scheduled for either Q3 or Q4.

2.2 Changes to Risk Profile

There is one new risk that has been added to the register relating to the connectivity issues being experienced with the current version of CLERIC, and the potential service risks that may be experienced during planned system upgrades.

The following risks have either been removed from or downgraded in the register:

- Risk A2 - Risks to continuity of supplies and services to NHS Wales resulting from a no-deal Brexit – ***removed***; and
- Risk CV2 - 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 - ***categorised as a monitoring risk***.

3. RISKS FOR MONITORING

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

Current Risk Rating	October 2021
Red Risk	0
Amber Risk	0
Yellow Risk	2
Green Risk	2
Total	**4**

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) **Escalated Directorate Risk**	4	5	20	Legal Counsel advice received. PMO Support Project and Programme Boards in place Heads of Agreement signed	3	5	15	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. Whilst there is a small risk associated with this plan as no further contingency is available from NHS Digital, the project board agreed that there is greater risk associated with pushing for a January go live. **Risk Lead: Director of Primary Care Services**	â	**31-Mar-22**
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. **Strategic Objective - Customers**	5	4	20	Business Continuity Plans implemented - can revert to paper if necessary but very inefficient.	3	4	12	Need confirmation from CLERIC of prices for new service (TC) Speak with DHCW re available support to cover expected absence of NL (MH) Speak with Neil Jenkins to see if there is any available capacity within PCS to support project (MH) Investigate whether WAST could provide any support (TC)	Transfer to fully managed service with CLERIC will solve problem but there are risks associated with the upgrade, not least a lack of technical support within NWSSP as NL may not be available. Price for new service from CLERIC due 8/9. Although could revert to paper if system unavailable this is highly inefficient and threatens the viability of the Vaccination Programme. **Risk Lead: Director of Procurement Services**	ä	**30-Nov-21**
A3	Lack of storage space across NWSSP due to increased demands on space linked to COVID and specific requirements for IP5 (added April 2021) **Strategic Objective - Service Development**	4	4	16	IP5 Board Additional facilities secured at Picketston	2	4	8	PCS reviewing options for medical records storage.	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. **Risk Lead: Director of Procurement Services**	â	**31-Dec-21**
A4	Suppliers, Staff or the general public committing fraud against NWSSP. (added April 2019) **Strategic Objective - Value For Money**	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	4	3	12	1. Make better use of NFI (PS 31/12/21) 2. Produce Action Plan from Audit Wales "Raising ourGame" report (PS Complete) 3. Undertake IA review of enhanced controls to prevent bank mandate fraud (AB/PS 31/12/21)	Risk increased due to COVID-19 and significant increase in expenditure. Further Audit Wales report demonstrates that NHS Wales is in a good place for fraud prevention and detection compared to Central and Local Government but there are still further actions to be undertaken. Struggling to get access to NFI - taken through DoFs. March 21 has seen a number of actual and potential frauds around bank mandates. See separate risk below. **Risk Lead: Director of Finance & Corporate Services**	â	**31-Dec-21**
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) **Strategic Objective - Value For Money**	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	2	3	6	Undertake IA review of effectiveness of enhanced controls (AB/PS 31/12/21).	There have been 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. **Risk Lead: Director of Finance & Corporate Services**	â	**31-Dec-21**

A6	Risk of cyber attack exacerbated if NWSSP, or other NHS Wales organisations, run unsupported versions of software. (added Apr 2019) **Strategic Objective - Service Development**	5	5	25	Cyber Security Action Plan Stratia Consulting Review 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)	2	5	10	Follow up progress with Cyber Security Plan (PS On-going) NL to further update the SLT in the light of the recent Audit Wales report (NL Complete) Update information on systems as part of NIS compliance (NL 31/08/21) Undertake phishing training exercises with NWSSP staff (NL 31/07/21)	Nick Lewis presented update to April 2021 Audit Committee and January 2021 SLT. E-learn introduced during 2020. Windows 10 migration delayed by COVID but now complete Phishing exercise being undertaken - July 2021 New team member commenced 1/9/2021 **Risk Lead: Director of Planning, Performance & Informatics**	â	**31-Dec-21**
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. **Strategic Objective - Service Development**	4	4	16	In-house H&S and Fire Safety Expertise Role of PMO Recent appointment of Programme Director	3	4	12	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 currently being recruited (Sept 21) **Risk Lead: Director of Workforce and OD**	â	**31-Dec-21**
A8	Delays in the implementation of the Oracle upgrade exposes NWSSP and NHS Wales to a greater risk of system failure as disaster recovery testing will be missed for 2nd year, and prevents further systems development due to there being a change freeze in place. In addition, costs will be increased due to needing to build the environment for a third round of testing (£30k). **Strategic Objective - Service Development**	4	4	16	Project Risk Register	3	4	12	Actions documented in Project Risk Register	STRAD meeting held on 28 May voted to delay implementation to October 20201 on advice of OptechBoard aand against advice of Version One and CTeS. This will affect future developments such as Scan4Safety due to the Change Freeze being in place. There is also no point in undertaking disaster recovery procedures on a system that will shortly be redundant. Risk further exacerbated by resignation of Head of CTeS. **Risk Lead: Director of Finance & Corporate Services**	â	**31-Dec-21**
A9	The transfer of the laundries to NWSSP expose a number of risks including concerns over health and safety and formality of customer relationships. **Strategic Objective - Service Development**	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	3	4	12	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 3 of the 5 laundries with the other 2 expected to transfer in the autumn of 2021. Update provided to June SLG. IA review focused on Swansea Laundry provides reasonable assurance. **Risk Lead: Director of Procurement Services**	â	**31-Dec-21**
	COVID-19 Risks											
CV1	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. Provision of hand sanitisers and soap. Enhanced Cleaning services Notices in all buildings reminding of good hygiene practices. Regular SMT walk-arounds of all sites. COVID-19 Adapt and Future Change Group	2	4	8	Continue to monitor effectiveness of current measures through Site Leads and the fortnightly Site Leads meeting. Undertake specific surveys within Directorates to assess staff preferences for future working models.	Current measures seem to be effective. 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 very low. The regular meetings of the Site Leads provide on the ground information in real time and the Site Leads Meeting includes direct representation from SLT so that matters can be escalated appropriately. Risk assessment exercises completed. 2nd Staff Survey reported in Dec and demonstrates that staff satisfaction with current arrangements is being sustained. **Risk Lead: Senior Management Team**	â	**30-Nov-21**
CV2	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. Weekly IT Update meetings. IT Update also given to weekly COVID-19 Planning & Response Group	1	5	5	Updated BCP document covering response to COVID and possible impact of future waves presented to August SMT, and September SSPC. Further investment in laptops to ensure that PCS staff are able to work remotely. Increase investment in softphones.	The daily report on staff absence shows that absence rates are falling. 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. **Risk Lead: Senior Management Team**	â	**30-Nov-21**

CV3	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 a number of staff working very long hours over a sustained period of time.	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 (includes Trade Union Leads) Staff Surveys Virtual Coffee Mornings with SLT	1	5	5	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. 2nd Staff Survey results suggest that arrangements in place still viewed as largely positive. **Risk Lead: Director of Workforce and OD**	â	**30-Nov-21**
CV4	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	2	5	10	Confirming vaccination rates with staff individually as Health Board reports to total numbers vaccinated suggest under-reporting (March 2021)	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 will further mitigate this risk. **Risk Lead: Director of Workforce and OD**	â	**30-Nov-21**
Risks for Monitoring												
M1	Disruption to services and threats to staff due to unauthorised access to NWSSP sites. (Added May 2018) **Strategic Objective - Staff**	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 underake 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)	Security Review undertaken and reported to SMT in Dec 2018. No major findings and all agreed actions implemented or superceded. **Risk Lead; Director Specialist Estates Services/Director of Finance and Corporate Services**	â	

Key to Impact and Likelihood Scores						
		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood						
5	Almost Certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5
	Critical	Urgent action by senior management to reduce risk				
	Significant	Management action within 6 months				
	Moderate	Monitoring of risks with reduction within 12 months				
	Low	No action required.				

Consequence					
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Yellow 5	Amber 10	Red 15	Red 20	Red 25
Likely	Yellow 4	Amber 8	Amber 12	Red 16	Red 20
Possible	Green 3	Yellow 6	Amber 9	Amber 12	Red 15
Unlikely	Green 2	Yellow 4	Yellow 6	Amber 8	Amber 10
Rare	Green 1	Green 2	Green 3	Yellow 4	Yellow 5
Red: Critical - Urgent action and attention by senior management to reduce risk					
Amber: Significant - Management consideration of risks and reduction within 6 months					
Yellow: Moderate - Monitoring of risks with a view to being reduced within 12 months					
Green: Low - These risks are considered acceptable					

ä	New Risk
ã	Escalated Risk
ä	Downgraded Risk
â	No Trend Change

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
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 **61** reports covered in this review; **15** reports have achieved **Substantial** assurance; **27** reports have achieved **Reasonable** assurance, **0** reports have been awarded **Limited** assurance or **No Assurance;** and **19** reports were generated with **Assurance Not Applicable**. The reports include **239** recommendations for action.

Table 1 - Summary of Audit Recommendations

As at 04/10/2021					
Recommendations		**Implemented**	**Not Yet Due**	**Overdue**	**Not NWSSP Action**
Internal Audit	**190**	**183**	**1**	**5**	**1**
High	18	16	0	2	0
Medium	89	85	1	2	1
Low	71	70	0	1	0
Not Applicable	12	12	0	0	0
External Audit	**18**	**18**	**0**	0	0
High	0	0	0	0	0
Medium	17	17	0	0	0
Low	1	1	0	0	0
Not Applicable	0	0	0	0	0
Other Audit	**31**	**31**	**0**	0	0
High	4	4	0	0	0
Medium	7	7	0	0	0
Low	20	20	0	0	0
Not Applicable	0	0	0	0	0
TOTALS:	**239**	**232**	**1**	**5**	**1**

3. Outstanding Recommendations

There are currently five recommendations that have not been implemented within their target completion date. Three of these relate to Student Awards Services where Internal Audit have recently completed a follow-up review of their 2020/21 audit and for which the full report is included on the Committee paper. This noted that good progress had been made, but that this was insufficient to fully close the actions down. Revised dates have been agreed for the completion of the outstanding tasks. The two other outstanding actions cover Accounts Payable and Payroll. As with the Student Awards actions, both have demonstrated significant progress which has largely addressed the risks identified in the audit, but further action is required to fully close them down.

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

4. RECOMMENDATIONS

The Audit Committee are asked to:

- **NOTE** the report findings and progress made to date regarding implementation of audit recommendations.

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										
1.	NWSSP-1920-15 4 CORP/19-20/4 Corporate Services NWSSP Cyber Security 2019-20	NOT NWSSP RESPONSIBILITY	Currently the NWSSP network is not separated from the NWIS network. The network has a flat architecture with limited segregation. This means that the NWSSP is accessible by more staff than necessary and there are limited barriers within the network to prevent an intruder moving around / seeing the whole network and increases the risk of a cyber attack. Risk: Risk of loss of IT services as a result of attack from entities external to the organisation, exploiting common vulnerabilities.	Medium	The NWSSP network should be separated from the NWIS network and improved network segmentation with the NWSSP network should be employed.	Head of Finance and Business Development	The NWSSP network is maintained by NWIS client services and so cannot be completely separated from the NWIS network without a negative impact on security. The following actions have been discussed with Matthew Walters (NWIS Client Services) and Mike Bryan (NWSSP IT) in order to improve the network segregation and improve the security of the NWSSP network. A project to implement these changes will have to be raised with NWSSP PMO: • Installation and configuration of firewalls in Companies House, Alder House and Matrix House • Departmental VLANS to be implemented during new switch installation. • Review of stores wired and wireless networks • Review of redundancy of PSBA connections • Installation and configuration of internal network monitoring and intrusion detection • Review of current remote connection methodologies for both security and business continuity • Implementation of national Nessus vulnerability management system. • Procurement, installation and configuration of Paws and Nipper for network device and asset monitoring • Testing of failover in virtual hyperV environment	31/12/2020		The following has been completed: • Procurement of switches and firewalls for all NWSSP environments • Early discussion of network architecture to provide segregation of NWSSP network areas • Testing of intrusion detection system for NWSSP in Companies House completed • Stores Wireless networks now under NWIS management and wired networks will pass to NWIS later in 2021 • Testing of new 3rd party access to NWSSP networks in progress • PSBA connections reviewed • NESSUS acquired • Implementation of O365 and move to multi-factor authentication has largely addressed concerns over remote connection methodologies The remaining work is not within NWSSP's gift and requires the input of NWIS to complete. Negotiations remain ongoing to facilitate this.
Accounts Payable										

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

2.	NWSSP-2021-10 Procure to Pay (P2P) Recommendation 5	OUTSTANDING	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. 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.	Medium	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. 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.	Head of Accounts Payable	**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	30/06/2021		**27/09/2021** 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 With regards WHSSC transactions, the All Wales P2P Forum has not met since April but will be raised at the next scheduled meeting.
EMPLOYMENT SERVICES										
Payroll										
3.	NWSP-2021-08 EMP/20-21/2 Employment Services Payroll Services 2020-21	OUTSTANDING	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.	Low	As previously agreed, an all-Wales approach to the management of overpayments should be agreed and adopted across all Payroll teams.	Head of Payroll	We acknowledge the findings of the report, there is a new draft of the Overpayments procedure that will be presented to WODS for an all-Wales approach.	30/06/2021		The procedure is complete and has been revised by both Internal Audit and Finance. Final comments will be collated shortly to allow the document to be approved by Directors of People/Workforce.
Student Awards										

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

4.	NWSSP -2021-15 EMP/20-21/1 Employment Services Student Award Services 2020-21	OUTSTANDING	There are four key performance indicators (KPI) in place for the Service: • % of calls answered / service level • % of NHS Bursary Applications processed within 20 days • % of NHS Bursary Applications scanned within 15 days • % of Original Documentation returned to Applicants within 5 days. We were advised that these KPIs have been in place for a number of years and are not linked to any agreed service Deliverables with HEIW / universities. The Assistant Director of Employment Services acknowledged that the existing KPIs require review. The service level KPI is reported to Senior Leadership Team whilst the others are monitored as part of the quarterly performance review for Employment Services. The latest review in January 2021 considered the quarter three performance information for Employment Services. However, only quarter two performance was provided for the Service. There is no evidence to support the measurement of these KPIs and our testing identified two applications not processed within 20 days, which indicates that the 100% reported for this KPI is inaccurate. Although reports are available within the BOSS system to support the measurement of the bursary applications processed, these are not utilised. We were advised that the BOSS system is instead monitored live to identify instances of non-compliance with the bursary assessment timescales, and there is no available information to evidence scanning / document return compliance.	Medium	The KPIs should be reviewed to ensure they are relevant, linked to the Service objectives and can be reliably measured. Examples might include measuring processing accuracy/error rates (based on the results of independent checking) and compliance with independent checking requirements. The reports on the BOSS system should be utilised to monitor the service and performance. Evidence in support of assessed performance should be retained.	Head of Payroll	We acknowledge the findings of the report, we are reviewing the current KPI's in line with the implementation of the recommendation of the findings stated in this report, it is clear that we need to have measurable KPI's, we will develop these in line with the changes recommended. During this review we will liaise with our colleagues in Audit to ensure that we have a robust KPI process.	31/07/2021		The KPI's will be reviewed following the introduction of newly trained assessors within SAS team, as agreed with Internal Audit.
5.	NWSSP -2021-15 EMP/20-21/1 Employment Services Student Award Services 2020-21	OUTSTANDING	We were advised that the Interim Team Manager regularly reviews a sample of applications to ensure that all required evidence has been received and the application has been assessed and processed correctly. However, as these checks are not documented or evidenced we are unable to confirm that independent checking is undertaken to ensure that the correct funding has been awarded.	Medium	Independent accuracy checking should be undertaken for all assessment/processing activity (including bursary / childcare applications and change of circumstances). The frequency of these checks (i.e. 100% / sample) should reflect the associated risk and error rate. All checks should be documented as evidence of completion. Independent checking arrangements should be included within the relevant procedures, once documented	Head of Payroll	Whilst we acknowledge the recommendation of the report, there were no errors identified, however, in order to ensure we have the recommended checks and to add probity to the service, we will implement an independent checking procedure in a 10% random check, on all Bursary Payments, this will be taken from the Payment Schedule Analysis on a bi-annual basis, which will be documented and audit compliant.	01/04/2021		Previous recommendation and agreed management actions are partially implemented however further action is required to mitigate the residual risk.

APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

6.	NWSSP -2021-15 EMP/20-21/1 Employment Services Student Award Services 2020-21	OUTSTANDING	Students are required to submit confirmation of childcare costs when requested to do so by Student Awards Services, which is currently three times a year We reviewed a sample of 15 students in receipt of childcare funding to confirm if evidence of costs has been received and reconciled to the original award: • Funding had been suspended for four students who had failed to provide all CC2 forms. • For three students evidence was provided of reconciliation however these were on paper records and not available electronically. The Childcare Allowance Desk Instructions (2014) state that 'Spot checks (1 in 10) are undertaken directly with childcare providers to verify the childcare costs inserted and to confirm that they completed and signed Section 2 of the form'. We are advised that checks are not undertaken with childcare providers. Counter Fraud have highlighted childcare funding as high-risk and previously recommended that confirmation of childcare costs be received directly from the provider rather than the student. However, the process has not been amended and fraud declarations were instead added to the forms. The Local Counter Fraud Specialist advised that although the number of referrals / investigations relating to childcare funding has reduced, it remains high risk and controls should be implemented to mitigate this.	Medium	Records to demonstrate childcare reconciliation and correspondence with the student should be uploaded to their BOSS accounts to ensure all information is up to date. Checks should be undertaken to ensure that funding is suspended where a student fails to provide CC2 form(s). As per finding 5, all checks should be documented as evidence of completion. In line with Counter Fraud recommendation, confirmation of childcare costs should be obtained directly from the childcare provider in order to reduce the risk of fraud or overpayment. If this is not feasible, compensatory controls should be implemented in order to minimise the risk. This could include the requirement for students to provide invoices evidencing actual costs, and/or spot checks with childcare providers to confirm that costs submitted by the student are accurate.	Head of Payroll	We acknowledge the findings of the audit team. We will implement a process to add probity to the service, we will with immediate effect implement a 10% random check, on all Childcare Applications, the Bursary Team will contact the 10% random Childcare Providers to confirm the details submitted by the applicant are correct which will be documented and audit compliant. We will then review the process and consider the benefit of obtaining confirmation directly from the childcare providers.	01/04/2021		Recommendation partially complete, however assessors must ensure that confirmation of childcare costs is received directly from the childcare provider and not the student, as per the new verification process.
Legal & Risk, Welsh Risk Pool										
7.	NWSSP-2021-08 LEA-2021-	NOT YET DUE	The Welsh Government requires the current expenditure and a forecast of the year end position to be updated monthly. In addition, the Welsh Risk Pool Committee is provided with an update on claims reimbursed in year and forecasted expenditure by the end of the year at each Committee meeting. The reconciliation of the WRPS ledger and the forecasting of the year end position is complex and requires the interrogation of a large amount of data and an understanding of the drivers behind the expenditure. This is undertaken by the Welsh Risk Pool Principal Finance Manager, who has accumulated expertise in this area. Although there are detailed procedures for undertaking the reconciliation and forecasting process, these have not been updated since 2015 and do not fully reflect the current process. Given the nature and complexity of this task it would be prudent to establish contingency arrangements to ensure service continuity in the absence of the Principal Finance Manager.	Medium	Procedures should be updated to reflect the current process and sources of information. Contingency arrangements need to be established to ensure business continuity in the absence of the Principal Finance Manager.	Mark Harris, Director of Legal & Risk Services	The WRP Leadership Team and NWSSP Corporate Finance Team had already recognised the need for contingency arrangements in the event of the unplanned absence of the Principal Finance Manager. The intention of the NWSSP central finance team is to recruit a financial accountant into a current vacancy and who will be required to hold a working knowledge of the WRP financial accounts and processes in addition to their core duties. The intention is to have this member of staff in post by Q3 2021-22.In addition, the current the personal development of the Finance Support Officer is shaped to be able to deputise when required. This development process will be completed by the end of the current financial year and this extended timeframe is required because of the bespoke stages of financial process throughout the financial year. The development exercise for the support officer will include a review of the underpinning written procedures that outline the requirements – ensuring that they are fresh and up to date.	28/02/2022		

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	12 October 2021
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 2021-22

PURPOSE

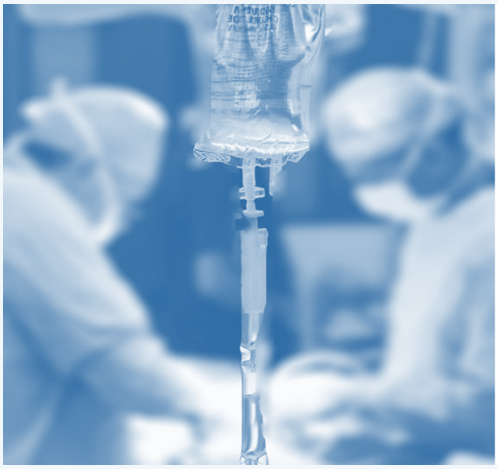
To provide a summary of items expected to be presented at forthcoming Audit Committee meetings, scheduled for 2021-22.

