

# NWSSP Audit Committee

Tue 20 April 2021, 14:00 - 16:30

NWSSP HQ, 4-5 Charnwood Court, Heol Billingsley, Parc Nantgarw,  
Cardiff CF15 7QZ

## Agenda

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14:00 - 14:00  
0 min

### 1. Standard Business

*Chair*

#### 1.1. Welcome & opening remarks (verbal)

*Chair*

#### 1.2. Apologies (verbal)

*Chair*

#### 1.3. Declarations of Interest (verbal)

*Chair*

#### 1.4. Minutes of meeting held on 26 January 2021

*Chair*

 1.4 Approved Minutes of Audit Cttee Part A 26.01.2021[1].pdf (8 pages)

#### 1.5. Matters Arising

 1.5 Matters Arising.pdf (1 pages)

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14:00 - 14:00  
0 min

### 2. External Audit

*Steve Wyndham*

#### 2.1. Audit Wales Position Statement

*Steve Wyndham*

 2.1 NWSSP Audit Position Statement - April 2021.pdf (8 pages)

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14:00 - 14:00  
0 min

### 3. Counter Fraud

*Nigel Price*

#### 3.1. Counter Fraud Position Statement

*Nigel Price*

 3.1 Counter Fraud Position Statement 20 April 2021.pdf (5 pages)

#### 3.2. Raising The Game Action Plan

*Peter Stephenson*

## 14:00 - 14:00 4. Internal Audit

0 min

### 4.1. Internal Audit Position Statement

*James Quance*

4.1 Internal Audit Progress Report April 2021.pdf (11 pages)

### 4.2. Internal Audit Reports

*James Quance*

#### 4.2.1. Covid-19 Premises Safety Report

*James Quance*

4.2.1 NWSSP Covid-19 Premises Safety Final Audit report.pdf (28 pages)

#### 4.2.2. PCS Payment System Data Migration Report Part 1

*James Quance*

4.2.2 2020-21PCS Payment System Data Migration Report Part 1.pdf (14 pages)

#### 4.2.3. PCS Payment System Project Management Report Part 2

*James Quance*

4.2.3 2020-21 PCS Payment System Project Management Report Part 2.pdf (13 pages)

#### 4.2.4. Student Award Services Report

4.2.4 2021-22 Student Award Services\_FINAL report.pdf (28 pages)

#### 4.2.5. Payroll Services Report

4.2.5 NWSSP-2021-08 Payroll Services - Final Internal Audit Report.pdf (31 pages)

### 4.3. NWSSP Operational Plan 2021-22 Draft with Charter

*James Quance*

4.3 NWSSP Operational Plan 202122 Draft With Charter for Audit Cttee (002).pdf (34 pages)

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## 14:00 - 14:00 5. Governance, Assurance and Risk

0 min

### 5.1. Review of PPE

*Andrew Butler*

Cover Audit Wales PPE .pdf (3 pages)

5.1 Procuring and Supplying PPE for Covid-19 Pandemic report.pdf (64 pages)

### 5.2. Governance Matters

*Andrew Butler*

5.2 Governance Matters\_.pdf (15 pages)

### 5.3. COVID-19 related expenditure Incurred- NHS Wales (verbal)

*Andy Butler*

#### **5.4. Annual Governance Statement Draft 2020-2021**

*Peter Stephenson*

 5.4 Draft Annual Governance Statement .pdf (41 pages)

#### **5.5. Corporate Risk Register**

*Peter Stephenson*

 5.5 Corporate Risk Register .pdf (4 pages)

 5.5 Corporate Risk Register 20210413.pdf (4 pages)

#### **5.6. Tracking of Audit Recommendations**

*Peter Stephenson*

 5.6 Tracking of Audit Recommendations.pdf (3 pages)

 5.6 Appendix A - Audit Tracking Recommendations April 2021.pdf (2 pages)

#### **5.7. Review of Audit Committee Terms of Reference**

*Peter Stephenson*

 5.7 NWSSP Audit Committee Terms of Reference April 2021.pdf (12 pages)

#### **5.8. NWSSP Annual Plan 2020-2021**

*Andrew Butler*

 5.8 Annual Plan Cover Paper.pdf (2 pages)

 5.8 Plan on a page.pdf (1 pages)

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**14:00 - 14:00** **6. For Information Only**  
0 min

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**14:00 - 14:00** **7. Any Other Business (Prior Approval Only)**  
0 min

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**14:00 - 14:00** **8. Date of Next Meeting**  
0 min

**8.1. Tuesday 29 June 2021 from 14:00 to 16:00 by Microsoft Teams**

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

### MINUTES OF MEETING HELD TUESDAY 26 JANUARY 2021 14:00 – 16:00 Meeting held virtually via Microsoft Teams Part A - Public