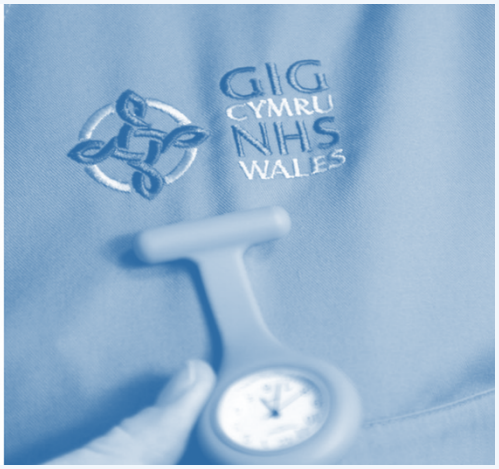
Month	Standing Items	Audit Reports	Governance	Annual Items
Q1 2021/22 **20 April 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**Internal Audit** As outlined in the Internal Audit Operational Plan Review of Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations Corporate Risk Register Review of Audit Committee Terms of Reference	Draft Annual Governance Statement, Annual Plan Internal Audit Charter
Q1 2021/22 **29 June 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	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 Review of Standing Orders for the Shared Services Partnership Committee Review of Risk Management Protocol and Risk Appetite Statement	Final Annual Governance Statement Head of Internal Audit Opinion and Annual Report Gifts & Hospitality Annual Report Declarations of Interest Annual Report
Q3 2021/22 **12 October 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**External Audit** Audit Wales Nationally Hosted IT Systems Report Audit Wales Management Letter **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	Audit Committee Effectiveness Survey Freedom of Information Annual Report Audit Committee Annual Report

or by Teams (as appropriate)	NWSSP Update		Progress update as to recommendations- Raising Our Game Action Plan Assurance Mapping	Internal Audit Quality Assurance & Improvement Programme Counter Fraud Annual Report
Q4 2021/22 **25 January 2022** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	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 Review of Audit Committee Terms of Reference	Pre-meet between Audit Committee Chair, Independent Members, Internal and External Auditors and Local Counter Fraud NWSSP Annual Review 2020-21 NWSSP Welsh Language Annual Report 2020-21 Draft Annual Plan Summary Health and Care Standards Self-Assessment and Action Plan Review of Raising Concerns (Whistleblowing) Policy Counter Fraud Self-Review Submission Tool

NWSSP PROCUREMENT SERVICES

Long Term PPE Strategy September 2021





Document Status	The current status of this document is **Draft**

Revision History

Date	Version	Author	Revision Summary
17/9/2021	5	Ian Rose	Update to Finance section
13/9/2021	4	Ian Rose	Draft – updated governance
06/09/2021	3	Ian Rose	Draft
01/09/2021	2	Ian Rose	Draft – Finance tables updated
17/08/2021	1	Ian Rose	Draft – Update all sections from original PPE Plan

Approval History

Date	Version	Approved By	Position/Role
16/9/2021	5	Jonathan Irvine	Dir of Procurement NWSSP
17/9/2021	5	Tony Chatfield	Head of Operations NWSSP
17/9/2021	5	Andy Butler	Dir of Finance & Corporate Services NWSSP
17/9/2021	5	Graham Davies	Asst Dir of Procurement, Logistics & MM

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1. Background

At the onset of the Covid-19 pandemic, the NHS Wales Shared Services Partnership (NWSSP) rapidly expanded their existing NHS-only supply and distribution process for health boards, to one delivering across numerous settings. NWSSP were also requested to expand operations and supply local authorities with PPE for onward distribution to the social care sector, as well as delivering to primary care settings including GPs, pharmacists, and dental and optometry contractors.

In the initial emergency response period, the scale of the global demand for PPE resulted in having to source products outside of the usual supply chains. In particular, the lockdown in effect in China limited the ability to export from existing suppliers.

A huge effort was made to source product and secure its transport to Wales to ensure that PPE reached frontline health care, primary care and social care workers as quickly as possible.

Since the onset of the pandemic, NWSSP has issued over 1 billion items of PPE to the health and social care sectors in Wales. Over 423 million of these items have been issued to local authorities for onward distribution to social care settings. While there were initial concerns on shortages, the level of supply was maintained at the most challenging time with no stock-outs. As Wales' PPE position stabilised, NWSSP were able to offer significant support to other parts of the UK through mutual aid.

Relationships have worked well with existing suppliers, however not all were able to source and NWSSP Procurement Services acted swiftly to develop relationships with new suppliers and intermediaries where applicable, aimed at preventing issues with the supply of critical stock items. Throughout the pandemic, focus on the use of suppliers; especially Welsh suppliers, has played a significant role and supported through engagement with the Life Sciences Hub.

Furthermore, the implementation of a new procurement framework for PPE will also ensure robust mechanism exist to support the ongoing demands.

2. Current position – The Need to Re-Plan

Investment in NWSSP's supply and demand modelling capability has supported more precise stock management of PPE, particularly as local authority joint equipment stores (JES) stocks have been integrated into the system. We are in a better-informed position on 'burn-rates' on PPE usage and have increasingly refined our demand and supply analysis by product and sector.

NWSSP has reacted well to the pandemic and through the significant effort of its staff. NWSSP, working in partnership with Welsh Government, NHS Wales, and Social Care, achieved a secure and stable position.

However, there are a number of considerable uncertainties that exist, and it is important we are more proactive and develop a plan that builds on the winter plan 2020 and seeks to ensure we maintain sufficient supply of PPE going forward.

3. Uncertainties – Navigating the future.

Building on the experience, lessons learnt and observations from the COVID response to date, a number of uncertainties have been identified which all can, to varying levels of impact, impinge upon the project objective.

Uncertainties, which can potentially affect Supply Chain, exist such as:

- Continued stock holding as a result of Brexit – the potential Supply chain disruption and disruption to the flow of goods.
- Worldwide new surges leading to increased call upon supplies. – Potential to limit the potential flow of products required.
- UK – China Relations – This key relationship could affect the readiness of any supply of goods.
- Export Restriction – In some countries, restrictions on goods could limit potential supply.
- Increased Fraud and Counterfeit goods – It is regrettable that increased attempted to defraud the NHS have been exposed as a result of the thorough checks and governance being applied and this will continue to remain in place.
- Ability of new suppliers to achieve approvals and certifications – To mitigate potential supply disruption the use of new, unconventional suppliers has been championed but this is also presenting risks in achieving satisfactory standards and quality.
- Transport and Logistic shortages, new worldwide surges leading to reductions in supply, technology related shortages.

Uncertainties, which can affect upon Demand, exist such as:

- Future waves in Wales risk – risk of further waves of infections presents heightened risk, which can increase the demand of PPE.
- Winter pressures risk – A combination of winter factors when combined can add pressure to the provision of PPE.
- Return to elective work and outpatient clinics risk – A return to a new normal and resuming standard procedures will present further potential demands on PPE provision.
- Further changes in guidance for health and social care workers risk – To remain aligned to guidance will introduce additional pressures and demands to PPE
- Potential changes in PPE requirements for general public- e.g., transport, schools etc. risk – changes of currently in scope stakeholders can increase the demand and pressure on PPE provision.
- Demands or requirements to support the UK, wider PIPP programmes or other as yet unknown demands.
- Booster vaccinations programme.
- Requests to provide support to overseas.

The approach being taken within the work streams will seek to provide countermeasures in response to all of the currently identified uncertainties and as the scheme continues any newly identified issues and risks will be mitigated with appropriate countermeasures.

4. Assumptions

A number of assumptions have been captured as part of the ongoing process and experience across different sectors within the past 18 months.

These span a number of areas and all will be factored into the responses for the challenges ahead.

- We held a minimum of 24 weeks stock until 30th June 2021[1], which was required to safely navigate the period in scope, ensuring a number of risk factors were covered.
- From 1st July 2021 we took measures to taper down the stock holding, so that by 31st August we were holding a minimum of 16 weeks' worth of stock of all relevant products. This 16-week stock holding is based on the highest week's usage during the COVID19 pandemic.
- At present there is no reliance on other nations for supply – Planning is focused on provision of products to NHS Wales and will not factor in any dependency on other nations.
- COVID Public procurement guidance – During the period where procurement guidance exists, planning for product volumes will align to current guidance but be able to flexibly adjust the demand accordingly within reasonable timescales.
- Availability of warehousing – It is assumed to support the long-term increase of warehouse capability; warehouse space will need to be procured and will be a subject to a separate national programme which is currently in progress and this scheme represents one component.
- No additional demands on NWSSP to accommodate field hospital and surge capacity equipment – It is assumed that this project is focused on the provision of PPE and other requirements in relation to field hospitals and surge capacity will be met through different channels and also captured as part of national programmes for storage and space utilisation.[2]
- Pharma and COVID test products[3] will remain excluded from this plan, however, warehouse storage requirements will factor into the above-mentioned national programmes for storage and space utilisation.
- Welsh Government have advised they will require NWSSP to continue to provide PPE for Health and Social Care staff for as long as it is required during the pandemic. ***(Clear date required from Lisa Wise)***

[1] ***24 weeks stock until 30th June 2021*** – 24 weeks is based on the average weekly issues of the highest issue period during the second waves pandemic.
[2] ***Space Utilisation Programme*** - encompasses a multitude of requirements including PPE, Medical Records & Equipment.
[3]***Pharma and COVID*** - Excludes Tests and Pharmaceuticals but Includes associated PPE.

5. PPE Plan Core Objectives

As of the 1st July 2020, the timescales within which workstreams will seek to adapt and/or maintain service is focused between June 2021 and 31st March 2022.

Several objectives will form the basis of the plan, but core objectives exist that will underpin the workstreams and deliverables.

These will be delivered throughout the period in scope and this plan is subject to change based on the demands, needs and identification of new requirements.

The **core** workstream objectives identified are:

Procurement & Product Workstream

- Continue to secure a reliable supply of PPE to meet current and projected demand from health, primary and social care sectors for as long as the pandemic requirement exists.
- Continue to build back up pandemic (COVID and Flu), maintain Brexit stock and Business as Usual supplies **as required.**

Finance, Resources & Performance Reporting Work stream

- We will continue to accurately track PPE usage and model future demand, to anticipate and respond to a potential future waves of COVID 19 cases, future winter pressures demand and changes to user demand profiles.
- We will continue to monitor short term and longer-term resource requirements.
- We will continue to ensure consistent communications are established between key stakeholders for example, regular reporting.

Logistics Work stream

- In line with the Welsh Governments "Programme for Government", commitment to continue to supply PPE to health and social care settings ensuring the required PPE is distributed effectively.

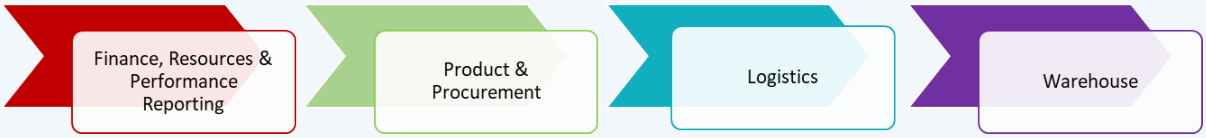
Warehouse Workstream

- We continued to retain appropriate warehouse capacity to hold a stockpile of critical products to maintain a minimum of 16 weeks' worth of stock Post August 2021 ensuring flexibility remains within the capacity to reduce cost where possible.

6. Project Work streams

To support the successful delivery and as already highlighted within the Project core objectives, four main work streams have been established with the purpose of defining and achieving individual objectives that collectively underpin the overarching objective.

The four work streams align to four key highlight areas within the end-to-end provision of PPE.



Finance, Resources & Performance Reporting

Learning lessons and reflecting on the previous months a number of considerations have been identified which will provide a firm basis for adapting the existing workstreams.

Observations that support the development of the finance workstream have centred on areas such as:

- Existing model – Is it responsive enough, flexible enough and utilise all required data sources?
- Further resources, what additional are needed to support ongoing plan and any additional finance requirements to support the development of this or overarching plans which this contributes towards.

Considering these observations and other factors the workstream has been developed to focus on the following objectives.

Key Workstream Objective

- We will continue to accurately track PPE usage and model future demand, to anticipate and respond to a potential future waves of COVID 19 cases, future winter pressures demand and changes to user demand profiles.

Supporting Objectives

- We will continue to monitor short term and longer-term resource requirements.
- We will continue to ensure consistent communications are established between key stakeholders for example, regular reporting.
- To support procurement governance procedures.
- Monitor the published guidance for PPE usage and assess the impact of any proposed changes on stock and modelling and effect on order pipelines.

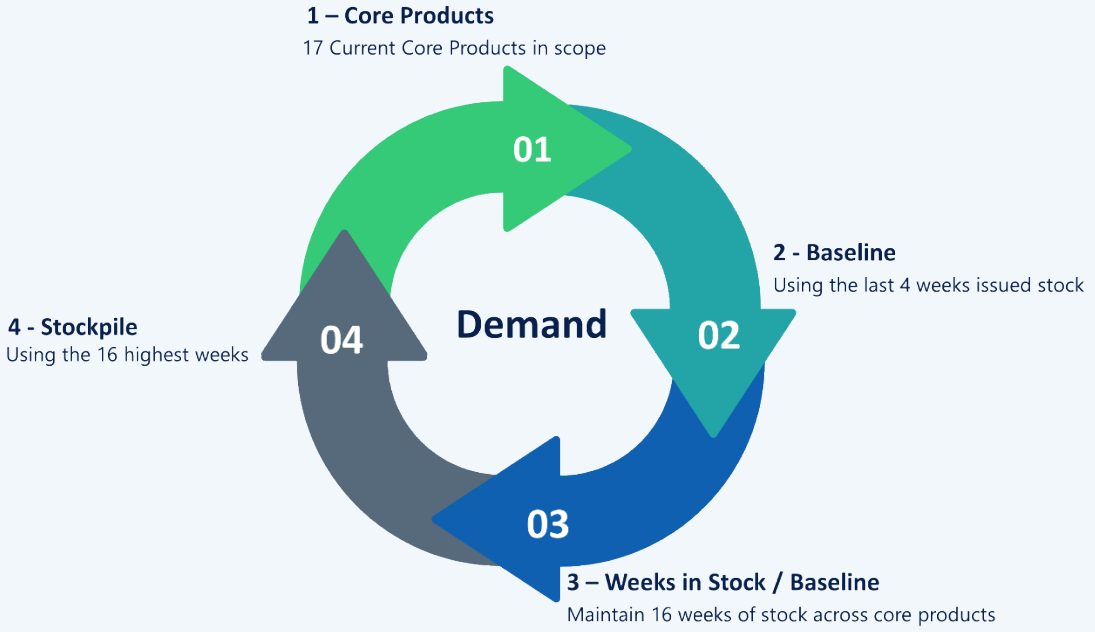
- Ensure financial controls are maintained using the finance governance committee to provide assurance and sign off against matters such as:
    - Expenditure incurred as a result of the PPE plan including new storage and expense as a result of delivering and managing the ongoing PPE plan.
    - Any write off requirements in relation to product management.

Modelling

Previously, a hybrid approach had been taken to advise the product pipeline requirements.

However, on completion of the model revisions the model became a single source / one truth of information, on which the ingoing Order Pipeline was and remains to be monitored against.

From September 2021 we will continue to use the current method based on usage, ensuring any changes in guidance are captured and also reflecting on past modelling where applicable



The model is – expected usage over the next 3 to 6 months based on the last 4 weeks and also ensuring we maintain 16-week stockpile for resilience purposes (this is based on the highest 16 weeks of consumption in the pandemic)

Resources

The following information represents the indicative resources required to support the Long-Term PPE plan. The resource requirements will be reviewed on an ongoing basis throughout the duration of the plan.

Resource Requirement	7 months 2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
PPE Purchases	17,579	63,005	66,543	66,543
Potential Write Off Costs	0	11,536	0	0
Storage and Distribution Costs (Non NHS)	510	740	647	647
Warehouse Costs (NHS Delivery)	557	955	955	955
PPE Category Team	48	83	83	83
Stock Management Support	174	301	301	301
Temporary Warehousing Staff	349	605	605	605
Warehousing Pack Creation	154	267	267	267
Vaccination PPE Distribution Costs	560	970	970	970
Social Care/Primary Care PPE Distribution Costs	171	297	297	297
Additional IT Support	51	89	89	89
SMTL Support	72	125	125	125
Total Costs	**20,225**	**78,973**	**70,882**	**70,882**

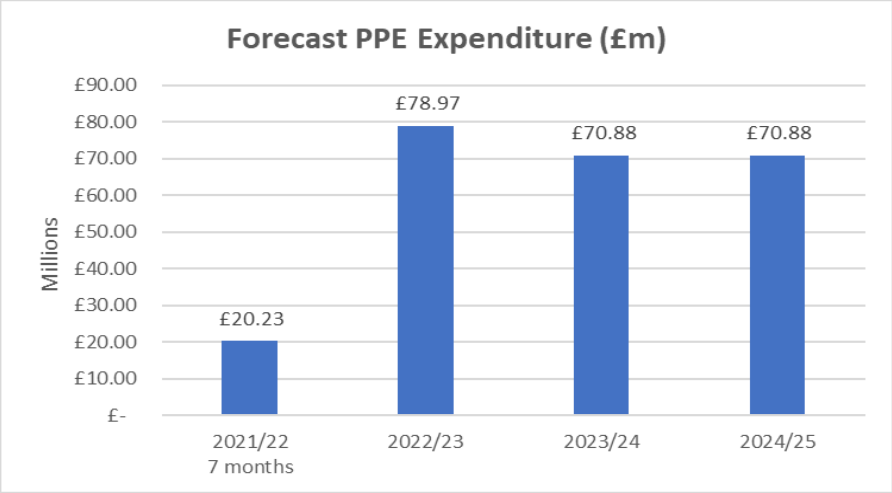
Cost Analysis

The workstream will also seek to provide and undertake more detailed financial analysis across a number of themes such as :

- Provision of Historic costs data and information
- Weekly Storage Cost Analysis
- Pallet Distribution Costs
- Warehousing Costs
- Stock Replenishment Costs
- Other Relevant Costs

No costs have been captured in relation to staff and other costs beyond 2024/25.

A separate detailed report has been produced however, currently the analysis based on the information known has provided a projection between the remainder of 2021 until March 2025, considering the themes above.



Product & Procurement

A challenging but successful procurement response to Covid-19 was achieved, with no stock outs observed and a continuity of supply maintained.

The key focus going forward is to maintain the resilience of supply lines and levels of stock in hand.

Leading up to 30th June, 24 weeks stock was held, as this was required to safely navigate the period, ensuring a number of risk factors are covered.

However, from this date a two-stage approach commenced.

- **Phase 1 – 1st July – 31st Aug 2021**

The 24 Week stock levels held were be reduced where practical to a 16-week stock level holding. The model uses the baseline of the highest week's usage during the COVID19 Pandemic to determine the 16-week stock position for each of the core products.

- **Phase 2 Aug 2021 - Onwards**

Maintain a minimum of 16-week stock holding on all current core products but ensuring adaptability in line with any emerging wider UK or localised guidance changes.

A number of critical actions will underpin this such as:

- Ensuring robust alignment of order placement and stock replenishment with the in-place Demand Model and existing oracle processes and supporting min max levels.
- Continued development of a procurement framework which supports the capability to reduce reliance on external/global supply lines.
- Continued use of Stock Watch, a stock tracking and forecasting software, across Health and Social Care Hubs and also considering the opportunities presented through the emerging Scan for Safety programme

Key Workstream Objective

We must continue to provide a reliable supply of PPE to meet current and projected demand from health care, primary care and social care sectors in line with the existing SLA.
To support achieving the objective, the primary focus has been on continuing the approach covering the existing in scope 17 key products.

This approach will seek to ensure the agreed stock volumes in place.

Phase 1 – 1st July – 31st Aug 2021

To achieve a stock holding of a minimum of 16 weeks of PPE **by the end of Phase 1**, the objective will be too:

Depending on stock held:

- Reduce stock holdings to a level in line with the 16-week stock holding.
- Increase stock levels in line with the 16-week stock holding.

Currently 17 key core products remain in scope:

- Aprons (Single Aprons)
- Body Bags -Zipped
- Eye Protection - Face Visors
- Eye Protection - Glasses / Goggles
- Facemasks FFP2
- Facemasks FFP3
- Facemasks Type II
- Facemasks Type IIR
- Gloves, Nitrile Examination Non-Sterile all sizes (Single Gloves)
- Gloves, Cuff
- Gowns, Fluid Resistant Thumb Loop
- Hand Hygiene - Hand Sanitiser Alcohol Hand Rub 0.5 litre
- Respirator Fit Test Kit - Full Kit
- Respirator Fit Test Kit - Solutions
- Respirator Hoods
- Respirator Hood Filters
- Wipes - Universal Wipes

Existing order pipelines indicate that sufficient quantity of most products will be available to sustain the objective of a continuous 16-week stock holding.

This is also supported by the implementation of a PPE Framework which has been established to support future source requirements including any PIPP (Pandemic Influenza Preparedness Programme) replacement requirements.

Previously certain products were deemed to be “at risk”, however as of September 2021 there were no products not at risk of not achieving a 16-week stock holding based on the average of the last 4 weeks.

Phase 2 Aug 2021 - Onwards

As we moved into a **Post August** position it was anticipated that to support future estimated demand, the same products will be targeted with maintenance order volumes which continue to provide assurance of supply until a point whereby demand diminishes and order volumes safely reduced, the majority of this activity will be managed as business as usual.

Focus on the same current core 17 key product's as at July 21 will be made using the monitored demand model and order data to ensure appropriate orders are in place to maintain stock levels through the remainder of the pandemic timeframe but also taking into consideration any UK PPE review requirements or changes in guidance.

The workstream will continue to enact and devise actions required to drive the trajectory of stock levels towards the desire levels in the coming periods in line with the 16-week objective.

Other Objectives

- Implementation of the PPE Category Framework.

- With support of SMTL, ensure all products continue to meet the quality standards required for NHS Wales.

- It remains an ambition for this scheme to strive in support of the foundational economy in Wales.

  *Examples of foundational economy include Care and Health Services and utilising Welsh companies within this sector to support the provision of PPE. For example, the PPE framework is being developed to support elements such as the foundational economy and current environmental and green initiatives.

Logistics

Between March 2020 and September 2021, over 1 billion items of PPE have been distributed across Health and Social Care sites.

The number of locations the service is required to deliver to has increased significantly due to the COVID 19 pandemic requirements. This continues to require a flexible, adaptable logistics approach and one that is able to evolve as demands change.

Key Workstream Objective

- Provision, storage and transportation of goods to and from host and end user locations as identified for the lifetime of the scheme.

To support the key workstream objective a business case was agreed to enable the provision of service to the **Primary Care sector**.

This provides key services to the sector as outlined within the business case[4] covering Primary Care:

- Dentists
- GPs
- Optometrists
- Pharmacists

In addition, further support has been provided for PPE logistical arrangements on an ongoing basis too:

- Social Care
- Vaccination Programme
- Testing

Social Care logistic provisions are in place, however if social care PPE consumption increases the demands place on logistics will be reviewed with a view to increase capacity within the logistic workstream, however the workstream will continue to manage excess stock as part of the plan.

[4] PCS PPE Business Justification Case

Warehouse

At present, several facilities continued to be utilised in the storage of PPE.

The existing facilities range in size, location, and capacity and to support the increase in capacity further space was acquired on a temporary basis.

The warehouse workstream has one key objective to achieve which must meet spending objectives and product storage specific requirements but also be flexible.

Key Workstream Objective

- Maintain and Redesign Warehouse capacity to host critical products.

To support the plan and capability within NWSSP the approach was taken to increase the current footprint by up to 15000 pallet spaces and moving forward any additional requirements will be contained within the overarching programme for space utilisation.

This meant NWSSP utilising three transport and warehousing suppliers in order to allow the warehouse footprint to grow and hold the planned PPE volumes required by November 30th, 2020 and also use of space within Picketston and until recently other space in St Athan.

This expansion will remain in place to support the PPE provision until such a time where downsizing of capacity, amalgamation or modification of space requirements can take place in line with an overarching national storage programme in which PPE will be one requirement.

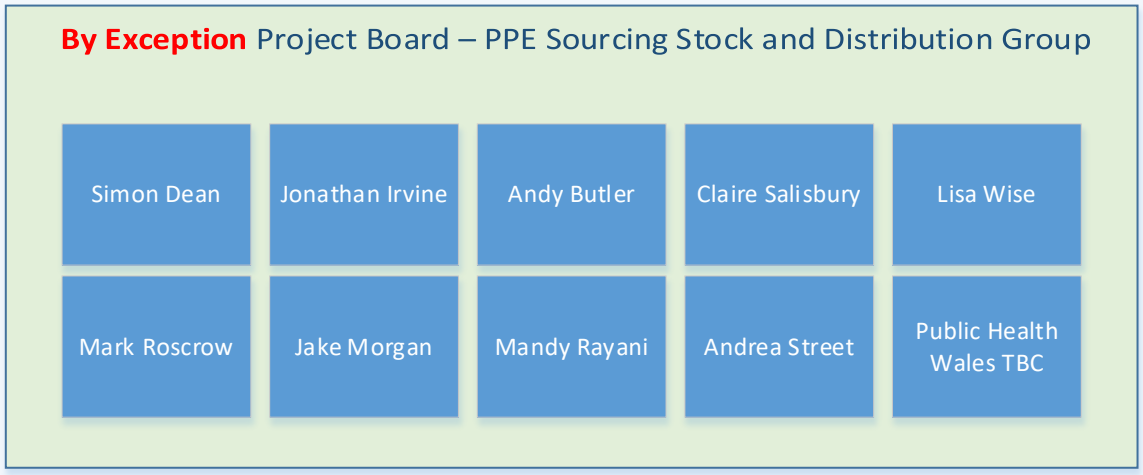
The additional space was and continues to be provided on a flexible, temporary nature to allow appropriate up and downsizing based on demand.

It is anticipated this workstream will seek to conclude the acquisition of revised additional space in line with the national overarching programme, ensuring any outcome is in line with the demands and requirements as a result of any UK decisions.

7. Project Governance

To support and provide robust governance a project board was established with key representatives from key roles and organisations.

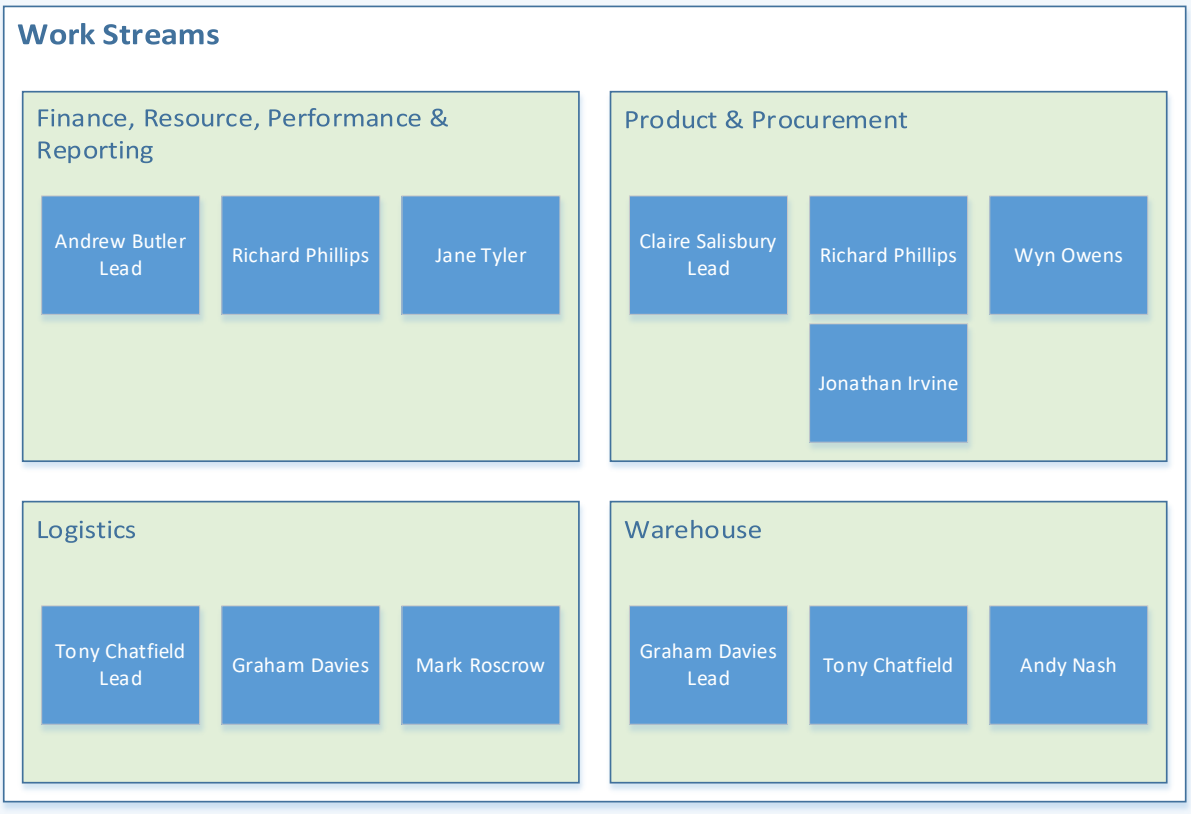
a. Project Board



**Membership is to be reviewed and confirmed.*

b. Work stream Membership

The board will continue be supported by four work streams, with lead representatives in each area, reviewed as required with appropriate Terms of References established.



8. Stakeholder Engagement

It is important to recognise the scale of internal and external stakeholders. Key relationships that exist will continue to remain in focus.

Currently **External** stakeholders include*:

- All Wales Peer groups
  - Chief Executives
  - Directors of Finance
  - Nursing
  - Medical Directors
  - Primary care
- PPE Executive Leads
- Local Government ([5]WLGA)
- Primary Care
- Welsh Government
- Social Care Groups
- CERET - ***On an exception basis only***

Current **Internal** Stakeholders include*:

- NWSSP
  - Finance & Corporate Services
  - Procurement
  - Sourcing Teams
  - Health Courier Services & Supply Chain
  - SMTL

**Not Exhaustive*

9. Communication Plan

To support Stakeholder engagement, communication is key and is included within the Finance, Resource & Performance Reporting workstream.

Currently the reporting process is completed via a **single** monthly report.

No other reports are produced by this group in order to maintain a clear position.

10. Constraints, Dependencies & Risks

Risks and issues

Dependencies

- UK and other National PIPP and PPE.
- National Storage & Warehouse Programme.

[5] Welsh Local Government Association

- Identification of Welsh and Overseas groups who can utilise products as advised by Welsh Government.
- Local Stores, stock checking local levels.

Risks

- Future Pandemic Waves.
- Product availability.

11. Lessons & Learning

The plan will seek to ensure previous and new lessons are captured and reflected upon as required.

For example :

Audit Wales Report

A detailed action plan to implement the Audit Wales recommendations has been agreed and progress against the plan is being monitored by the Shared Service Audit Committee.

Workstream Lessons

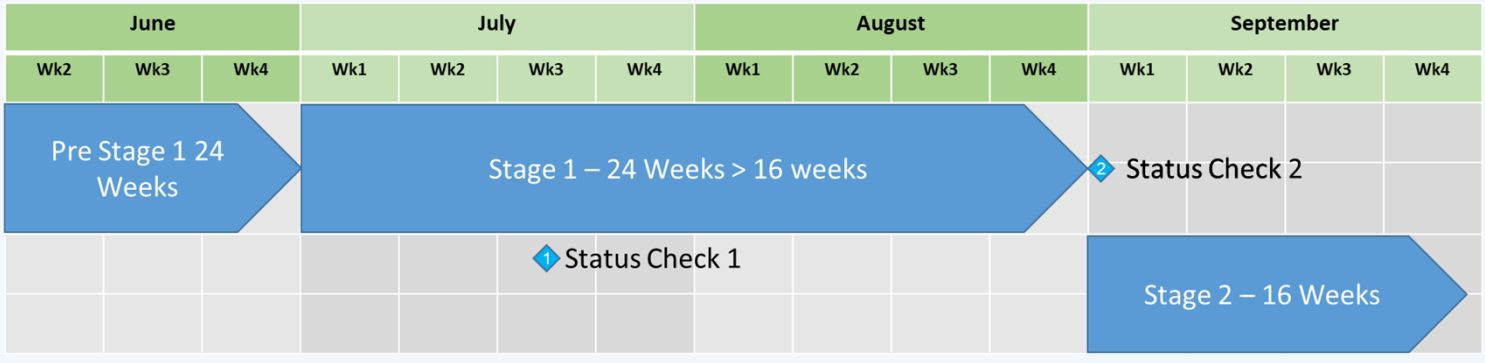
Lessons Learnt activity to be completed across all workstreams asking three questions:

- Things that went well.
- Things that could have been done differently.
- Things we could have done if the opportunity arose.

12. High Level MCP

The indicative timescale to achieve the objective level of stock. Where this is not possible, workstreams will establish actions required to maintain an appropriate trajectory towards the objective levels.

Indicative Timescales – PPE Plan June 21 – Sept 21



1 Status Check 1 – assessment of product line volumes against 16 week target and product level plans devised to reach 16 week levels if required

2 Status Check 2 – Re-assessment of product line volumes against 16 week target and product level plans devised to reach 16 week levels if required

Each product will be subject to :

- Status Check 1 - Reviewed for a baseline position - (Completed in July)
- Status Check 2 – Initial review to confirm the required actions to drive the product/s down, up or maintain a 16-week trajectory. (Completed in Aug/Sept 21)

13. Next Steps

Building on the actions and information identified within the status checks 1 & 2 the necessary workstream actions and activities will be developed to execute the actions needed[6].

This will require :

- Development of product level actions to achieve the outcomes required
- Management of ongoing Risks and Issues
- Capturing and assessment of Lessons Learnt
- Co Ordinate workstream activity
- Establish a revised Terms of Reference

14. Appendix A

PPE Plan high level gannt Sept 2021.pp

[6] Appendix A – Contains a visual reference of products that require action and estimated dates when a 16-week holding will be achieved.

Good practice guide

Climate change risk: A good practice guide for Audit and Risk Assurance Committees

National Audit Office

August 2021

This guide will help Audit and Risk Assurance Committees support and challenge senior management in their approach to managing climate change risks.

We are the UK's independent public spending watchdog

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An overview of what climate change is and how climate change risks and opportunities could manifest themselves, particularly in the context of government.

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Expectations on government organisations

A brief snapshot of the current regulatory and legislative landscape.

Part Three 13

How to support and challenge senior management

Sets out how Audit and Risk Assurance Committees can support and encourage senior management to embed climate change risk, using the existing principles of the *Orange Book*. This part includes illustrative examples of how organisations have considered climate change within their risk management frameworks.

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Key guidance and good practice materials

Sets out key existing reporting guidance for the public sector and good practice materials on climate change.

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Complete list of questions that Audit and Risk Assurance Committees can ask

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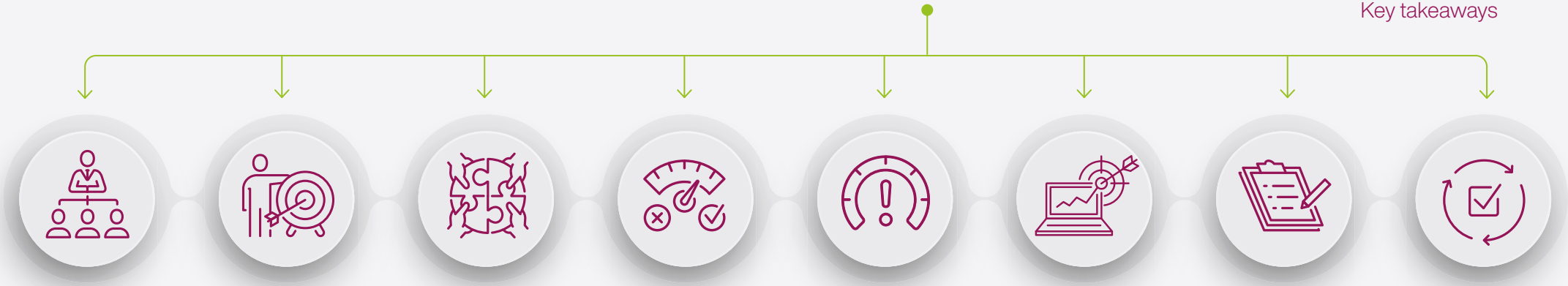
Key takeaways



Governance and leadership — Questions

Integration — Questions

Collaboration and best information — Questions

Risk identification and assessment — Questions

Risk treatment — Questions

Risk monitoring — Questions

Risk reporting — Questions

Continual improvement — Questions

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Foreword

The United Nations describes climate change as the defining issue of our time. Action to limit future global greenhouse gas emissions will help restrict future changes in the climate system. Impacts from climate change are already being felt today and will continue to increase in the future.

The government has committed to achieving 'net zero' greenhouse gas emissions by 2050, and a challenge of this scale will require transformative change to the UK economy. There are a number of departments across government that are central to government's response to climate change. However, the all-encompassing nature of achieving net zero means that all government bodies, including departments, arm's-length bodies and executive agencies, have a role to play.[1]

In order to be more resilient to the threat posed by climate change – in addition to meeting the challenges of achieving net zero – it is vital that all government organisations effectively manage climate change risks.

1 Comptroller and Auditor General, *Achieving net zero*, Session 2019-2021, HC 1035, National Audit Office, December 2020.

2 We contacted 101 chairs and received 43 responses. The survey findings provide an indication of the level of climate change maturity across the organisations we audit but should not be viewed as representative of the level of maturity across all ARACs.

Purpose of the guide

Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and accounting officers in their responsibilities over risk management.

To understand the level of climate change maturity, we sent out a survey to ARAC chairs in the organisations we audit. Our research has shown that, of the ARAC chairs who responded:[2]

81% consider that climate-related risks are relevant to their organisation.

55% stated that their organisation did not have a climate nor a sustainability risk policy.

53% stated that their organisation did not have a dedicated person accountable for sustainability and climate change.

70% said that climate change risks had either never been discussed at an ARAC meeting or were discussed less often than annually.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management (management) on their approach to managing climate change risks.

We have outlined specific reporting requirements that currently apply in Part Four.

An additional summary is available which outlines the key takeaways for ARACs from this guide. This can also be viewed in Appendix Four.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities, and will be refreshed in the future to reflect the evolving landscape and requirements.

If you would like to know more about the NAO's work on financial and risk management, please contact:

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Part One
What is climate change risk?

Climate change risk

Climate action failure was ranked as the most concerning global risk in the World Economic Forum's *Global Risk Report 2021*.[3] Climate change is not a future concern. It is impacting the UK now, and will only continue to escalate in significance in the future. The Climate Change Committee (CCC) believes that urgent action now will increase the likelihood of being able to reduce irreversible impacts and tipping points, and lower the future costs from climate change that would likely ultimately fall back to the government – the CCC recently identified 61 key risks and opportunities to the UK from climate change.[4]

Climate change risks are impacting all government organisations in some form, and so it is vital that organisations engage now with climate-related risks[5] and opportunities. Forming a robust understanding of climate change risk is the first step for organisations. Organisations should consider climate-related risks with the same rigour as any other strategic risk. Climate change risks should not be considered in isolation and should be clearly integrated into the strategy of an organisation. It is vital for organisations to recognise that the potential impacts of climate change are not only to do with the physical effects on people and the environment, but also to do with the effects of the transition to a changing climate and the adaptation and mitigation work involved. Similarly, the impacts of climate change should not only be considered as long term risks.[6]

61
key risks and opportunities

3 Figure 3, *The World Economic Forum Global Risks Report*.

4 Climate Change Committee, *Independent Assessment of UK Climate Risk*, page 60.

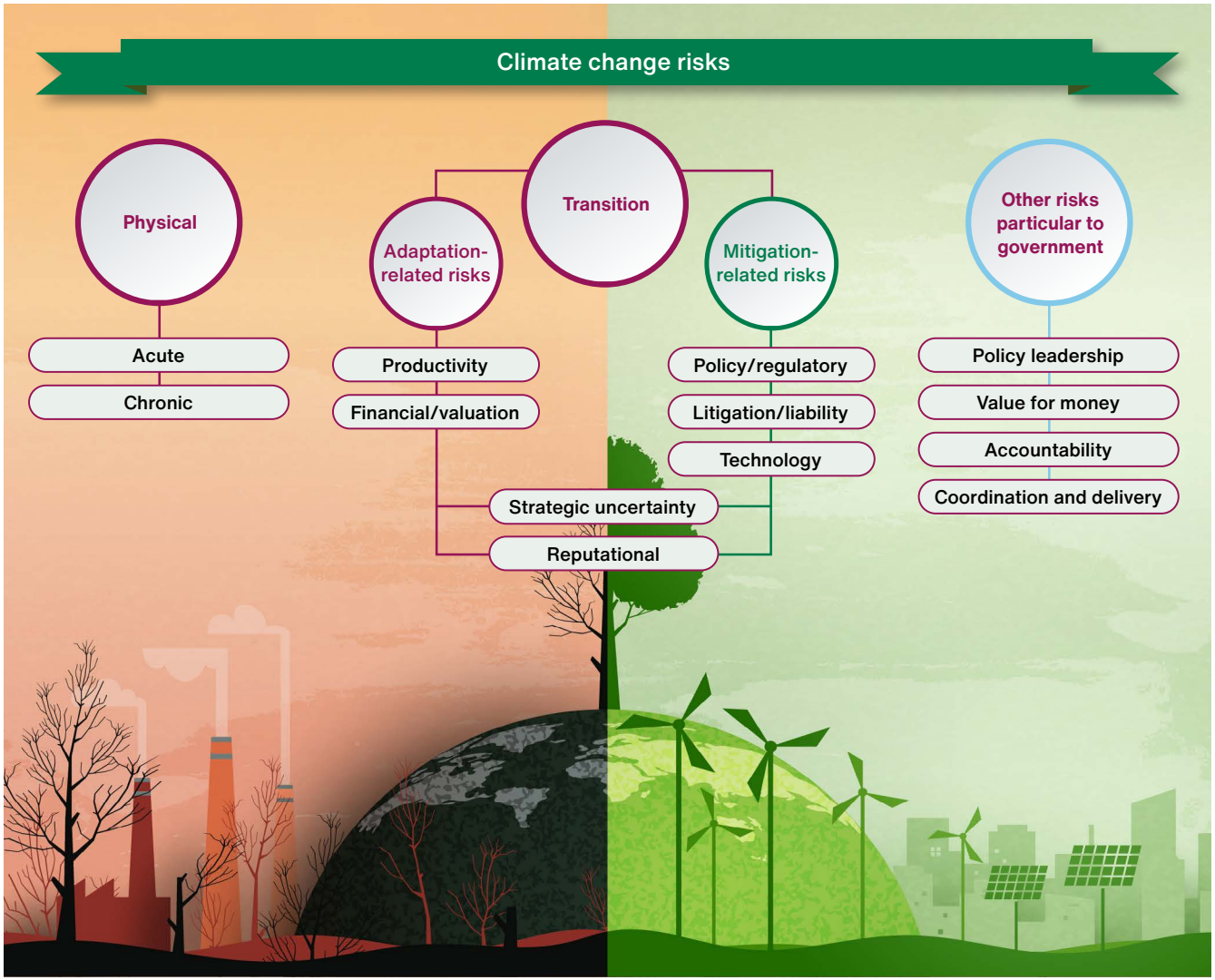
5 Comptroller and Auditor General, *Achieving government's long-term environmental goals*, Session 2019–2021, HC958, National Audit Office, November 2020.

6 *Recommendations of the Task Force on Climate-related Financial Disclosures*, Executive Summary, page II.

Figure 1: Our taxonomy of climate change risk

We have created a risk taxonomy covering the types of risks that our organisations might face in relation to climate change

The risks outlined here are not exhaustive but indicative of the types of risks that public sector organisations are exposed to as a result of climate change.



Source: National Audit Office

Physical risks of climate change

The **physical risks** of climate change can affect organisations in different ways. Specific weather-related events such as floods will have a significant impact on infrastructure, causing damage to buildings and wide-scale disruption to service delivery. This is sometimes referred to as the **acute** physical risk of climate change. The Environment Agency estimates that 5.2 million homes and businesses in England are at risk of flooding and that around 700 properties are vulnerable to coastal erosion over the next 20 years.[7] Extreme weather events could have a direct impact on disrupting supply chains, and the financial risks of maintaining and protecting supply chains could increase. Organisations may have investments in properties which are at a higher risk of being affected by the physical impacts associated with climate change.

Meanwhile, the more gradual impact of rising temperatures, such as sea level rise and coastal change,[8] will pose risks to certain communities and organisations, and changes in temperature and rainfall will place additional pressures on infrastructure.[9] This is sometimes referred to as the **chronic** physical risk of climate change.

As well as direct damage costs, both acute and chronic physical risks can also lead to indirect economic and social impacts through supply chain disruptions, subsequent impacts from infrastructure damage (for example, lack of transport, communication, manufacturing) or market shifts (such as increases in insurance premiums, changes in the need for government support, consumer attitudinal and expectation changes). Government organisations should consider both the direct and indirect risks posed by not only extreme weather events, but also the longer-term gradual impact of increased temperatures on their operations, and, ideally, how these risks (and associated opportunities) interconnect.

7 Comptroller and Auditor General, *Managing flood risk*, HC 962, National Audit Office, November 2020.

8 *National Adaptation Programme 2018*.

9 Committee on Climate Change, *UK Climate Change Risk Assessment 2017 Synthesis report: priorities for the next five years*

Transition risks of climate change

There are also risks associated with transitioning to a lower-carbon and more climate-resilient economy. Transition risks can be considered in two main categories: **adaptation** and **mitigation**. We have listed some adaptation- and mitigation-related risks below. Where risks have both an adaptation and mitigation relevance, we have included them within the category which is most applicable.

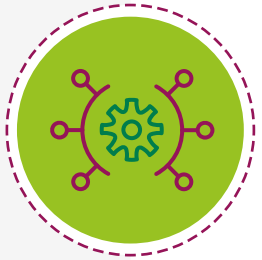
Climate change adaptation

Adaptation to climate change is "the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities" ((Intergovernmental Panel on Climate Change (IPCC)), 2018). Organisations need to develop strategies to manage the risks of adapting to climate change. Some of these risks will stem from the chronic impact of physical climate change risk, for example how to adapt to the impact of rising temperatures on workforces.