ATTENDANCE	DESIGNATION	
<b>INDEPENDENT MEMBERS:</b>		
Martin Veale (Chair)	Chair & Independent Member	
Gareth Jones (GJ)	Independent Member	
ATTENDANCE	DESIGNATION	ORGANISATION
<b>ATTENDEES:</b>		
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
Lindsay Payne (LP)	Head of Financial Management	NWSSP
Nigel Price (NP)	Local Counter Fraud Specialist	Cardiff and Vale UHB
Lauren Fear (LF)	Director of Corporate Governance	Velindre
Mark Osland (MO)	Director of Finance	Velindre
Steve Wyndham (SW)	Audit Representative	Audit Wales
David Burridge (DB)	Audit Representative	Audit Wales
Bethany Chumbley (BC)	Graduate Management Trainee	NWSSP

Item		Action
<b>1. STANDARD BUSINESS</b>		
<b>1.1</b>	<b>Welcome and Opening Remarks</b> The Chair welcomed Committee members to the January 2021 Audit Committee meeting and in particular Steve Wyndham, Audit Wales, who was attending his first meeting and Lindsay Payne, Head of Financial Management, and Bethany Chumbley Finance Graduate Trainee who were observing the meeting.	

Item		Action
1.2	<p><b>Apologies</b> Apologies were received from:</p> <ul style="list-style-type: none"> <li>• Steve Ham, Chief Executive, Velindre University NHS Trust;</li> <li>• Craig Greenstock, Local Counter Fraud; and</li> <li>• Janet Pickles, Independent Member.</li> </ul>	
1.3	<p><b>Declarations of Interest</b> No declarations were received.</p>	
1.4	<p><b>Minutes of Meeting held on 20 October 2020</b> The minutes of the meeting held on the 20 October 2020 were <b>AGREED</b> as a true and accurate record of the meeting.</p>	
1.5	<p><b>Matters Arising from Meeting on 20 October 2020</b> It was noted that all Matters Arising were complete.</p>	
<b>2. EXTERNAL AUDIT</b>		
2.1	<p><b>Position Statement</b></p> <p>Steve Wyndham (SW) of Audit Wales is NWSSP’s nominated lead representative going forward. SW presented the Audit Wales Position Statement and set out an update on current and planned audit work, with associated audit assurance arrangements for 2021. Unsurprisingly there will be an increased emphasis surrounding Covid-19 and a focus on PPE.</p> <p>In addition to the planned audit programme, Audit Wales would continue to seek opportunities for sharing best practice from across the wider public sector from their all-Wales audit work. This covers forward planning, programme design and good practice research, and the links to national studies published in the last 12 months were listed in the Position Statement.</p>	
2.2	<p><b>NWSSP Audit &amp; Assurance Arrangements</b></p> <p>SW explained that Audit &amp; Assurances requested by local audit teams for the 2020-2021 financial statements and work programmes are set out in the paper including a review of the national NHS IT applications and other systems hosted by NWSSP. A brief description of the audit procedures and proposed dates for audit visits with NWSSP conducted by Audit Wales were also given.</p> <p>In addition to a review of IT systems, local audit teams would review any contract awarded greater than £1m, to provide assurance that the appropriate governance arrangements were in place and complied with prior to any contract offer, with additional evidence sought from other local service areas as appropriate. Members of the local audit team, key milestones of the planned</p>	

Item		Action
	<p>audit, and audit areas and proposed timings were highlighted in the paper. Audit Wales would liaise with NWSSP Audit &amp; Assurance to progress their plan and to minimise any duplication.</p> <p>GJ raised a question on the audit fee charged by Audit Wales, and how Audit Wales were able to demonstrate that this provided value for money. He acknowledged that he had asked the same question at the Trust Audit Committee. SW confirmed that the Auditor General for Wales sets out the audit fees for NHS Wales, which are charged on a pro-rata basis across individual organisations. SW stated that he would be happy to provide more detail to GJ outside of the meeting.</p>	
<b>2.3</b>	<p><b>Audit Wales Review of PPE Procurement- Covid-19</b></p> <p>SW presented the letter from the Auditor General of Wales, which detailed the plans to undertake a comprehensive review of the procurement and supply of Personal Protective Equipment (PPE) focusing on the national procurement led by Welsh Government and NWSSP. This complements studies being undertaken by the national audit bodies in each of the four home nations.</p> <p>The audit team are currently in the fieldwork phase of the study, with a significant amount of work progressed, and once complete the report would be brought to the Audit Committee for noting.</p> <p>AB stated that he meets with the Audit Wales team regularly to gain updates on progress and to ensure that they have all required information. He understands that a draft copy of their report would be available towards the end of February 2021.</p>	
<b>3. Internal Audit</b>		
<b>3.1</b>	<p><b>Internal Audit Position Statement</b></p> <p>JQ presented the Statement to the Committee. The purpose of the report is to highlight progress made against the 2020-21 Internal Audit Plan, together with an overview of other activity undertaken since the previous meeting. JQ stated that good progress had been made against the Audit Plan and that he had no concerns regarding the overall delivery of the audit programme. The reviews of Payroll and Accounts Payable are progressing well.</p>	
<b>3.2</b>	<p><b>Covid-19 Advisory Report</b></p>	