Climate change resilience will need to be built into every sector of the UK economy. Therefore, adaptation is a cross-cutting issue. The 25-Year Environment Plan states that the government will make sure that all policies, programmes and investment decisions take into account the possible extent of climate change this century.

Adaptation-related risks

Productivity risk. This is a risk that higher temperatures cause reduced workforce productivity and organisations will need to consider how they adapt to manage this risk. Climate change could cause greater disruption to infrastructure, and workforces will need to adapt to the impact of higher temperatures. Organisations need to be very aware of the changing nature of stakeholder expectations on a high-profile and evolving issue such as climate change (see also: Reputational risk), and the impact these expectations may have on strategy. The long-term impact of climate change is likely to have a profound social impact on communities, and understanding the extent of social risks for organisations will be a key part of strategic planning.



Financial and valuation risk. Climate change adaptation will be costly, and government organisations will need to balance this alongside a number of other strategic priorities. Climate change is likely to have a deteriorating effect on public assets and infrastructure, with a resulting economic impact on government organisations. In financial reporting terms, assets could be overvalued because of the effects of climate change, and there is a greater risk of assets being impaired, and their useful economic lives becoming shorter. Organisations also need to consider how climate change could impact on financial markets and the valuation of any investments they carry – as an example, if an organisation's pension fund valuation is linked to investments and asset valuations, they should consider how exposed they are in the event of investments becoming devalued. Equally, organisations who are investing in the right areas now could potentially mitigate future financial risks, and inaction today could increase future spend (see also: Strategic uncertainty risk).

Adaptation-related risks

Strategic uncertainty risk. Government organisations are making long-term spending decisions now, yet there is a significant degree of uncertainty brought about by climate change which makes this highly challenging. There is significant uncertainty around future changes to decarbonisation policy, and the impact this may have on organisations. It is challenging for organisations to predict the long-term impact that climate change adaptation will have on the country and their service users to determine their approaches today, in addition to any measures which are introduced by government to mitigate climate change risk.

Reputational risk. This applies to both adaptation and mitigation. It covers the risk of organisations failing to adapt quickly to the threats posed by climate change and the transition to net zero, and suffering reputational damage as a result. Government is aiming to reduce public sector emissions by 50% by 2032 against 2017 levels. The approach taken by departments and organisations to reducing emissions has a wider impact in building credibility and trust that achieving net zero is a priority.[10] The government has established an expert group to advise on standards for green investment following concerns it has about organisations 'greenwashing'.[11] It is therefore important that government organisations adhere to these higher standards of credibility when taking and publicising actions on climate change.

Climate change mitigation

Climate change mitigation refers to interventions to "reduce emissions or enhance the sinks[12] of greenhouse gases" (IPCC, 2018). Mitigation consists of the actions that can be taken to decarbonise – actions that will avoid and reduce the level of emissions of heat-trapping greenhouse gases into the atmosphere with the aim of preventing the planet from warming to more extreme temperatures.

Achieving net zero requires transformation on an arguably unprecedented scale and will involve every sector of the economy. In order to stabilise global temperatures at safe levels, far-reaching economy-wide global emissions reductions are required, and quickly. In June 2019, government amended the Climate Change Act 2008 to include a legally binding target for net zero carbon emissions by 2050.[13] The UK is legally committed[14] to reducing economy-wide greenhouse gas emissions by at least 78% between 1990 and 2035, in line with statutory carbon budgets defined by the Climate Change Act 2008.

Mitigation-related risks

Policy and regulatory risks. Future changes to government policy could have a significant impact on the way organisations need to operate. This could be in the form of tighter regulation or environmental tax measures. This was illustrated by measures introduced in June 2021 requiring businesses wishing to bid for major government contracts to have published clear and credible carbon reduction plans to achieve net zero by 2050.[15] For government organisations, there is an increased risk of irregular spending in the event that additional policy or regulatory requirements are enforced to mitigate climate change. This means that organisations will need to carefully monitor the consequences of new regulations. Organisations could also be required to make enhanced disclosures in their annual and financial reporting as well as perform increased due diligence.

10 Comptroller and Auditor General, *Achieving net zero*, Session 2019–2021, HC 1035, National Audit Office, December 2020.

11 Disinformation disseminated by an organisation so as to present an environmentally responsible public image.

12 Emissions can be reduced at the source (for example, cleaner fuels) or by enhancing sinks. Sinks remove greenhouse gases from the atmosphere, resulting in negative greenhouse gas emissions. Greenhouse gas sinks can be engineered solutions (such as carbon capture, use and storage) or biological sinks such as forests, peatlands or oceans.

13 See Part Two for more information on key and upcoming climate change targets.

14 UK enshrines new target in law to slash emissions by 78% by 2035 – GOV.UK (www.gov.uk).

15 Firms must commit to net zero to win major government contracts – GOV.UK (www.gov.uk)

Mitigation-related risks

Litigation and liability risks. Litigation risk could take different forms. As the value of loss and damage arising from climate change grows, litigation risk is also likely to increase.[16] There is a risk that organisations become liable for breaching future climate-related regulatory orders by failing to mitigate the impact of climate change. Organisations may fail to adequately disclose the extent of their exposure to climate-related risks and present a misleading picture to stakeholders. Other organisations may seek to defend themselves from losses they may have suffered from the effects of climate change. For the government, the Climate Change Act 2008 sets legally enforceable emissions budgets – organisations should be aware of the role they play in helping government meet these targets, and any potential consequences that may arise from undermining them.

Technology risk. Changes in technology to support the transition to net zero could have a significant impact on organisations and how they operate. There is likely to be a financial and cost impact as markets adapt to new technologies which support the transition to a lower-carbon economy, and organisations will be required to keep pace with these changes. Organisations therefore may be reliant on technologies which could be superseded by more energy-efficient approaches or become more expensive due to policy measures. Progress in some fields – for example, electric cars – is dependent on making the required advances in battery technology. There are climate-related opportunities here, but in this example, realising these opportunities relies on making sufficient progress in establishing an effective supply chain.[17]

16 *Recommendations of the Task Force on Climate-related Financial Disclosures*, page 5.

17 Supply chain for battery electric vehicles inquiry launched – Committees – UK Parliament.

18 Comptroller and Auditor General, *Achieving net zero*, Session 2019-2021, HC 1035, National Audit Office, December 2020.

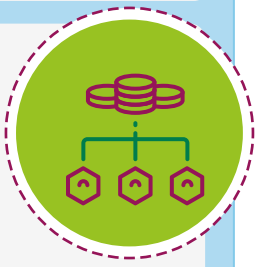
19 Comptroller and Auditor General, *Achieving government's long term environmental goals*, Session 2019-2021, HC 958, November 2020.

20 Comptroller and Auditor General, *Reducing carbon emissions from cars*, Session 2019–2021, HC 1204, National Audit Office, February 2021.

Other risks particular to government

Government and public sector organisations should pay special consideration to the following additional risks. While these are not unique to government, they may be more prominent given the particular challenges faced by government organisations.

Policy leadership risk. Government sets the direction and leads national policy for how the UK responds to climate change. Responsibility for this is held by a number of government departments. The National Audit Office (NAO) has reported on the risks government faces in delivering long-term climate change and environmental objectives. Our report on achieving net zero outlined that establishing a clear strategy before COP26 is a critical step if the UK is to achieve net zero by 2050, and that there is a need for government to enable flexibility in its plans to accommodate longer-term uncertainty, such as the rate of technology development and deployment and the degree to which individuals change behaviours.[18] In our report on achieving government's long-term environmental goals, we commented that alongside clear objectives, government needs a realistic plan for delivery, and transparency over government's delivery plans should help stakeholders understand how they might be affected or involved, and so give them the confidence to invest and plan accordingly.[19] Government has a target to phase out diesel cars by 2030, for example, and our report on reducing carbon emissions from cars noted that the departments responsible for this transition needed a much clearer plan for how they will deliver this societal change.[20] There is therefore an overall risk that government fails to support its various policy objectives with a clear and coherent strategy.



Value for money risk. Government is spending increasing amounts of money on the transition to net zero. There is a risk of inaction and decisions not being made quickly enough to address the net zero challenge, therefore increasing costs in the long term. Conversely, decisions made without sufficient consideration of the risks could also mean that expensive corrective action is needed at a later date. It may also be the case that expenditure is required on piloting solutions which, by definition, may be unsuccessful. It is therefore crucial that risks associated with climate change are integrated within organisations, enabling decision-makers to understand their organisation's appetite for risk and balance value for money considerations against the need to make progress quickly. Spending decisions should be consistent with net zero ambitions, tested for robustness against possible future climate scenarios, and policy programmes should be designed with consideration of how climate change adaptation and mitigation will impact on service users.

Other risks particular to government

Accountability risk. Our report on achieving net zero identified that government had not clearly set out the roles of public bodies outside central departments in achieving net zero.[21] It is vital that all public bodies are clear on their own roles and responsibilities, and how they contribute to government's overall strategy, so they can effectively identify relevant climate-related risks.

Coordination and delivery risk. Climate change adaptation and mitigation requires transformation on a vast scale, at a time when government is managing a significant number of strategic challenges. Actions to address risks need to be coordinated among the various responsible bodies to be effective.[22] There is a risk that organisations do not collaborate effectively to address system-wide challenges such as climate change, and fail to share lessons, develop skills and work effectively across boundaries. This could lead to increased social and economic costs or failure to achieve statutory or strategic targets. Coordination is required across central and local government. Our report on local government and net zero in England[23] said that there are serious weaknesses in central government's approach to working with local authorities on decarbonisation, stemming from a lack of clarity over local authorities' overall roles, piecemeal funding and diffuse accountabilities. In central government, departments must communicate clearly with their arm's-length bodies.[24] All organisations have a responsibility to understand how climate change risk manifests beyond their own organisation in order to ensure that effective public service delivery is not compromised.

Climate-related opportunities

The Task Force on Climate-related Financial Disclosures (TCFD) notes that efforts to mitigate and adapt to climate change also produce opportunities for organisations, for example, through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain.

According to the CCC, although climate change for the UK is associated mainly with risks, there may be some opportunities, in particular if appropriate adaptation action is taken in time to minimise the risks and to put in place any necessary support to take advantage of the benefits from warmer temperatures. The CCC lists a number of opportunities for the UK, including those available to business and trade from adaptation services, new products and trade routes.[25]

There are also significant transition opportunities for the UK economy associated with climate mitigation and the growth of low–carbon industries and technologies (see example under technology risk relating to electric cars). There are numerous opportunities associated with decarbonisation and government bodies should explore what this means for their own organisations' strategy and operations.

21 See footnote 10, Summary paragraph 11.
22 See footnote 9.
23 *Local government and net zero in England*.
24 National Audit Office, *Local government and net zero in England*, paragraph 22.
25 See footnote 4.

Part Two
Expectations on government organisations

Overriding target expectation: net zero by 2050

The government has set out its ambition and commitment to bring all greenhouse gas emissions to net zero by 2050. Climate change policy is constantly evolving, and this has the potential to bring about uncertainties in organisations' risk landscapes. By monitoring the changing legislation, government organisations will be in a better position to monitor and respond to emerging risks. In our role as the UK's independent public spending watchdog, we produce a robust programme of work to address the climate change- and environment-related challenges faced by government.

You can find our full suite of reports in Appendix Three.

Expectations on reporting are outlined in Part Four.

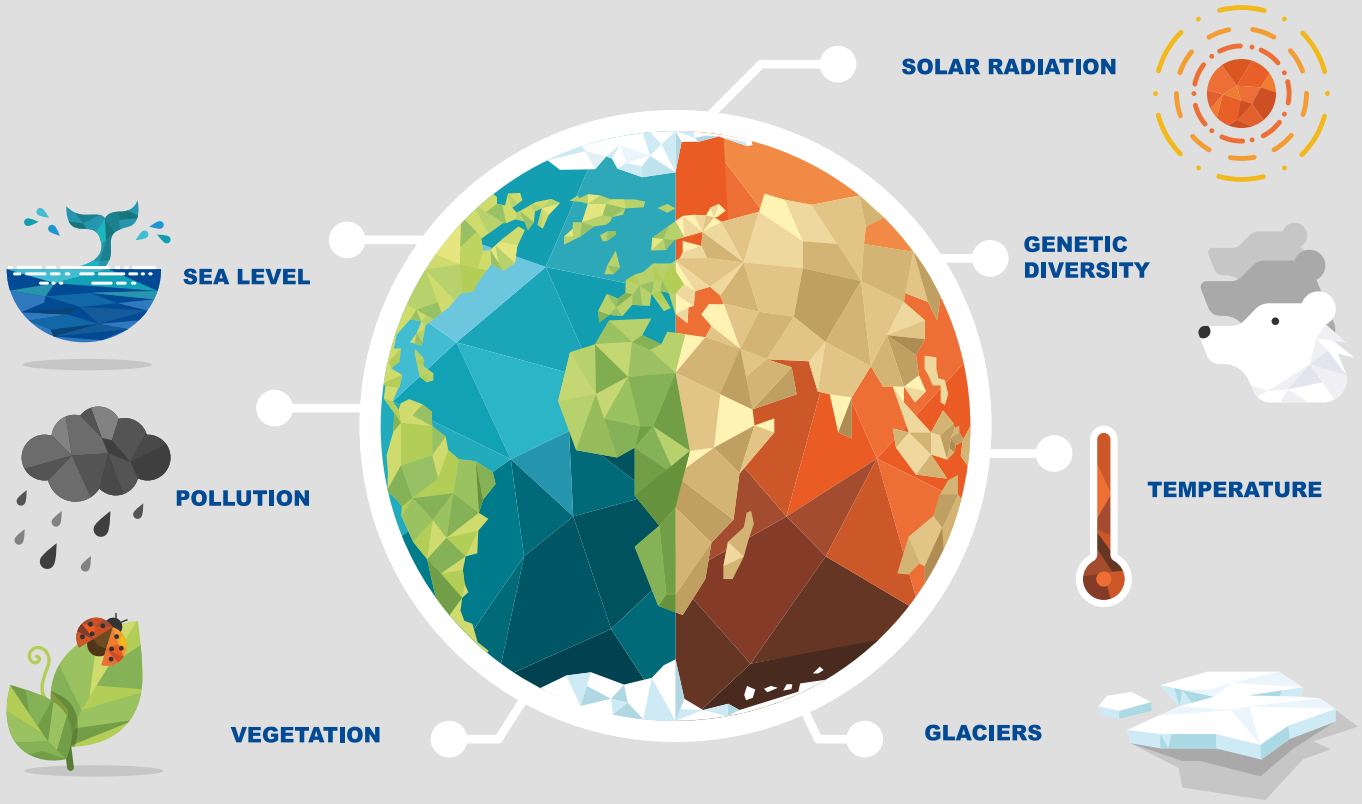
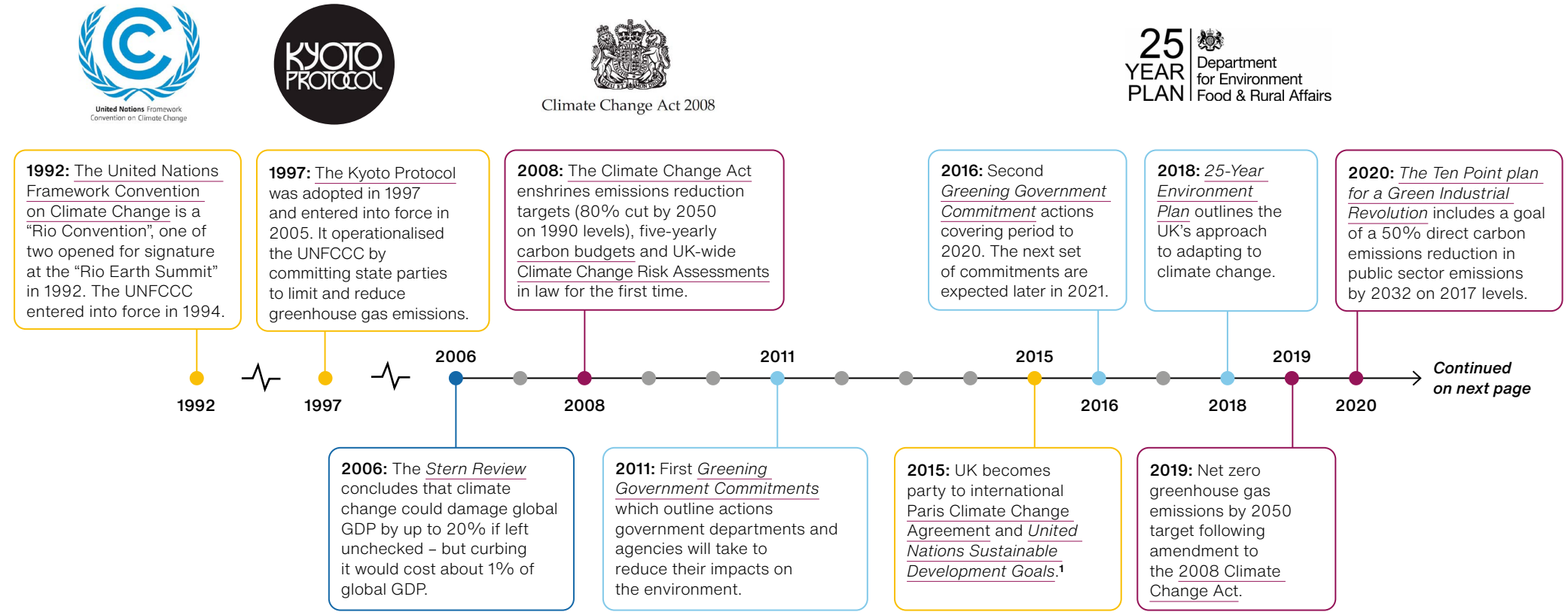


Figure 2: Key UK and international legislation, policies, targets and events related to climate change, as at July 2021

We have produced a timeline of the key government initiatives and policies on climate-related issues known to date. This will assist boards and Audit and Risk Assurance Committees to place their organisation's climate change risks in context.

Key past legislation, policies targets and events related to climate change risks

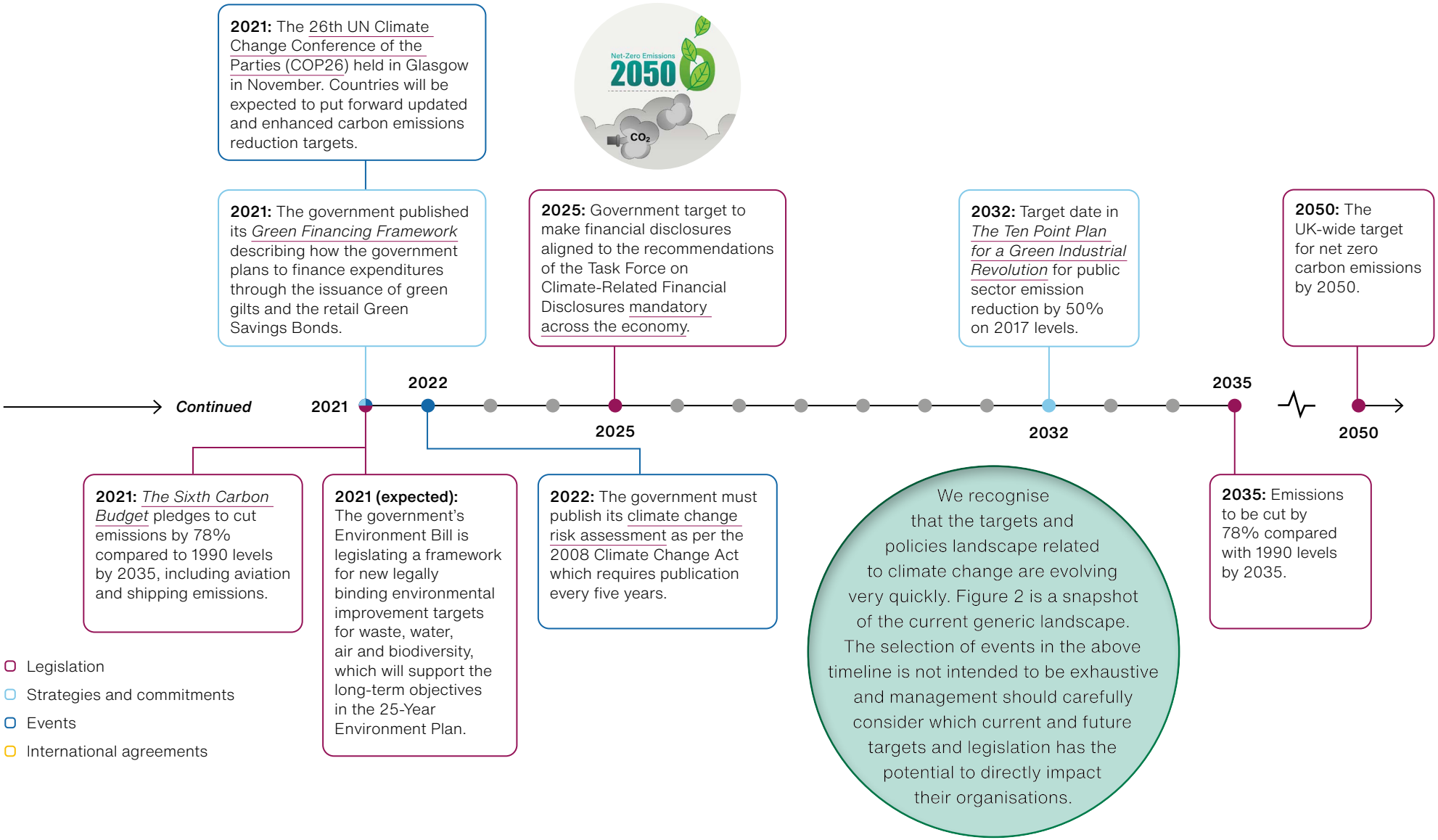


Note

1 Although all the goals are related to sustainability in some way, goal 13 is specifically related to Climate Action.

Figure 2 *continued:* Key UK and International legislation, policies, targets and events related to climate change, as at July 2021

Targets and policies related to climate change risks as at mid-2021



Source: National Audit Office

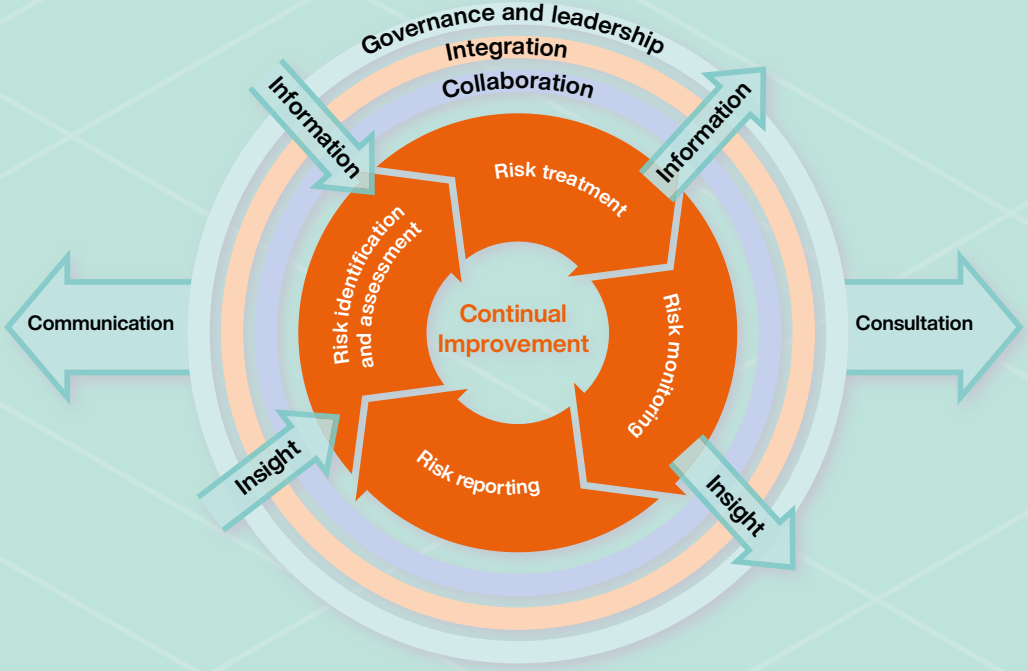
Part Three
How to support and challenge management

Audit and Risk Assurance Committees (ARACs) play a key role throughout the whole risk management process. Given the breadth and significance of climate risks, it is appropriate that all elements of the risk management process are scrutinised for their effectiveness in responding to climate risk. In this part, we outline how ARACs can support and challenge management on climate change risk.[26] **HM Treasury's *Orange Book*** is widely used across government as guidance on how to manage risk.[27] For each main risk management principle we:

- explain the key climate change considerations;
- outline questions which ARACs can ask management; and
- provide an illustrative example.[28]

Figure 3: The *Orange Book's* Risk Management Framework

HM Treasury's *Orange Book* sets out a principle-based approach that provides flexibility and judgement in the design, implementation and operation of risk management



Source: HM Treasury, *The Orange Book – Management of Risk – Principles and Concepts*, 2020

26 For the purposes of Part Three, management incorporates accounting officers and senior leadership of the organisation.

27 The National Audit Office has exercised judgement in determining which questions apply to each principle, with the aim of providing ARACs with a structured approach to considering climate change risk.

28 The examples selected are not intended to be exhaustive or examples of best practice, but are illustrations of organisations' good practices in addressing climate risk.

Governance and leadership

Main principle

Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

Key climate change considerations

The board's responsibility to consider climate-related risks and the possible implications should be clearly defined in the risk management framework, with responsibilities and accountabilities for climate risk management documented.[29] Effective risk management should support informed decision-making in line with the organisation's risk appetite, ensure confidence in the response to risks and ensure transparency over the principal risks and how these are managed. The board should determine and continuously assess the nature and extent of the principal risks that the organisation is exposed to and is willing to take to achieve its objectives.

At the 'Governance and leadership' level, clearly defining individual or committee accountability for climate risk at board level is crucial for achieving a fully integrated strategy. Given the breadth and far-reaching strategic implications of climate change, accountability should sit with the most senior individual in the organisation, with responsibility for risk identification, assessment and ongoing control delegated as necessary.

The accounting officer is responsible for setting the overall approach in relation to climate change. The ARAC supports and advises the board and the accounting officer in their responsibilities over climate-related risk management. Crucially, the organisation's governance and leadership must be dynamic in supporting the identification and emergence of significant risks such as climate change. This relies on having effective processes and analytical methods in place for climate risk assessment, enabled by a board-led culture that encourages serious consideration of climate risk across the organisation. Boards and ARACs should expect management to provide an integrated view of how the organisation is approaching climate-related risk, together with a view of how opportunities might evolve.

29 HM Treasury, *Orange Book*, 2020.

Governance and leadership *continued*

Questions ARACs could ask

For further questions see Appendix One

- Q Is there a clear understanding of what the organisation's requirements are in terms of government policy?
- Q How have climate-related risks and opportunities been identified and factored into the organisation's strategy?
- Q How effective is the risk culture promoted by leadership in supporting debate, discussion and understanding of climate change as an emerging risk?
- Q How does management gain and maintain an appropriate level of understanding of climate-related risks and opportunities that are likely to have a material impact on the organisation?
- Q Is there clarity of roles, responsibilities and accountabilities for each component of the 'three lines of defence' as part of the overall risk management of climate change?[30]
- Q How does the board gain assurance over the management of climate-related risk in the organisation? For example:
  - assessing the organisation's approach to managing climate-related risks;
  - reviewing board briefings on relevant climate change matters, including results of climate risk deep-dives; and
  - assessing management's use of data and consideration of data integrity to gain assurance over any potential impact.

21%

Of the organisations that ARAC chairs said had a climate or sustainability risk policy, only 21% were presented to ARAC for review and approval

30 *Orange Book*, Annex 2.

Governance and leadership *continued*

Example

Lloyds' governance structure

Climate risk is embedded in the organisation's enterprise risk management and governance framework as well as governance oversight at group leadership and board levels.

Governance

Our governance structure provides clear oversight and ownership of the Group's sustainability strategy and management of climate-related risks. Governance for climate-related risks is embedded into the Group's existing governance structure and is complementary to governance of the Group's sustainability strategy.

Lloyds Banking Group Board

- Responsible Business Committee
- Group Executive Committee
- Group Executive Sustainability Committee
- Group Sustainability team
- Board Risk Committee
- Group Risk Committee
- Climate Risk Executive Management

Divisional forums/ working groups

Group Sustainability forum

Climate Risk Planning & Prioritisation

Specific committees are in place to establish clear lines of accountability for sustainability and climate change, and demonstrate how information feeds up to the board for decision-making.

Board-level ownership and oversight of the sustainability (including climate change) agenda. Shows integration into Lloyds' existing risk and governance structure.

Source: Annual Report and Accounts 2020, page 22

Integration

Main principle

Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.

Key climate change considerations

Climate change risks and opportunities – like other principal risks – should be embedded within an organisation's strategy and risk management framework. As demonstrated in Part One, climate change risks will have a range of impacts across an organisation, and in order to properly manage these risks, they need to be understood and firmly integrated as part of an organisation's strategy. Climate change risks cannot be considered in isolation. For instance, risks to value for money when committing to projects need to be considered alongside the risks associated with policy and legislative changes, as well as risks to managing strategic uncertainty. As organisations are making strategic decisions, it is essential that climate change risk is fully understood and continually evaluated alongside all other principal risks.

Achieving effective climate risk integration first relies on having a clear understanding of climate risks and opportunities faced by the organisation, informed by data and quantified using scenario analysis modelling wherever feasible and proportionate. Integrating climate risks into the existing risk management framework involves an assessment of the interactions between climate risks and other organisational risks. This process should consider whether climate risks are best addressed as a cross-cutting driver of other risks, standalone risk(s) or both. Integration should then involve a systematic assessment of all elements of the risk management framework to test whether an update is needed to reflect climate risks identified.

This process is an opportunity for organisations to critically assess the extent to which risk management is embedded within strategic decision-making. If strategic decisions are being taken in isolation of risk management considerations, climate risks and opportunities will not be effectively addressed over time.

Integration *continued*

Questions ARACs could ask

For further questions see Appendix One

- Q How does management build awareness and understanding of emerging risks such as climate change across the organisation?
- Q What processes does the organisation have in place to embed climate-related risks throughout the organisation?
- Q Do the organisation's strategic objectives, budgets and delivery plans reflect management's consideration of climate change risks and opportunities?
- Q How is climate risk embedded in climate-related policy development (where applicable)?
- Q How does management ensure that climate change considerations are clearly factored into its risk appetite?
  - Is the organisation's risk attitude and appetite over climate change-related matters understood by the wider workforce, particularly key decision-makers?
  - Is management able to explain the impact of climate change risk on decision-making across the organisation?

60%

of ARACs did not know what to ask management about climate-related risks and the impacts on the department's operations

Integration *continued*

Example

NatWest Group's integrated strategy

We champion potential; breaking down barriers and building financial confidence so the 19 million people, families and businesses we serve in communities throughout the UK and Ireland can rebuild and thrive. If our customers succeed, so will we.

Areas of Focus
There are three focus areas of Our Purpose where we can make a meaningful contribution to our customers, colleagues and communities.

Our Strategy
Our strategy is to deliver on Our Purpose and drive sustainable returns to shareholders through four strategic priorities.

NatWest Group is the largest business and commercial bank in the UK, with a leading retail business. We are the biggest

Natwest Group integrates the climate challenge into its strategy and purpose by highlighting it as one of three areas of focus.

On page 73 of NatWest's annual report, NatWest Group is taking steps to develop scenario analysis capabilities to better understand and act on the implications of climate-related risks and opportunities for its business and customers.

There is a clear ambition from NatWest Group to integrate and embed climate change into its culture and decision-making. Pages 69 onwards of NatWest's annual report highlight progress made during 2020 on each key area within its climate ambition.

Source: Annual Report and Accounts 2020, pages 4 and 69

Collaboration and best information

Main principle

Risk management shall be collaborative and informed by the best available information and expertise.

Key climate change considerations

Climate change is a cross-government challenge and we outline cooperation as a key risk to government in Part One. For organisations in government, particularly departments, it is critical that management identifies appropriate activities that capture the extent of climate change risks. Management needs to look beyond its respective organisation to see how risks can emerge from key stakeholders and third parties – for instance, how their supply chain could be at risk from the impact of climate change. One of the lessons learned from the government's response to COVID-19 was the importance of effective coordination and communication between government departments, central and local government, and private and public sector bodies.[31] Given the scale of the challenge, government organisations will benefit from collaboration with local government when considering how to develop strategies for dealing with climate change risk. Our report on local government and net zero noted that government has not yet set out to local authorities how it will work with them to clarify responsibilities for net zero.[32] Departments need to consider whether they have an effective strategy for aggregating climate change risks from their arm's-length bodies, and whether arm's-length bodies are fully supported to identify and escalate climate change risks. As climate change is growing in prominence across the world, areas of expertise will emerge – organisations should be collaborative, using the opportunities that arise to share knowledge and learn lessons so they can increase the maturity of their organisations to manage climate change risk.

31 National Audit Office, *Initial learning from the government's response to the COVID-19 pandemic*, page 24.

32 National Audit Office, *Local government and net zero in England*, paragraph 8.

Collaboration and best information *continued*

Questions ARACs could ask

For further questions see Appendix One

- Q How does management keep up to date with climate change-related developments, policy and regulatory changes?
- Q How confident is management in its understanding of the organisation's responsibilities in delivering wider departmental or government policy objectives, such as achieving net zero by 2050, and the Greening Government Commitments?
- Q How does management identify external risks which have the potential to impact it from beyond the organisation, for example in its supply chain or – in the case of departments – within arm's-length bodies?
- Q Has management considered data sharing arrangements with other government bodies to support a joined up and collaborative approach to climate risk management?
- Q How does management get an awareness of what matters to its stakeholders on climate change risk?
  - What is management doing to respond to those expectations?

62%

of ARACs did not know what to ask management about climate-related financial reporting and disclosures

Collaboration and best information *continued*

Example

Department for Transport (DfT) – UN Sustainable Development Goals

DfT discloses its activity in line with the UN Sustainable Development Goals, some of which relate directly to climate change.

13. Climate action
Take urgent action to combat climate change and its impacts

- Developing a comprehensive and cross-modal Transport Decarbonisation Plan to look at how the transport sector can be decarbonised.
- Published 'Decarbonising Transport: Setting the Challenge' document (March 2020) which sets out the scale of the action needed for a net zero transport system in the UK by 2050, building on previous work undertaken by the Department to foster green transport, including the 2019 Clean Maritime Plan, the 2018 Road to Zero Strategy, the 2018 Aviation Green Paper and the 2017 Cycling and Walking Investment Strategy. https://www.gov.uk/government/publications/creating-the-transport-decarbonisation-plan
- Running the Renewable Transport Fuel Obligation (RTFO), a certificate trading scheme to support low carbon fuels, which saved 2.88 million tonnes of CO_2 emissions in just the last three quarters of 2018 (the equivalent of taking 1.8 million vehicles off the road for a full year) and expected to save further nearly 85 million tonnes of CO_2 from 2017 to 2032.
- Working with Defra and transport operators to look at the interdependencies and potential for cascading failures from more severe and frequent climate events (e.g. flooding).
- Commissioned the Met Office to review the worst-case scenarios behind the Department climate change risk assessment models, to ensure these are robust.
- Supporting local Highways Authorities through the £578 million Local Highway Maintenance Incentive Fund to improve behaviours and efficiently address emerging climate change issues.
- Advocating for ambitious and global cooperation at the International Civil Aviation Organisation (ICAO) and International Maritime Organisation (IMO), aiming to reduce carbon in a global economy, one of our strategic priorities set out in the Decarbonising Transport: Setting the Challenge document

The separate publication from DfT outlines current targets, progress against these and also future activity to achieve the policy objectives.

DfT has outlined the activity it has undertaken to address the impact of climate change on its operations, including commissioning the Meteorological Office to review the department's climate risk assessment models and perform assessments based on worst-case scenarios to confirm robustness.

Source: Annual Report and Accounts 2020, page 80

Risk identification and assessment

Main principle

Risk management processes shall be structured to include risk identification and assessment to determine and prioritise how the risks should be managed.

Key climate change considerations

Risk identification

Organisations have a responsibility to undertake activities to identify risks and opportunities associated with climate change. While some of the longer-term impacts arising from climate-related risks may be uncertain, there is a clear requirement to consider how adaptation-related risks and mitigation-related risks could impact the organisation. The Task Force on Climate-related Financial Disclosures (TCFD) cautions organisations against prematurely concluding that climate-related risks and opportunities are not material based on perceptions of the longer-term nature of some climate-related risks.[33] When thinking about climate-related risks, identification activities should be far-reaching and consider all aspects of the organisation.[34] Forming working groups and running internal consultations with different business units can help build the 'whole organisation' view and response to climate risks. Our risk taxonomy in Part One may help ARACs and management consider how potential climate-related risks could manifest for their organisation.

Questions ARACs could ask

For further questions see Appendix One

Risk identification:

- Q What is management's process for identifying climate-related risks?
  - Does this process extend across the whole organisation, so all potential climate-related risks can be identified?
  - For departments, does this include risks within arm's-length bodies?
- Q Can management articulate what climate-related risks are most significant to the organisation and why?
- Q If the organisation considers climate change as an emerging risk, how confident are we that management has a clear understanding of the indicators which would cause it to escalate to a principal risk?
- Q What timeframe (short-, medium-, and long-term) does management use in its identification and assessment process?

98%

of ARACs said that they had not undertaken a detailed discussion or deep-dive into climate change risk

33 See footnote 16, page 33.

34 See footnote 29, page 22.

Risk identification and assessment *continued*

Risk assessment

Once management has identified their climate-related risks, they should undertake a comprehensive analysis to measure the impact and likelihood of occurrence over various timescales. This will enable management to assess the relative significance of climate-related risks in the context of the other risks they are managing. Management should also assess the interactions between existing risks and climate risks as part of this process. By properly measuring the risk, management will be able to clearly demonstrate the nature and level of risk. Organisations may find it useful to measure climate risk in a manner consistent with the measurement of their other principal risks, so that the likelihood of the risk occurring, and the consequences of the risk materialising, can be benchmarked. However, management should also acknowledge the unique nature of climate risks requiring a different analytical approach due to factors such as longer time horizons, lack of historical data and impacts of non-linear and 'tail risk'[35] events. For example, the impact of climate change and the extent of rising temperatures are uncertain and there is a range of different outcomes. Organisations should plan for a range of scenarios[36] to understand the different scales of impact.

Risk evaluation will involve comparing the results of this exercise to the organisation's risk appetite to determine what additional action is required. In the context of climate change, management could, for example, perform an analysis of the physical risk of climate change – either through extreme weather events or the gradual impact of rising temperatures – on their property estate, so they can evaluate their options and inform decision-making on further action.

Questions ARACs could ask

For further questions see Appendix One

Risk assessment

- Q How are climate change risks measured?
  - Has management considered a range of methods to analyse the impact of climate-related risks?
  - Are we confident that that the methods used to measure the risks are appropriate for climate-related issues?
  - Are we confident that management has good-quality data to be able to calculate the impact of climate-related risks to the organisation?
- Q How confident are we that management understands and considers the inherent uncertainty associated with risks arising from climate change?
  - Does management conduct horizon-scanning and scenario analysis to consider the range of outcomes?
  - Has management conducted deep-dive reviews (where required) and assessed the results to help it understand the impact and severity of climate-related risks on the organisation, how they should be prioritised?
- Q How is the organisation's risk appetite or tolerance levels considered when evaluating climate-related risks?[37]
- Q Can management demonstrate that it has conducted a robust assessment of all climate change risks?

35 Tail risk is the chance of a loss occurring due to a rare event, as predicted by a probability distribution.

36 The TCFD recommends scenario analysis as a method to measure the impacts of climate change risks.

37 Government Finance Function, *Risk Appetite Guidance note*.

Risk identification and assessment *continued*

Example

Standard Chartered's risk definition and taxonomy

Graphic demonstrates how climate risk, identified as a material cross-cutting risk, manifests through existing principal risk types.

Figure 26: Climate risk as a material cross-cutting risk

Climate risk manifests through existing risk types

Credit

CCIB
Potential for disruption or productivity loss in clients' operations due to physical risk to their assets; or transition risks impacting profitability of existing business models

CPBB
Potential for impact to collateral valuation for loans secured against properties

Operational
Potential for acute or chronic physical risks disrupting our own properties (including branches, offices), client service resilience and critical supply chain services

Country
Potential for negative impact to sovereign credit ratings from acute or chronic physical risks, or transition risks impacting commodity prices and import/export activities

Reputational
Potential for stakeholders to take a negative view Standard Chartered due to perceived misalignment with our stated sustainability commitments

Compliance
Potential for failing to comply with the current and emerging climate risk regulations (e.g. Prudential Regulation Authority's Supervisory Statement SS 3/19)

Traded
Potential for changes in fair value of assets due to physical or transition risk

Capital & Liquidity
Potential for impact on Standard Chartered's capital adequacy to withstand impacts of physical and transition risks, manifesting through the PRTs described above

Principal Risk Types: financial non-financial

Source: Task Force on Climate-related Financial Disclosures (TCFD) 2020, page 40

Standard Chartered's risk appetite statement

Climate Risk – Material cross-cutting risk

The Group currently recognises Climate Risk as a material cross-cutting risk. Climate Risk is defined as the potential for financial loss and non-financial detriments arising from climate change and society's response to it.

Risk Appetite Statement
The Group aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement

There is a clear statement about how Standard Chartered views climate risk in the organisation and how this chimes with the existing risk appetite.

Standard Chartered recognises that climate risk is an evolving risk that requires scenario analysis over extended periods of time. It has undertaken various stress tests and published the results in its Task Force on Climate-related Financial Disclosures report.

Stress testing
Climate Risk intensifies over time, and future global temperature rises depend on today's transition pathway. Considering different transition scenarios is crucial to assessing Climate Risk over the next 10, 20 and 50 years. Stress testing and scenario analysis are used to assess capital requirements for Climate Risk and in 2020 physical and transition risks were included in the Group Internal Capital Adequacy Assessment Process (ICAAP). In 2021, we will undertake a number of Climate Risk stress tests, including by the Bank of England and the Hong Kong Monetary Authority. This will help us develop our understanding and management of Climate Risk.

(+) Details on the Group's Taskforce on Climate-related Financial Disclosures can be found on **sc.com/tcfd**

Source: Standard Chartered, Annual Report and Accounts 2020, page 269

Risk treatment

Main principle

Risk management processes shall be structured to include the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.

Key climate change considerations

Management should be able to clearly articulate and support the options for treating and responding to each climate change risk they have identified. This will involve balancing the benefits of achieving objectives against the costs or disadvantages of pursuing them. When deciding on how to treat and respond to climate change risks, management should clearly identify who is accountable and responsible for actions, and for defining key performance measures, metrics and targets. Management should also consider whether treatment of other principal risks should be adjusted if climate risk has been identified as a potential amplifier or driver of these risks during the risk assessment phase.

One of the key risks associated with climate change is managing uncertainty and ensuring climate change is considered in strategic decision-making. For example, if an organisation is planning a project, it is critical for management to have a clear idea of how climate change risks are being treated and responded to so that these considerations are integrated in spending decisions. Identifying reliable and relevant data sources is a crucial enabler for this and is likely to form a core part of the early stages of an organisation's climate risk response.

Developing a strong climate change adaptation strategy will help organisations respond to the risks associated with adapting to the effects of climate change, including the impact they could have on human health, well-being and productivity across organisations and communities. Adaptation strategies should include clearly defined actions, timescales and accountabilities to facilitate robust assessment on progress at periodic intervals.

Risk treatment *continued*

Questions ARACs could ask

For further questions see Appendix One

- Q How confident are we that management can demonstrate a clear rationale for the treatment activities and response to climate change risks, including the benefits it expects to gain?
- Q Has enough consideration been given to the uncertainties that exist in this area?
  - How flexible is management's current risk response strategy in dealing with the unpredictability of climate change risks?
- Q Are climate-related risk responses aligned with the organisation's risk appetite?
  - Is there any indication that management needs to reassess its risk appetite to respond appropriately to climate change risk, particularly given the unpredictable nature of the risks?
- Q With extreme climate events likely to worsen over time and potentially at an accelerated pace, has management considered how responding to these will impact on other areas of the organisation, and the management of other principal risks?
- Q Has management developed a climate change adaptation strategy for the organisation, and have climate change risk treatment and response plans been integrated as part of this?
- Q Climate change targets by their nature can be long-term. Is management clear on what represents good progress against its climate change targets?

49%

of ARACs said that their organisation had neither a board-approved risk appetite statement containing a qualitative statement on climate risk, nor an approach to sustainability in general

Risk treatment *continued*

Example

New Zealand's Department of Conservation's Climate Change Adaptation Action Plan

Adapting to climate change

Developing the Climate Change Adaptation Action Plan

What's the issue?

In line with global trends, Aotearoa New Zealand's climate is changing. The changes are having significant effects on the natural and cultural heritage and visitor and recreation resources Te Papa Atawhai manages.

Direct effects of climate change include damage to infrastructure or habitat from rising sea levels, and more frequent storm and flood events. Indirect effects involve the shifting of habitats and species distributions, including the movement of potentially invasive species into areas currently unsuitable for them, as a result of changing temperature and precipitation patterns.

Changing climate conditions will affect tourism distribution patterns and visitor risks in many places, raising visitor management issues. As the climate continues to change in coming decades, we expect elevated fire risks, more storm surges, more extreme precipitation events, longer droughts, ocean acidification and continued sea-level rise.

We therefore developed the Climate Change Adaptation Action Plan (CCAAP), drawing on international best practice, to outline actions we will take to reduce the risks posed by the changing climate. The CCAAP establishes a long-term strategy for climate change research, monitoring and action.

What's our approach?

- Information gaps that will affect our ability to achieve the purpose of the CCAAP have been identified, prioritised, significantly addressed and communicated.
- We have completed detailed risk assessments to identify the exposure, consequence and vulnerability to climate change effects.
- Consistent and integrated internal policies and actions are being implemented to ensure our areas of responsibility (such as biodiversity, heritage and recreation) are resilient to existing and future climate change effects.

What has been accomplished?

- Our 5-year CCAAP has been published.
- Risk assessments on the effects of climate change in Fiordland and Mount Aspiring national parks were completed following the severe weather event in February 2020.
- Te Papa Atawhai and NIWA have significantly increased our climate change science capabilities.
- Te Papa Atawhai is informing development of the National Adaptation Plan (as part of the Climate Change Response (Zero Carbon) Amendment Act 2019), bringing conservation values to the forefront of the plan.

The Department's risk reporting is accompanied by a clearly articulated risk response plan. The Department has identified the potential physical risks that it might be affected by in the future which they will eventually need to adapt to, some sooner than others. To respond to these physical risks, the Department has created the Climate Change Adaptation Action Plan, which will help management identify, respond to and monitor the physical risks as they arise. It is transparently disclosed for stakeholders to understand what management's plan is to respond to future climate-related challenges.

Source: Annual Report and Accounts for the year ended 30 June 2020, page 103

Risk monitoring

Main principle

Risk management processes shall be structured to include the design and operation of integrated, insightful and informative risk monitoring.

Key climate change considerations

As an area that will continually grow in importance and urgency, climate change risk requires regular monitoring. This is necessary to understand how and when a risk has changed, and whether the risk treatment actions remain appropriate. Management should aim to embed climate-related risk monitoring into their wider performance metrics, which will ensure that climate-related risks are fully integrated into the organisation's strategic objectives and key performance indicators. This should also involve a periodic re-identification and re-assessment of climate risks (see section Risk identification and assessment). The frequency of this process can be adjusted based on the materiality[38] and the nature of the climate-related risks faced by the organisation. Data-sharing between organisations can also be highly valuable for effective climate risk monitoring and can help support a joined-up and consistent approach to climate risk across government.

Organisations should ensure their existing risk monitoring process is structured to effectively monitor climate-related risks and – if not – what steps management needs to take to integrate them. This might include assessing whether internal controls are in place for effective monitoring and whether other expertise, such as internal audit reviews, are helpful in monitoring risks. Updating internal documentation on the risk management framework can be useful to define reporting lines, data flows and responsibilities for climate risk monitoring.

38 IAS 1 was updated in 2020 with a new definition of materiality: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Risk monitoring *continued*

Questions ARACs could ask

For further questions see Appendix One

- Q Does management understand how its overall risk profile is likely to change as a result of climate change risk?
- Q Has management defined core performance metrics, and key risk and control indicators for climate-related risks, and have risk appetite and tolerance been factored in?
  - How do these metrics influence strategic decision-making, investment plans and budget considerations?
- Q How are the results of climate change risk monitoring shared with the rest of the organisation?
  - Is there a feedback loop between the results of monitoring, the assessment of the residual risk, the effectiveness of the risk management activities, and the decision-making?
- Q How often does management re-assess the impacts of existing climate-related risks? For example, if the organisation is impacted by legislative changes or new government targets, does management track these changes?
- Q How does the department monitor risks within its arm's-length-bodies and ensure that climate change risks are escalated and aggregated effectively?
- Q Is there any benefit to be gained from a specific oversight group or board with responsibility for climate change to monitor progress against climate change risks?

33%

of ARACs said that climate risk was reported as an emerging/future risk

Risk monitoring *continued*

Example

Results from HSBC's corporate survey and explanation of scope 1, 2 and 3 emissions

We have identified six sectors where we are most exposed to transition risk and our level of lending activity in those sectors. From our corporate questionnaire, we collate information about our customers' climate transition strategies to assess their need and readiness to adapt, and to identify potential business opportunities. This supports our decision making and credit risk management processes. Across 2019 and 2020, we received responses from customers within the six high transition risk sectors, which represented 41% of our exposure – an increase of seven percentage points from 2019. The table below shows our lending activity in the six sectors and insights from our questionnaire.

Within the power and utilities, and metals and mining sectors shown in the table below, our direct exposure to thermal coal is 0.2% of the wholesale loans and advances figures.

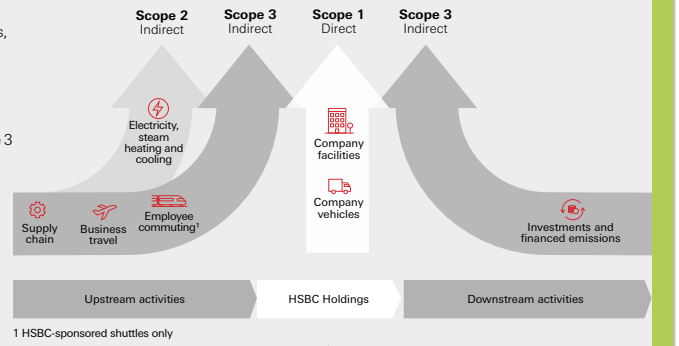
Wholesale loan exposure to transition risk sectors and customer questionnaire responses

	Automotive	Building and construction	Chemicals	Metals and mining	Oil and gas	Power and utilities	Total
Wholesale loan exposure as % of total wholesale loans and advances to customers and banks[1,2,3]	≤3.1%	≤4.0%	≤3.4%	≤2.5%	≤3.4%	≤3.2%	≤19.6%
Proportion of sector for which questionnaires were completed[4]	42%	44%	32%	45%	42%	40%	41%
Proportion of questionnaire responses that reported having a board policy or a management plan[4]	68%	81%	77%	54%	84%	93%	77%
Sector weight as proportion of high transition risk sector[4]	16%	20%	18%	13%	17%	16%	100%

The table outlines results from a corporate survey from HSBC to gauge the scale of impact of transition risk against the six sectors where HSBC has identified as being most exposed to transition risk. This shows that HSBC is monitoring the potential impacts on its operations through monitoring the effect on its customers.

Explaining scope 1, 2 and 3 emissions
To measure and manage our carbon emissions, we follow the Greenhouse Gas Protocol global framework, which identifies three scopes of emissions. Scope 1 represents the direct emissions we create. Scope 2 represents the indirect emissions resulting from the use of electricity and energy to run a business. Scope 3 represents indirect emissions attributed to upstream and downstream activities taking place to provide services to customers. Our upstream activities include business travel and emissions from our supply chain including transport, distribution and waste. Our downstream activities are those related to investments and financed emissions.

For further details, see our *ESG Data Pack* at www.hsbc.com/esg.



1 HSBC-sponsored shuttles only

HSBC has identified its operations that contribute to its scope 1, 2 and 3 emissions with the following narrative discussing how it intends to reduce emissions in the lead-up to its 2030 ambition. It is still a 'work in progress' as HSBC continues to review its supply chain methodology but provides users with insight into how HSBC is tracking and monitoring reduction targets.

Source: Annual Report and Accounts 2020, pages 19 and 45

Risk reporting

Main principle

Risk management processes shall be structured to include timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

The appropriate level of risk reporting is driven by the expectations of the board and the ARAC in terms of nature, source, method and frequency. Information collected and presented should be accurate and robust and be able to withstand challenge.

Key climate change considerations

Internal reporting

Climate change risk reporting should cover: the key performance metrics that are used to monitor the risk; the performance trend of these metrics (for example performance against Outcome Delivery Plans); strategic-level performance analysis and implications; any exceptions (including breaches, waivers and risk acceptance); and remediation plans or pathways. The *Orange Book* requires that "principal risks should be subject to 'deep dive' reviews by the board and Audit and Risk Assurance Committee, with those responsible for the management of risks and with appropriate expertise present at an appropriate frequency depending on the nature of the risk and the performance reported."[39] Quality internal climate change reporting should support the board's assessment of whether decisions are being made within its risk appetite to successfully achieve the organisation's objectives on climate change.[40] Reporting processes and formats should also be clearly documented within existing risk management documentation.

Questions ARACs could ask

For further questions see Appendix One

Internal reporting

- Q Is climate change risk reporting similar in style to other principal risks, so that we can assess how progress is being made with objectives?
- Q How regularly are climate change risks reported? Is this frequent enough to inform robust decision-making?
- Q Does management conduct deep-dive reviews of climate-related risks, and present the review findings to the board and ARAC?
- Q How have climate-related risks and assumptions been factored into financial information such as budgets and forecasts in the short-, medium- and long-term?
- Q How satisfied are we with the quality of information reported? Is the information relevant, reliable, comparable, evidence-based, neutral, and understandable?

48%

of chairs had limited familiarity with the current climate-related reporting requirements in the public sector. This increased to **64%** when asked the same question about planned climate-related reporting requirements in the public sector

39 See footnote 29, page 22.

40 See footnote 29, page 22.

Risk reporting *continued*

Example

A summary of Mondi's key matters from the Sustainable Development Committee

Mondi's board leadership and governance structure includes a dedicated Sustainable Development Committee which oversees the strategy and targets related to climate-related matters. The example gives the reader an insight into the key matters discussed at Committee level throughout the year, as well as decisions made.

Sustainable Development Committee activity

Set out below are some of the key matters addressed by this committee.

Safety performance and serious incidents

- Reviewed detailed reports on the fatalities at our Syktyvkar and Richards Bay mills and received follow up reports on the outcome of the investigations into each incident, management's response and actions taken.
- Monitored the number of COVID-19 cases across the Group, actions taken to protect employees and contractors and the key focus areas in this regard, particularly the higher risk associated with the annual maintenance shuts, giving the committee comfort that all the appropriate measures were in place.
- Received regular reports on safety performance at Group and business unit level, including individual mill performance, classification of incidents and peer comparisons, giving the committee insight into the safety culture and specific sites that required further focus.
- Considered and agreed the safety milestones and leading and lagging indicators for the next reporting period.

Sustainable development governance and risks

- Reviewed the material sustainability issues, risks and opportunities.
- Received a presentation from Mondi's legal advisers on the emerging regulatory regime in relation to ESG matters, focusing on those developments likely to impact Mondi and its investors, including EU and UK disclosure requirements, particularly the forthcoming requirement to report in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the European Green Deal and the EU Taxonomy.
- Reviewed those elements of the Group's Code of Business Ethics reserved for review by the committee, concluding that they remain appropriate and aligned with the culture of the Group.
- Reviewed and approved the Group's human trafficking and modern slavery statement.
- Reviewed and approved the annual sustainable development reporting.
- Reviewed the committee's terms of reference and performance, concluding that the terms remain appropriate and that the committee has covered all matters required of it.
- Considered and agreed the committee's annual work programme.

Climate change

- Reviewed climate-related risks and opportunities and the potential impacts on the business in line with the TCFD recommendations (see page 59 for more information).
- As part of the regular reviews of environmental performance, reviewed KPIs that track the Group's progress in reducing its greenhouse gas emissions in line with its science-based targets.
- Agreed to recommend to the Board the inclusion of climate change as a specific action area within MAP2030 and considered and agreed the supporting commitments and targets (see pages 26-27 for more information).

Environmental performance

- Received regular reviews on performance against each of the environmental key performance indicators and commitments.
- Received information on any material environmental incidents and considered management's response.

Policies and commitments

- Reviewed the achievements against the Growing Responsibly model 2020 commitments (see pages 44-45 for more information).
- Reviewed and agreed to recommend to the Board MAP2030, developed based on a detailed materiality analysis and stakeholder consultation (see pages 42-43 for more information).
- Reviewed Group sustainable development policies and approved amendments to reflect best practice.

Forestry

- Reviewed updates on the forestry operations in Russia and South Africa.

Stakeholder relationships

- Received a presentation from WWF South Africa on the work being undertaken in respect of water security, highlighting the key challenges facing the country in this respect and the work being undertaken in response through Mondi's partnership with WWF.
- Reviewed the Group's relationships and engagement with key stakeholders, including governments and non-governmental organisations, focusing on the partnerships that will be required to support Mondi in achieving MAP2030 and the primary areas for engagement.
- Reviewed our social and community engagement, focusing in particular on COVID-19 related community contributions and the review of Mondi's policies, procurement processes and grievance mechanism by the Danish Institute for Human Rights.
- Reviewed Mondi's ESG ratings in order to understand which ratings are most important to our stakeholders, how we perform and where there is potential for improvement.

Product stewardship

- Received a report on the Group's product stewardship practices, focusing in particular on Mondi's response to the Single-Use Plastics Directive, including through engagement with regulators and understanding our customers' commitments in this regard.

Source: Report and financial statements 2020, page 125

Risk reporting *continued*

External reporting

Climate-related risks should be reported transparently, accurately and consistently throughout the organisation's Annual Report and Accounts. In annual reports, organisations should describe the status and trajectory of their principal risks, in addition to any emerging risks that may affect future performance. Reporting requirements around climate change are likely to become more extensive in future years. By applying a thorough forward-looking approach to climate change risk reporting, organisations will be able to provide meaningful information which can be evolved, in addition to demonstrating to stakeholders that they have a clear strategy for responding to climate change risks.

The Task Force on Climate-related Financial Disclosures (TCFD) has produced a set of good-practice principles for organisations looking to extend their climate change reporting. A significant proportion of mandatory requirements will be in place in the private sector by 2023. The TCFD recommends that disclosures cover four areas: governance, strategy, risk management, and metrics and targets.[41] The TCFD reporting guidance is not mandatory for public sector organisations.

Although not mandatory for annual reporting disclosures, under the Climate Change Act 2008, and in conjunction with the National Adaptation Programme,[42] certain bodies, including some government bodies, are required to produce five-yearly climate change adaptation reports.[43] These reports may provide some examples on how to transparently articulate the current and future predicted effects of climate change, and management's proposals for adapting to those effects.

Specific reporting requirements for government organisations are outlined in Part Four, in addition to useful guidance on how organisations can improve their reporting of climate change risk.

Questions ARACs could ask

For further questions see Appendix One

External reporting

- Q Is climate change clearly embedded within the organisation's strategy and strategic objectives? Can readers see a clear link between the strategy, objectives and key performance indicators?
- Q Is there clear articulation of how climate change risks are identified, monitored and managed across the organisation?
- Q Is the information in the financial statements verifiable and consistent with commitments that are disclosed in the annual report?
- Q Where climate change risks give rise to a material financial impact, is this appropriately and accurately reflected in the financial statements?[44]
- Q Has management clearly explained material assumptions and uncertainties relating to estimates affected by climate change? For example, does it include relevant sensitivity analysis so users can appreciate the scale of impact?

54%

of chairs were moderately familiar with the planned climate-related reporting requirements

41 See footnote 6, Figure 4.
42 Climate change: second national adaptation programme (2018 to 2023) – GOV.UK (www.gov.uk).
43 Climate change adaptation reporting: third round – GOV.UK (www.gov.uk).
44 See footnote 38.

Risk reporting *continued*

Example

Mondi's Task Force on Climate-related Disclosures statement

Reporting our sustainability performance

This section provides a detailed insight into the evolution of our sustainable development approach and our performance in 2020.

The following four pages, from 40 to 43, summarise our established approach to engaging with key stakeholders and how our directors have fulfilled their duties under Section 172 of the Companies Act 2006 in 2020. The insights and dialogue we cultivate through these engagement activities have continued to define our sustainability focus.

Our Growing Responsibly model (2016-2020)

The Growing Responsibly model (GRM) has been the framework through which we have responded to sustainability challenges and opportunities these past five years. It has enabled us to clearly demonstrate, monitor, improve and communicate our sustainability performance across the value chain.

To measure our progress within the GRM, we defined 10 Action Areas with supporting commitments until 2020 and a carbon emissions commitment that runs to 2050. A consolidated view of our performance against these commitments over the past five years can be found on pages 44 to 45.

This year, we have reorganised our sustainability content in our Integrated report to better reflect the informational needs of our audiences and communicate a more integrated narrative, demonstrating the intrinsic link between sustainability and how it drives our business model. Consequently the Action Areas which follow have been grouped considering their inherent relationship or resource attributes.

Growing Responsibly model
Page 44-45

The Mondi Action Plan 2030

The learnings from our GRM have helped to shape our next set of commitments, the Mondi Action Plan 2030 (MAP2030). This is our new framework to address the challenges and opportunities of a new decade. Further details of the three focus areas and targets underpinning this new framework, along with the robust process undertaken to develop them, can be found on pages 19 to 21 of Mondi's 2020 Sustainable Development report.

MAP2030
Page 26-27

TCFD disclosure

We continue to assess the financial implications of climate-related risks and opportunities on our business and have provided a disclosure table later in this section.

Climate change
Page 58-60

Principal risks
Page 80

External assurance

Our Sustainable Development (SD) report provides a comprehensive view of our approach to sustainable development and our performance in 2020. ERM CVS has provided assurance on selected information and key performance indicators as well as checked that the SD report is in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Accounting Standards Board (SASB): Containers & Packaging Industry Standard, and that information included in our Integrated report is consistent and comparable. We have also prepared an index mapping our GRI and SASB disclosures.

Sustainable Development report
www.mondigroup.com/sd20

Our GRI and SASB index
www.mondigroup.com/sd20-report-hub

Materiality

Our material issues articulate what matters most to our business and our stakeholders. We reviewed and validated these issues through a comprehensive materiality assessment in 2018, followed by an extensive internal engagement process as part of developing our new commitments in 2019. In early 2020 we carried out a comprehensive benchmarking process involving customers, peers and ESG ratings that shaped our MAP2030 framework.

Sustainable Development report
www.mondigroup.com/sd20

Non-financial information statement

In accordance with Sections 414CA and 414CB of the UK Companies Act 2006, the required non-financial information disclosures can be found integrated throughout the Strategic report.

A summary of key areas of disclosure is set out below:

Business model	Page 18-21
Information relating to environmental matters	Page 58-65
Information relating to employees	Page 46-50
Information relating to social matters	Page 54-55
Information relating to respect for human rights	Page 49-53
Information relating to anti-corruption and anti-bribery matters	Page 38
Principal risks	Page 74-85
Non-financial key performance indicators	Page 36-37 and 44-65

Distinct section on reporting that covers how the annual report and accounts format has been altered to cover increasing focus on climate, which also provides details of a separate Sustainable Development report.

Specific references to Task Force on Climate-related Disclosures reporting on pages 58 onwards of Mondi's annual report.

Source: Report and financial statements 2020, page 39

Continual improvement

Main principle

Risk management shall be continually improved through learning and experience.

Key climate change considerations

Climate change risk is certain to increase over time, which makes continual improvement through learning and experience vital. Organisations should identify gaps in skills and knowledge, and plan for how these can be addressed. This will increase their ability to respond effectively to climate change risk, and make the most of any opportunities. Organisations should decide how regularly to review their climate change risk identification and assessment, to make sure that they are learning any lessons from their experience, and ensure that the response to climate change risk remains appropriate in light of their strategy to adapt to and mitigate climate change. Learning lessons from other organisations (within government and across the broader private sector) is particularly important when managing the risk of climate change given its cross-cutting impact across not only the UK, but the world.

Questions ARACs could ask

For further questions see Appendix One

- Q How regularly is climate change risk re-assessed? Is this frequent enough?
- Q How does management build experience and learning into the climate change risk assessment process?
- Q Is climate change risk incorporated within the organisation's overall approach to continually improving its risk management processes?
- Q Are there any lessons to be learned from government's response to other cross-cutting challenges, such as COVID-19 and EU Exit?
- Q Is there a plan to assess the maturity of management's approach to climate change risk management?

48%

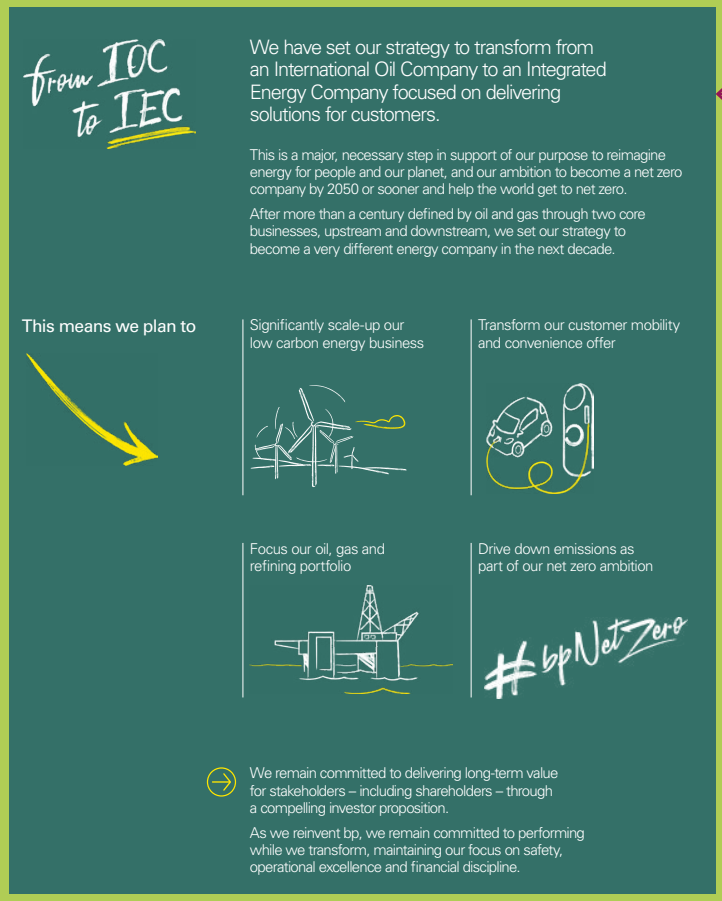
of ARAC chairs had limited familiarity with the current reporting requirements for climate-related disclosures in the public sector

Governance and leadership | Integration | Collaboration and best information | Risk identification and assessment | Risk treatment | Risk monitoring | Risk reporting | Continual improvement

Continual improvement *continued*

Example

BP's revised integrated strategy



BP has re-evaluated its strategy with sustainability at the forefront to take into account the impact of climate change and other environmental matters on its business operations. It has identified a need to move to a fully integrated model.

In announcing its new net zero ambition, BP identified a need to move from an International Oil Company to an Integrated Energy Company. BP has made changes to improve its strategy to reflect the evolving impacts of climate change.

From IOC to IEC

We began 2020 operating under our previous strategy, announced in 2017, which focused on four strategic priorities:

- Growing advantaged oil and gas in the Upstream.
- Market-led growth in the Downstream.
- Venturing and low carbon across multiple fronts.
- Modernizing the whole group.

In February 2020, we announced our new ambition to be a net zero company by 2050 or sooner and to help the world get to net zero. And in August we announced a new strategy to get us there, which builds on the foundations we've developed since 2017.

Source: Report and financial statements 2020, pages 1 and 15

Part Four

Key guidance and good practice materials

Organisations across the public sector will find the following guidance useful when thinking about reporting of climate-related risks.

Existing reporting guidance for government

HM Treasury's Financial Reporting Manual provides a comprehensive guide to reporting requirements for government organisations. Specific requirements around climate and sustainability reporting can be found throughout section 5.4.

Sustainability Reporting Guidance. The purpose of this guidance is to assist with the completion of sustainability reports in the public sector. It sets out the minimum requirements, some best practice guidance and the underlying principles to be adopted in preparing the information. This guidance is closely aligned with the reporting commitments detailed in the Greening Government Commitments.

Accounting for the Effects of Climate Change. This is supplementary guidance to HM Treasury's Green Book. This guidance is intended to support analysts and policymakers in making sure that the effects of climate change are taken into account when appraising policies, programmes and projects.

Good practice materials

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD's guidance is not currently a requirement for government organisations. However, it includes a number of recommendations on climate-related reporting and is a highly relevant source for insights into how organisations can enhance their reporting of climate-related risk.

Financial Reporting Council (FRC) Climate Thematic

This review by the FRC considered the capacity for boards, companies, auditors, professional bodies and investors, to act as drivers of change in climate-related areas.

Good Practice in Annual Reporting

Our guide includes good practice examples of how organisations can enhance their reporting of risk, and includes specific examples relating to sustainability.

Enterprise Risk Management – Applying enterprise risk management (ERM) to environmental, social and governance-related risks

The guidance is relevant for all entities, including government bodies, and is intended to address the need for entities to integrate environmental risks, such as climate change, into their existing risk management framework.

Independent Assessment of UK Climate Risk

The third independent assessment of the UK's climate risks under the Climate Change Act, coordinated by the Climate Change Committee.

Climate Disclosures Standards Board: accounting for climate

The Climate Disclosures Standards Board issued guidance on how climate-related matters can be incorporated into financial statements.

ICAEW Climate Hub

Various resources, guidance and information from the Institute of Chartered Accountants in England and Wales (ICAEW) on climate change.

Appendix One
Complete list of questions that Audit and Risk Assurance Committees can ask

Governance and leadership

Governance and leadership:

- Q Is there a clear understanding of what the organisation's requirements are in terms of government policy?
- Q How have climate-related risks and opportunities been identified and factored into the organisation's strategy?
- Q How does the current risk management process support the emergence of significant risks such as climate change, and what governance processes are in place to ensure that emerging risks and opportunities are captured, assessed and verified?
- Q How effective is the risk culture promoted by leadership in supporting debate, discussion and understanding of climate change as an emerging risk? This could include:
  - having enough resources allocated for climate risk assessment and controls implementation;
  - having dedicated training and education processes for staff members; and
  - providing clear written procedures defining accountability, risk appetite and responsibilities to provide a common 'risk language' across all organisational levels.
- Q Is it clear where accountability lies for climate-related risks, and are there appropriate roles and responsibilities to ensure that climate change risk is effectively managed?
- Q How does management gain and maintain an appropriate level of understanding of climate-related risks and opportunities that are likely to have a material impact on the organisation?
- Q Has management ensured the proper allocation of skills and resources to manage climate change risk?
- Q Are there any factors that could weaken or diminish the organisation's ability to manage climate-related risk (for example, ineffective processes or capacity restraints)? How does management identify, monitor and respond to these factors?
- Q Can management apply any lessons from the impact of COVID-19 to climate change? For example, do the changes in employee working preferences provide opportunities which can be applied to climate change adaptation strategies?

Assurance:

- Q How does the board gain assurance over the management of climate-related risk in the organisation? For example:
  - assessing the organisation's approach to managing climate-related risks;
  - reviewing board briefings on relevant climate change matters, including results of climate risk deep-dives; and
  - assessing management's use of data and consideration of data integrity to gain assurance over any potential impact.
- Q Does the organisation's Internal Audit function include climate-related issues in its planned programme of work?
- Q Is management tracking and monitoring external recommendations relating to climate change?
- Q Is there clarity of roles, responsibilities and accountabilities for each component of the 'three lines of defence' as part of the overall risk management of climate change?[45]

45 See the *Orange Book,* Annex 2.

Governance and leadership *continued*

Assurance *continued*:

- Q Has external expertise been applied to analysis of climate-related risks (including review of climate-related disclosures)? Has the appropriateness of their expertise been assessed?
- Q Has the organisation discussed climate change risk (including review of climate-related disclosures) with the National Audit Office or any other external audit providers?

Integration

- Q How does management build awareness and understanding of emerging risks such as climate change across the organisation?
- Q How does management ensure that climate change considerations are clearly factored into its risk appetite?
  - Is the organisation's risk attitude and appetite over climate change-related matters understood by the wider workforce, particularly key decision-makers?
  - Is management able to explain the impact of climate change risk on decision-making across the organisation?
- Q Does management understand the risks and opportunities associated with delivering government's policy objectives on climate change?
- Q How is climate risk embedded in climate-related policy development (if applicable)?
- Q Is there a common understanding of climate change risk across the organisation, and does management understand how it can impact on different aspects of operational delivery?
- Q What processes does the organisation have in place to embed climate-related risks throughout the organisation?
- Q Do the organisation's strategic objectives, budgets and delivery plans reflect management's consideration of climate change risks and opportunities?

Collaboration and best information

- Q How does management keep up to date with climate change-related developments, policy and regulatory changes?
  - How does management monitor future cost implications of achieving net zero in line with such changes?
- Q How confident is management in its understanding of the organisation's responsibilities in delivering wider departmental or government policy objectives, such as achieving net zero by 2050, and the Greening Government Commitments?
- Q How does management identify external risks which have the potential to impact it from beyond the organisation, for example in its supply chain or – in the case of departments – within arm's-length bodies?
- Q Has management considered data sharing arrangements with other government bodies to support a joined up and collaborative approach to climate risk management?
- Q Has management formed networks with other organisations to share knowledge and expertise so they can effectively identify and manage climate change risks?
- Q Does management have a strategy for seeking out expertise beyond its own organisation as part of the process to identify and manage climate change risks?
- Q How does management get an awareness of what matters to its stakeholders on climate change risk?
  - What is management doing to respond to those expectations?
- Q Are there any aspects of management's current approach to collaboration with other parties which should be amended to take account of the specific challenges introduced by the risks of climate change?
- Q Does management have the relevant expertise to consider climate-related risks fully and in a robust manner? Has management considered what its knowledge gaps are and whether external advice or expertise is needed?

Risk identification and assessment

Risk identification:

- Q What is management's process for identifying climate-related risks?
  - Does this process extend across the whole organisation, so all potential climate-related risks can be identified?
  - For departments, does this include risks within arm's-length bodies?
- Q Has management considered all potential adaptation- and mitigation-related risks that could be relevant to the organisation?
- Q Are the individuals involved in the process of identifying and assessing climate-related risks suitably qualified?
- Q Can management demonstrate that it has conducted a robust assessment of all climate change risks?
- Q What is management's process for identifying external factors that would impact on the consideration of climate change as a risk?
- Q If the organisation considers climate change as an emerging risk, how confident are we that management has a clear understanding of the indicators which would cause it to escalate to a principal risk?
- Q Can management articulate which climate-related risks are most significant to the organisation and why?[46]
- Q Does management conduct deep-dive reviews over climate change to help identify vulnerabilities and risk exposures?
- Q If no material climate-related risks are identified, can management explain why this assessment is appropriate?
- Q What timeframe (short-, medium-, and long-term) does management use in its identification and assessment process?
- Q Has management identified any crossovers from its understanding of climate change risk to other principal risks managed by the organisation?

Risk assessment:

- Q Can management demonstrate that a robust assessment of all climate change risks has been conducted?
- Q How are climate change risks measured?
  - Has management considered a range of methods to analyse the impact of climate-related risks?
  - Are we confident that that the methods used to measure the risks are appropriate for climate-related issues?
  - Are we confident that management has good-quality data to be able to calculate the impact of climate-related risks to the organisation?
- Q Are we confident that management understands what data it needs to collect to be able to calculate the impact of climate-related risks to the organisation?
  - Does management know how climate-related risks might impact the value of the organisation's assets and liabilities?
  - What is the impact on revenue and expenditure, for instance as a result of environmental tax measures or the impact of rising temperatures on productivity?
  - Does the implementation of climate-related policy, or other deliverables, give rise to any new liabilities or provisions?
- Q Has management benchmarked its risk analysis approach against other organisations across government or similar organisations in other sectors?
- Q Has management measured the impact of climate change adaptation and mitigation on future projects or programmes? Is this appropriately reflected in future budgets and spending plans? For example, this could include spend on investments in new technology, changes to transport planning or land use and so forth. See Part One for further details.
- Q How confident are we that management understands and considers the inherent uncertainty associated with risks arising from climate change?
  - Does management conduct horizon-scanning and scenario analysis to consider the range of outcomes?
  - Has management conducted deep-dive reviews (where required) and assessed the results to help it understand the impact and severity of climate-related risks on the organisation, and how they should be prioritised?

46 See footnote 38.

Risk identification and assessment *continued*

Q Are risks and opportunities stress-tested across a sufficiently severe yet plausible range of climate change scenarios? How robust are these scenarios and to what extent are the scenarios relevant to the organisation and its future strategy?

Risk assessment – evaluation:

Q How is the organisation's risk appetite or tolerance levels considered when evaluating climate-related risks?

Q How confident are we that the organisation has the skills and expertise to evaluate the climate-related risk identified? Is there a process for sourcing this expertise to ensure the evaluation of the risk is appropriate?

Q How confident are we that decision-makers across the organisation understand the organisation's risk appetite and tolerance in the context of climate change?

Q Does the organisation have the skills and expertise to evaluate the climate-related risk identified? Is there a process for sourcing this expertise to ensure the evaluation of the risk is appropriate?

Risk treatment

Q Climate change targets by their nature can be long-term. Is management clear on what represents good progress against its climate change targets?

Q How confident are we that management can demonstrate a clear rationale for the treatment activities and response to climate change risks, including the benefits it expects to gain?

Q Have response plans been developed from the results and impact of climate risk deep-dives?

Q Has enough consideration been given to the uncertainties that exist in this area?

- How flexible is management's current risk response strategy in dealing with the unpredictability of climate change risks?

Q Are climate-related risk responses aligned with the organisation's risk appetite?

- Is there any indication that management needs to reassess its risk appetite to respond appropriately to climate change risk, particularly given the unpredictable nature of the risks?

Q Has management developed appropriate performance indicators and metrics for climate change risks?

- How are these metrics determined in the context of the organisation's operations?
- How does management set targets for climate change performance factors, and are these targets credible?
- How does management verify progress against these targets?

Q With extreme climate events likely to worsen over time and potentially at an accelerated pace, has management considered how responding to these will impact on other areas of the organisation, and the management of other principal risks? Management should consider how trade-offs between net zero and other strategic priorities will be managed.

Q Has management developed a climate change adaptation strategy for the organisation, and have climate change risk treatment and response plans been integrated as part of this?

Risk monitoring

- Does management understand how its overall risk profile is likely to change as a result of climate change risk?
- Has management defined core performance metrics, and key risk and control indicators for climate-related risks, and have risk appetite and tolerance been factored in?
  - How do those metrics influence strategic decision-making, investment plans and budget considerations?
- Does management conduct deep-dive reviews over climate-related risks? Have results of previous reviews, risk responses or remediation plans been assessed for progress and effectiveness? Are plans updated, monitored and reported?
- How are the results of climate change risk monitoring shared with the rest of the organisation?
  - How does the department monitor risks within its arm's-length-bodies and ensure that climate change risks are escalated and aggregated effectively?
  - Is there a feedback loop between the results of monitoring, the assessment of the residual risk, the effectiveness of the risk management activities and the decision-making?
- How does the department ensure that its arm's-length bodies communicate climate-related risks? How does the department assess risks (including climate-related risks) from different organisations or arm's-length bodies in a consistent way?
- How often does management re-assess the impacts of existing climate-related risks? For example, if the organisation is impacted by legislative changes or new government targets, does management track these changes?
- Is there any benefit to be gained from a specific oversight group or board with responsibility for climate change to monitor progress against climate change risks?

Risk reporting

Internal reporting

- How does the organisation's current risk reporting process encompass climate-related risks?
- Does management conduct deep-dive reviews of climate-related risks, and present the review findings to the board and the ARAC?
- Is climate change risk reporting similar in style to other principal risks, so the board can assess how progress is being made with objectives?
- How regularly are climate change risks reported? Is this frequent enough to inform robust decision-making?
- How have climate-related risks and assumptions been factored into financial information such as budgets and forecasts in the short-, medium- and long-term? How does management report on the total costs and benefits of government policies that contribute to achieving net zero?
- How satisfied are we with the quality of information reported?
  - Is the information relevant, reliable, comparable, evidence-based, neutral, and understandable?
- Is there consistency of reporting on net zero between the organisation and other similar bodies? Consistency of reporting facilitates understanding across the public sector and aids comparability.

Risk reporting *continued*

External reporting – Annual Report

- Q Is the information presented on climate change and sustainability compliant with all mandatory reporting requirements relevant to the organisation? For instance, HM Treasury's *Financial Reporting Manual* for government organisations.
- Q Has management set out how the board and other relevant climate-related committees oversee climate change risks? Does this include how often climate issues are being discussed and the composition of any specific committees or boards with oversight responsibilities?
- Q For Departments, can management explain how they oversee and monitor climate-related challenges faced in its arm's-length bodies?
- Q If the organisation is bound by specific compliance requirements, does this adequately reflect climate-related risks and opportunities that stakeholders would expect?
- Q Is climate change clearly embedded within the organisation's strategy and strategic objectives? Can readers see a clear link between the strategy, objectives and key performance indicators?
- Q Is the information in the financial statements verifiable and consistent with commitments that are disclosed in the annual report?
- Q Has management articulated how the organisation's strategy could be impacted by climate-related risks and how flexible the strategy is to respond to significant changes?
- Q Is there evidence that management has considered the short-, medium-, and long-term implications of climate change on the organisation?
- Q Is there clear articulation of how climate change risks are identified, monitored and managed across the organisation?
- Q Is there a risk of 'greenwashing' in the extent that the organisation explains its environmental progress, its purpose, or the nature of its services?
- Q Has management explained what it deems to be the principal and emerging climate-related risks and how it has determined this scale?
- Q Has management set out its risk management process for climate-related risks, including how it decides on the most appropriate response?
- Q Has management disclosed the key performance metrics relating to its climate change risks? Has management included historical data for trend analysis?
- Q Are there references to the wider government goals or policy objectives that the organisation is responsible for delivering? Where the organisation makes a climate change commitment, does it clearly explain what the implications are on the organisation in delivering the goal?
- Q Does management believe that the climate-related disclosures in the annual report and accounts are relevant, reliable, comparable, verifiable, fair, balanced and understandable?

External Reporting – Financial Statements

- Q Where climate change risks give rise to a material financial impact, is this appropriately and accurately reflected in the financial statements? For example, an identified risk of rising sea levels and an increase in flooding could impact the valuation of buildings residing near to a floodplain and may require significant impairments.[47]
- Q Has management fully considered the areas within their financial statements which could be impacted by climate change risks?[48]
- Q Has management clearly explained material assumptions and uncertainties relating to estimates affected by climate change? For example, does it include relevant sensitivity analysis so users can appreciate the scale of impact?
- Q Where climate change has significantly affected the valuation of an organisation's assets and liabilities, is this adequately disclosed?
- Q Where climate change could affect an organisation's ability to continue to operate, is there adequate and appropriate disclosure in the accounting policies on the organisation's going concern status?

47 See footnote 38.

48 Accounting for climate, Climate Disclosure Standards Board (cdsb.net) – CDSB guidance provides examples of how climate-related matters can be integrated into financial reporting.

Continual improvement

- Q How regularly is climate change risk re-assessed? Is this frequent enough?
- Q How does management build experience and learning into the climate change risk assessment process?
- Q Is climate change risk incorporated within the organisation's overall approach to continually improving its risk management processes?
- Q What activities are planned to ensure that management is continually keeping up-to-date with developments in climate change, and how these may impact on its assessment of its own climate change risks?
- Q Are there any lessons to be learned from government's response to other cross-cutting challenges, such as COVID-19 and EU Exit?
- Q Is there a plan to assess the maturity of management's approach to climate change risk management?
- Q Does management have an approach to respond to any gaps in skills or knowledge that it identifies?

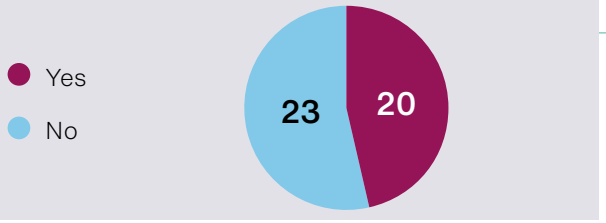
Appendix Two

Climate change survey results

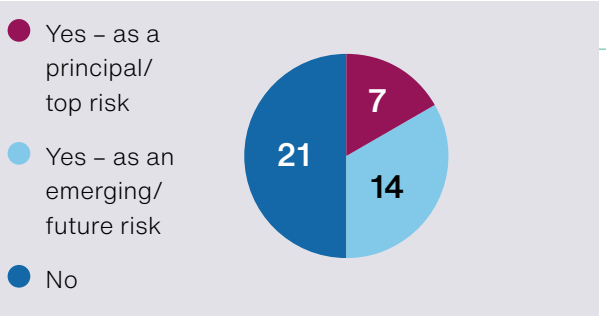
Results of the climate change survey completed by Audit and Risk Assurance Committee chairs.

QUESTIONS

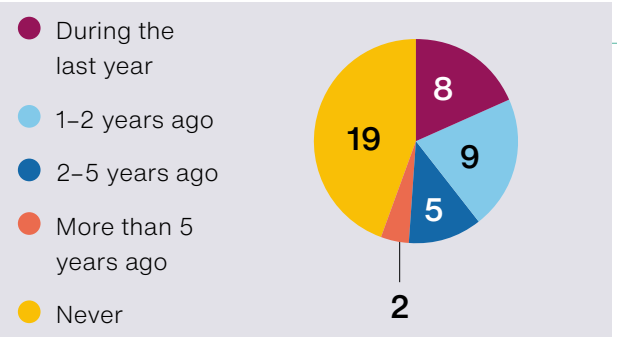
1 Does the organisation have a dedicated executive leader accountable for sustainability and climate change?



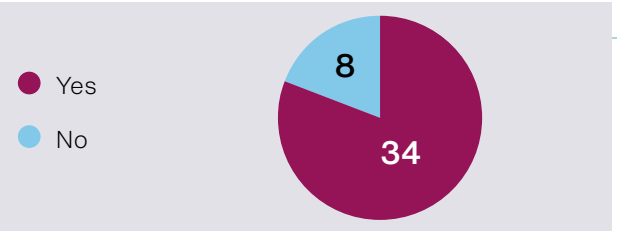
2 Is climate risk included in the organisation's reporting of risks?



3 When were risks associated with climate change first discussed at an ARAC meeting?



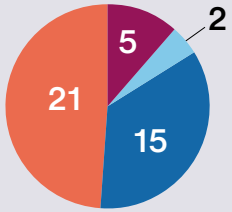
4 The ARAC considers that climate-related risks are relevant to the organisation



QUESTIONS

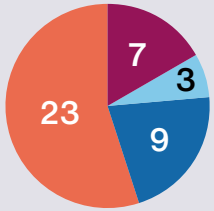
5 Does the Board-approved risk appetite statement contain a qualitative statement on climate risk, or an approach to sustainability in general?

- Both a statement on climate risk and a general approach to sustainability
- Only a statement on climate risk
- Only a general approach to sustainability
- Neither



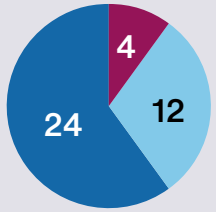
6 Does the organisation have a climate risk policy or sustainability risk policy?

- Both a statement on climate risk and a general approach to sustainability
- Only a statement on climate risk
- Only a general approach to sustainability
- Neither



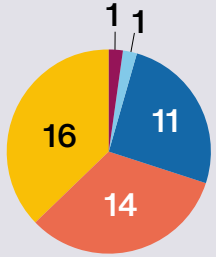
7 If the organisation does have a climate risk policy or sustainability risk policy, are they presented to the ARAC for review and approval?

- Yes
- No
- Not applicable



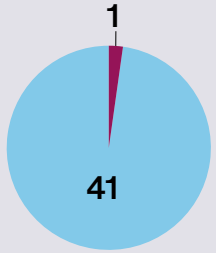
8 How often does climate change get discussed at ARAC meetings?

- At every meeting
- 2–3 times per year
- Annually
- Less often
- Never



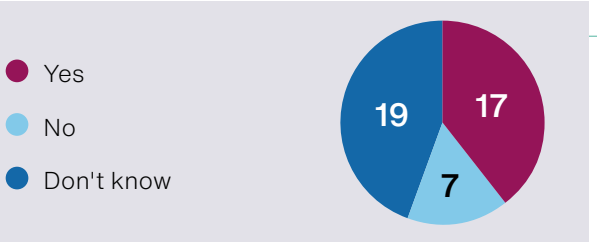
9 Has the ARAC undertaken a detailed discussion or deep-dive into climate change risk?

- Yes
- No

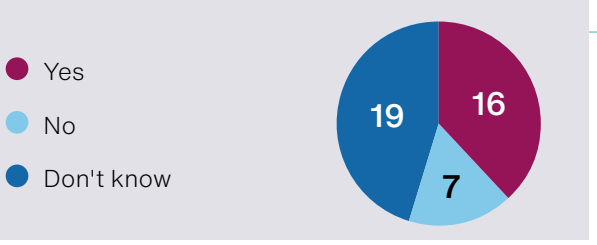


QUESTIONS

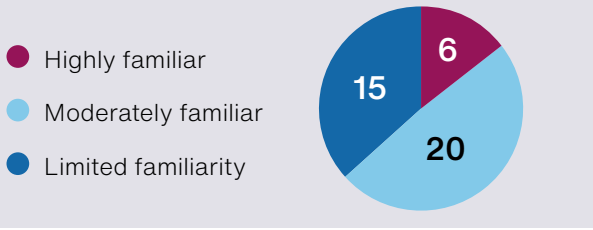
10 ARAC members know what to ask management about climate-related risks and the impacts on the department's operations



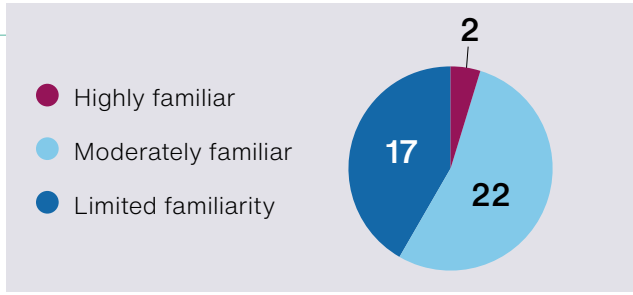
11 ARAC members know what to ask management about climate-related financial reporting and disclosures



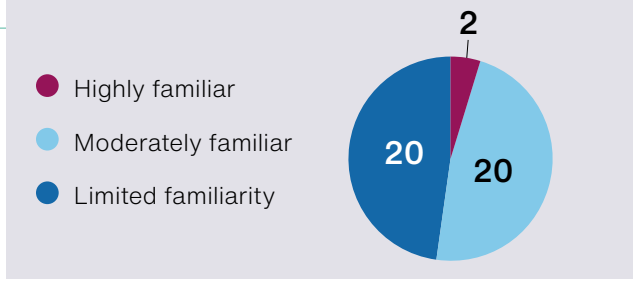
12 How familiar are you with current reporting requirements for climate-related disclosures generally?



13 How familiar are you with planned reporting requirements for climate-related disclosures generally?

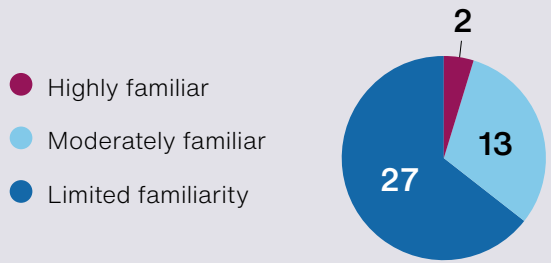


14 How familiar are you with current reporting requirements for climate-related disclosures in the public sector?



QUESTIONS

15 How familiar are you with planned reporting requirements for climate-related disclosures in the public sector?



Appendix Three
Further reading

You can find out more about our reports on our website. Below are a selection of our recent reports:

Local government and net zero in England

July 2021

This new report responds to a request from the Environmental Audit Committee to examine local government and net zero. It considers how effectively central government and local authorities in England are collaborating on net zero, in particular to:

- clarify the role of local authorities in contributing to the UK's statutory net zero target; and
- ensure local authorities have the right resources and skills for net zero.

The report does not examine how national and local government are collaborating on net zero in Scotland, Wales and Northern Ireland.

Reducing carbon emissions from cars

February 2021

This report examines how well the government has used public money to support the uptake of ultra-low emission cars and draw lessons for the future. It examines progress in increasing the take-up of ultra-low emission cars through the plug-in car grant; the development of charging infrastructure using government financial support; and the impact of increasing the sale of ultra-low emission cars on carbon emissions from the UK car fleet so far.

Environmental tax measures

February 2021

This report examines how HM Treasury and HM Revenue & Customs manage tax measures with environmental objectives, including the work undertaken to design, monitor and evaluate them. It also explores how the exchequer departments use their resources to manage the relationship between the wider tax system and the government's environmental goals, including its statutory commitment for the UK to achieve net zero greenhouse gas emissions by 2050.

Achieving net zero

December 2020

This report is intended to support Parliamentary and public scrutiny of government's arrangements for achieving net zero. It is a companion to our report *How government is organised to achieve its environment goals*. We have applied our experience from auditing cross-government challenges to highlight the main risks government needs to manage if it is to achieve net zero efficiently and effectively. In the future, we will assess how well government is managing the risks highlighted in this report, and the value for money of individual government interventions aimed at reducing emissions.

Achieving government's long-term environmental goals

November 2020

This report examines how government has set itself up to deliver its long-term environmental goals. These are broad and complex issues and so the aim is to highlight the most significant potential strengths and areas for improvement, as well as key risks that government will need to manage, drawing on the NAO's experience of auditing large-scale, longer-term or cross-government projects and programmes.

Managing flood risk

November 2020

The report covers flood risk management in England. It does not cover government's emergency response to flooding, issues relating to flood insurance, planning regulations or the management of coastal erosion. In addition to this report, we have produced an interactive data visualisation, which presents a range of information on flood risk management in England.

Environmental Sustainability Overview – Ministry of Defence

May 2020

Responding to a request by the Environmental Audit Committee (EAC), this report gives an overview of the approach taken by the Ministry of Defence to environmental sustainability. This is the sixth in a series of sustainability overviews we have produced for the EAC, each of which examines how different parts of government fulfil their sustainability remit.

Water supply and demand management

March 2020

In this report, we set out the challenges facing the water industry in England and assess how the Department for Environment, Food & Rural Affairs is tackling them through its oversight of water regulators and the water companies. The report is both retrospective, looking at how effectively the government has achieved its objectives up to now, and forward-looking, examining how prepared it is for the greater challenges it faces in the future as a result of climate change and population growth.

Environmental metrics: government's approach to monitoring the state of the natural environment

January 2019

This report sets out our expectations of good practice for an effective system of performance metrics based on our experience of reviewing government approaches to managing performance (Part One). It also examines the government's current environmental metrics (Part Two) and its plans for developing new metrics (Part Three). We focus on the metrics that relate to England or are UK-wide.

Rolling out smart meters

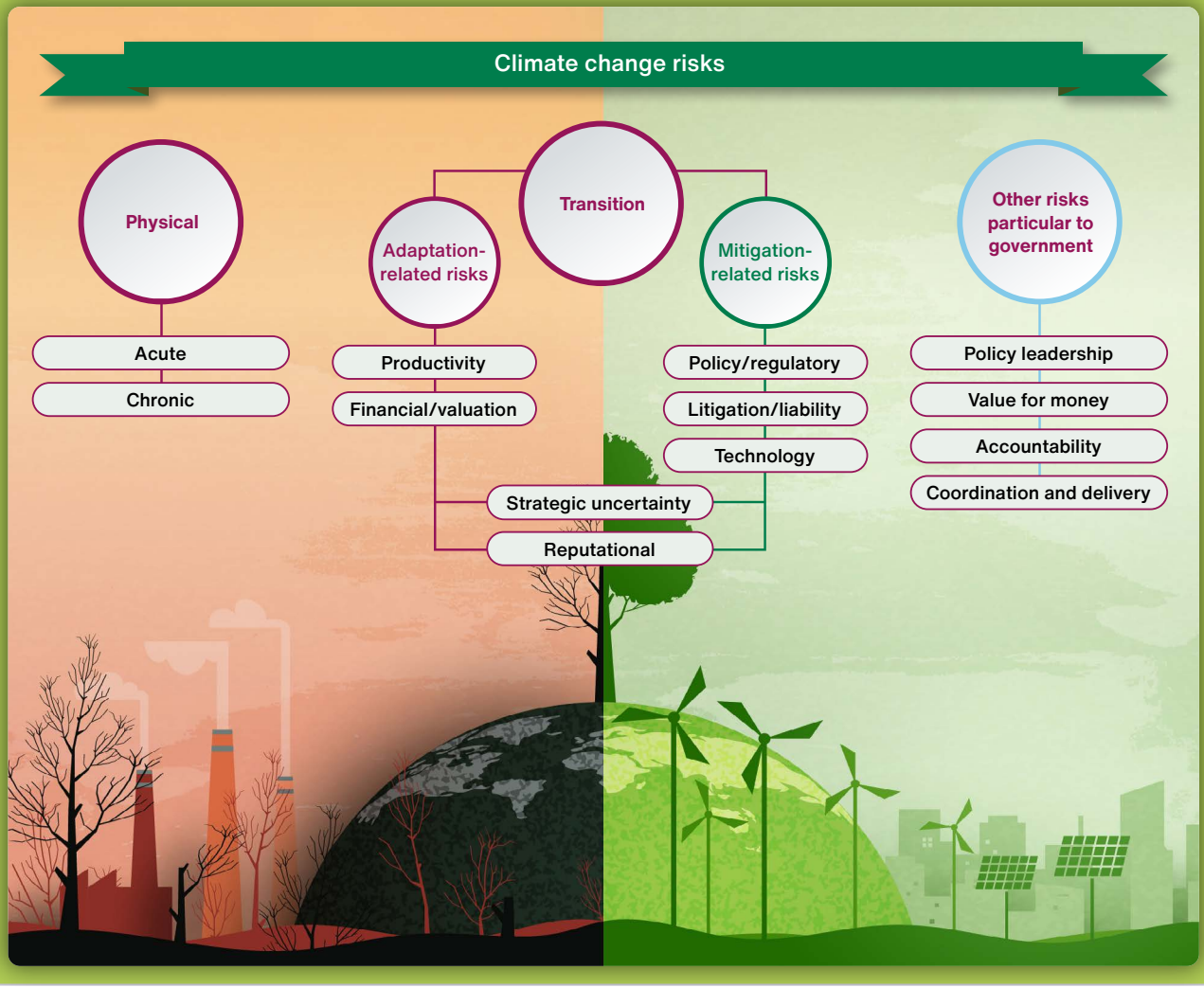
November 2018

The Department for Business, Energy & Industrial Strategy (the Department) forecast in 2013 and 2016 that the Smart Metering Implementation Programme would require £11 billion of investment in installations, equipment and systems. The costs are equivalent to £374 per dual fuel household, but these costs are expected to be more than offset by reduced energy consumption and operational cost savings for the industry. In 2013, the Department forecast that the total benefits of the programme would be £17.7 billion, creating net benefits of £6.7 billion. In 2016, it updated its analysis and forecast net benefits of £5.7 billion. The costs of the programme will mainly be incurred during the rollout phase, whereas most of the benefits will be spread over subsequent years. The benefits of the programme are therefore more uncertain than its costs. There is already some evidence that costs were underestimated in the 2016 analysis.

Appendix Four
Key takeaways

You can find more detail on the individual risks in Part One.

Risk taxonomy



Challenge questions

Governance and leadership

Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

- Is there a clear understanding of what the organisation's requirements are in terms of government policy?
- How have climate-related risks and opportunities been identified and factored into the organisation's strategy?
- How effective is the risk culture promoted by leadership in supporting debate, discussion and understanding of climate change as an emerging risk?
- How does management gain and maintain an appropriate level of understanding of climate-related risks and opportunities that are likely to have a material impact on the organisation?
- Is there clarity of roles, responsibilities and accountabilities for each component of the 'three lines of defence' as part of the overall risk management of climate change?[1]
- How does the board gain assurance over the management of climate-related risk in the organisation? For example:
  - assessing the organisation's approach to managing climate-related risks;
  - reviewing board briefings on relevant climate change matters, including results of climate risk deep-dives; and
  - assessing management's use of data and consideration of data integrity to gain assurance over any potential impact.

Note

1 See the *Orange Book*, Annex 2.

Integration

Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.

- How does management build awareness and understanding of emerging risks such as climate change across the organisation?
- What processes does the organisation have in place to embed climate-related risks throughout the organisation?
- Do the organisation's strategic objectives, budgets and delivery plans reflect management's consideration of climate change risks and opportunities?
- How is climate risk embedded in climate-related policy development (where applicable)?
- How does management ensure that climate change considerations are clearly factored into its risk appetite?
  - Is the organisation's risk attitude and appetite over climate change-related matters understood by the wider workforce, particularly key decision-makers?
  - Is management able to explain the impact of climate change risk on decision-making across the organisation?

Collaboration and best information

Risk management shall be collaborative and informed by the best available information and expertise.

- How does management keep up to date with climate change-related developments, policy and regulatory changes?
- How confident is management in its understanding of its organisation's responsibilities in delivering wider departmental or government policy objectives, such as achieving net zero by 2050, and the Greening Government Commitments?
- How does management identify external risks which have the potential to impact it from beyond the organisation, for example in its supply chain or – in the case of departments – within arm's-length bodies?
- Has management considered data sharing arrangements with other government bodies to support a joined up and collaborative approach to climate risk management?
- How does management get an awareness of what matters to its stakeholders on climate change risk?
  - What is management doing to respond to those expectations?

Challenge questions *continued*

Risk identification and assessment

Risk management processes shall be structured to include risk identification and assessment to determine and prioritise how the risks should be managed.

Risk identification:

- What is management's process for identifying climate-related risks?
  - Does this process extend across the whole organisation, so all potential climate-related risks can be identified?
  - For departments, does this include risks within arm's-length bodies?
- Can management articulate what climate-related risks are most significant to the organisation and why?
- If the organisation considers climate change as an emerging risk, how confident are we that management has a clear understanding of the indicators which would cause it to escalate to a principal risk?
- What timeframe (short-, medium-, and long-term) does management use in its identification and assessment process?

Risk assessment:

- How are climate change risks measured?
  - Has management considered a range of methods to analyse the impact of climate-related risks?
  - Are we confident that that the methods used to measure the risks are appropriate for climate-related issues?
  - Are we confident that management has good-quality data to be able to calculate the impact of climate-related risks to the organisation?
- How confident are we that management understands and considers the inherent uncertainty associated with risks arising from climate change?
  - Does management conduct horizon-scanning and scenario analysis to consider the range of outcomes?
  - Has management conducted deep-dive reviews (where required) and assessed the results to help it understand the impact and severity of climate-related risks on the organisation, and how they should be prioritised?
- How is the organisation's risk appetite or tolerance levels considered when evaluating climate-related risks?
- Can management demonstrate that it has conducted a robust assessment of all climate change risks?

Risk treatment

Risk management processes shall be structured to include the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.

- How confident are we that management can demonstrate a clear rationale for the treatment activities and response to climate change risks, including the benefits it expects to gain?
- Has enough consideration been given to the uncertainties that exist in this area?
  - How flexible is management's current risk response strategy in dealing with the unpredictability of climate change risks?
- Are climate-related risk responses aligned with the organisation's risk appetite?
  - Is there any indication that management needs to reassess its risk appetite to respond appropriately to climate change risk, particularly given the unpredictable nature of the risks?
- With extreme climate events likely to worsen over time and potentially at an accelerated pace, has management considered how responding to these will impact on other areas of the organisation, and the management of other principal risks?
- Has management developed a climate change adaptation strategy for the organisation, and have climate change risk treatment and response plans been integrated as part of this?
- Climate change targets by their nature can be long-term. Is management clear on what represents good progress against its climate change targets?

Challenge questions *continued*

Risk monitoring

Risk management processes shall be structured to include the design and operation of integrated, insightful and informative risk monitoring.

- Does management understand how its overall risk profile is likely to change as a result of climate change risk?
- Has management defined core performance metrics, and key risk and control indicators for climate-related risks, and have risk appetite and tolerance been factored in?
  - How do those metrics influence strategic decision-making, investment plans and budget considerations?
- How are the results of climate change risk monitoring shared with the rest of the organisation?
  - Is there a feedback loop between the results of monitoring, the assessment of the residual risk, the effectiveness of the risk management activities, and the decision-making?
- How often does management re-assess the impacts of existing climate-related risks? For example, if the organisation is impacted by legislative changes or new government targets, does management track these changes?
- How do departments monitor risks within their arm's-length-bodies and ensure that climate change risks are escalated and aggregated effectively?

Risk reporting

Risk management processes shall be structured to include timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

Internal reporting

- Is climate change risk reporting similar in style to other principal risks, so that we can assess how progress is being made with objectives?
- How regularly are climate change risks reported? Is this frequent enough to inform robust decision-making?
- Does management conduct deep-dive reviews of climate-related risks, and present the review findings to the board and ARAC?
- How have climate-related risks and assumptions been factored into financial information such as budgets and forecasts in the short-, medium- and long-term?
- How satisfied are we with the quality of information reported?

External reporting

- Is climate change clearly embedded within the organisation's strategy and strategic objectives? Can readers see a clear link between the strategy, objectives and key performance indicators?
- Is there clear articulation of how climate change risks are identified, monitored and managed across the organisation?
- Is the information in the financial statements consistent with commitments that are disclosed in the annual report?
- Where climate change risks give rise to a material financial impact, is this appropriately and accurately reflected in the financial statements?
- Has management clearly explained material assumptions and uncertainties relating to estimates affected by climate change? For example, does it include relevant sensitivity analysis so users can appreciate the scale of impact?

Continual improvement

Risk management shall be continually improved through learning and experience.

- How regularly is climate change risk re-assessed? Is this frequent enough?
- How does management build experience and learning into the climate change risk assessment process?
- Is climate change risk incorporated within the organisation's overall approach to continually improving its risk management processes?
- Are there any lessons to be learned from government's response to other cross-cutting challenges, such as COVID-19 and EU Exit?
- Is there a plan to assess the maturity of management's approach to climate change risk management?

NHS Wales Shared Services Partnership (NWSSP)

Information Governance Steering Group

Meeting Date:	21st April 2021
Agenda Item:	6.4
Title:	Summarised Freedom of Information activity report for the financial year 2020/21
Author:	Tim Knifton, Information Governance Manager
Presented by:	

1. PURPOSE & ACTION REQUIRED

To note the **summarised activity** for Freedom of Information Act requests received by the NHS Wales Shared Services Partnership for the financial year 2020/21.

2. CONSIDERATIONS FOR THE STEERING GROUP

For information only.

3. ACTIONS/RECOMMENDATIONS TO THE STEERING GROUP

Any comments to be directed to the Information Governance Manager.

1. Introduction and Background

The Freedom of Information (FOI) Act 2000 provides a right to access official information and confers two statutory responsibilities on public authorities:

- The duty to confirm or deny whether the information requested exists; and if so,
- The duty to communicate the information, subject to a limited range of exemptions.

The Freedom of Information Act 2000 provides public access to information held by public authorities. The Act covers any recorded information that is held by a public authority including NHS organisations. Recorded information includes printed documents, computer files, letters, emails, photographs, and sound or video recordings.

The main principle behind FOI is that people have a right to know about the activities of public authorities, unless there is good reason for them not to. Under both legislations individuals have a right to request any recorded information held by a public authority. Any information it is thought may be held can be requested.

A request can be in a form of a question, rather than a request for specific documents, but questions do not have to be answered if this would mean creating new information of giving an opinion or judgment that is not already recorded. Some information may not be given because it is exempt, for example because it would unfairly reveal personal details about someone else.

The FOI legislation continues to be used widely and there has been a year on year increase in the number of requests received. In addition to the volume of requests increasing, the requests are now also becoming far more complex in nature; the impact of this is that requests can take significantly longer to process, especially considering the strange, difficult year that has been experienced by everyone.

2. Responsibilities

Management of the arrangements to comply with the Freedom of Information Act within NWSSP is the responsibility falls under the portfolio of the Director of Finance and Corporate Services with the day to-day management being the responsibility of the Information Governance Manager ensuring all legal requirements are met.

3. A summary of the responses completed within statutory time limits

The NHS Wales Shared Services Partnership (NWSSP) received a total of **90** Freedom of Information Act requests in 2020/21.

Further to those requests, **23** requests were also received that were not allocated a reference. This is due to the information being not applicable to the NWSSP and were transferred over to another authority. However, they have still been noted in **Appendix A** below.

2 internal reviews were requested in respect of request reference 57-20 and 88-20.

2 of the **90** requests were allocated a reference and acknowledged but required further clarification to the information requested. Clarification was sought but further responses were not provided; therefore, the requests were closed after the 2-month deadline had passed.

Receipt of requests

Service	No of Requests	Percentage of Requests received
Business Systems and Informatics	2	2.2%
Corporate	1	1.1%
Covid-19	2	2.2%
Employment Services	3	3.3%
GP Locum/Employment	1	1.1%
GP Locum Hub/Primary Care	1	1.1%
Legal and Risk	5	5.5%
Prescribing	3	3.3%
Prescribing/Procurement	1	1.1%
Primary Care	16	17.7%
Procurement	29	32.2%
Procurement/Business Systems and Informatics	1	1.1%
Procurement/Covid-19	9	10%
Procurement/Fraud/Covid-19	1	1.1%
Procurement/Recruitment	1	1.1%
Recruitment	1	1.1%
Specialist Estates	1	1.1%
Training/Education	1	1.1%
Workforce	6	6.6%
Workforce/Covid-19	1	1.1%
Workforce/Procurement	1	1.1%
Workforce/Finance	2	2.2%
Workforce/Finance/Payroll/Expenses	1	1.1%
Total	**90**	**100%**

Response times in days April 2020 to March 2021

	1-5	6-10	11-15	16-20	21+	40+	Total
Number of requests	31	16	11	11	14	4	**87***

***Not including the **2 requests** where clarification was not provided within 2 months. As these were unanswered, they were closed.

***The internal review 57-20 was completed within 6 working days and is not counted in the total above.

***The internal review 88-20 is still ongoing as at 7th April 2021 but is not counted in the total above.

1 request is currently outstanding.

In the tables above it shows the number and percentage of requests received per department and the number and percentage responded to on time.

4. Refusals, Exemptions, Internal Reviews and Information Commissioner's Office enquiries

The FOIA contains exemptions that allow public authorities to withhold information in certain cases.

Should a customer be unhappy with the content of the response received, the exemption applied, or they are dissatisfied with the length of time it has taken to process, they can ask for an Internal Review of their request.

Internal review requests should be responded to within 40 working days. The Corporate Services Team policy is to provide a response to Internal Review requests within 20 working days and where this is extended to the optimum amount of 40 working days the requestor is advised.

Should the requester remains dissatisfied with the Corporate Services response to their internal review request or their complaint they can approach the Information Commissioner's Office (ICO) to ask them to review the decision.

There were **2** requests for internal review in 2020/21, one was completed satisfactorily in February 2021 and the other is still to be completed but it is anticipated that this will be completed within the deadline.