Item		Action
	<p>JQ introduced the Covid-19 Divisional Preparedness and Resilience Advisory Review Internal Audit Report and presented the findings to the Committee, noting advisory reports were not awarded an assurance rating. The report contains two medium and three low priority recommendations for action. Several areas of good practice were identified and all required actions were either in progress or complete. AB stated that the report was being taken to the Planning and Response Group the following day for information.</p>	
<b>4. Counter Fraud</b>		
<b>4.1</b>	<p><b>Counter Fraud Position Statement</b></p> <p>NP presented the Statement, summarising the recent Counter Fraud and corruption work carried out, which highlighted that:</p> <ul style="list-style-type: none"> <li>• the COVID-19 restrictions have considerably reduced the amount of training sessions delivered to staff. During this reporting period three sessions have been delivered to 31 delegates via Microsoft Teams;</li> <li>• There were two cases currently under investigation, one further case closed in November, and two other cases were noted which have on-going and lengthy civil recoveries.</li> </ul> <p>NP highlighted one recent case where an employee had provided inaccurate information as to their holiday destination to allegedly avoid a period of self-isolation on their return. This is currently under investigation.</p> <p>The Chair asked whether it was possible to record training sessions so that more staff could access them when able to do so. NP explained that unfortunately this would not be possible as the presentations contain sensitive and confidential information, which needs to be closely controlled. AB added that presentations are also tailored to suit the audience and service.</p>	
<b>5. GOVERNANCE, ASSURANCE AND RISK</b>		
<b>5.1</b>	<p><b>Update on NWSSP Covid-19 matters</b></p> <p>AB explained that NWSSP’s Planning and Response Group had been reinstated – this comprises the SLT members, plus representation from SMTL, Trade Unions, and Communications. HCS and Procurement staff are working hard to respond to the 2<sup>nd</sup> wave of the Pandemic, in order to distribute vaccines and PPE to Health &amp; Social Care staff across Wales. IP5 has proven to be an</p>	

Item		Action
	<p>invaluable strategic asset, without which operations would not have met the dual demands of BREXIT and the pandemic. Services continue to work in partnership with Health Boards, where very positive feedback has been received.</p> <p>MF stated that HCS had recently presented an update on their work to the SSPC and that this was very well received. She emphasised that a significant amount of work has been undertaken to upscale services to meet the demands and challenges that the pandemic has brought.</p> <p>NF stated that post-COVID it was unlikely that staff would be returning to offices and other NWSSP sites en masse and it was more probable that the future would be a combination of some staff working permanently on site, some working totally from home, and the majority working a hybrid approach and splitting their week between home and on-site working. Ensuring that we have adequate space in NWSS premises has been the subject of detailed and regular space-planning exercises, overseen by our Specialist Estates Directorate.</p>	
<p><b>5.2</b></p>	<p><b>COVID-19 Related Expenditure Incurred NHS Wales</b></p> <p>LP presented an updated paper on the directly attributable COVID expenditure incurred by NWSSP on behalf of NHS Wales. The report highlighted changes to governance arrangements, including the changes made to the delegated limits to help facilitate the increased value and volume of expenditure. These revised limits would remain in place until at least 31 March 2021.</p> <p>LP explained that the implementation of a winter plan ahead of the 2nd wave identified the need to ensure a 24-week stockholding of PPE was proving critical. Total COVID-19 expenditure for Primary and Social Care in Wales totalled £290m as at the end of December, with £37.5m of this bought on behalf of other UK nations, for which full refund of costs has been received. 253 orders have been placed with 116 different suppliers, of which 29 have values exceeding £1m, requiring Welsh Government approval.</p> <p>The Chair noted that the paper identified that there had been no financial loss to NHS Wales through either fraud or purchase of sub-standard equipment, which was not the case in all parts of the UK. Although prices had risen exorbitantly during the pandemic, NWSSP had largely been able to demonstrate that it achieved the best price available at the time.</p>	

Item		Action
5.3	<p><b>Governance Matters</b></p> <p>AB presented the Governance Matters paper, which provided the Committee with the contracting activity from 2 October to 7 December 2020 and highlighted that there had been no departure from the Standing Orders. In relation to contracting activity, there had been 11 contracts let for NWSSP, and 51 let for NHS Wales, of which 16 were at briefing stage, 25 at ratification and 10 were extensions.</p> <p>CW confirmed that there were no declarations made as to gifts, hospitality or sponsorship since the last meeting and reported that there had been no limited or no assurance audit reports.</p> <p>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, which required a separate file note to be held.</p> <p>AB stated that the Standing Orders had recently been reviewed, and that they were currently being updated. This has identified that NWSSP relies on the Trust's Standing Financial Instructions (SFIs), and that it is now considered more appropriate for NWSSP to develop their own. The work to achieve this would be happening shortly and the outcome would be reported back to the Committee.</p> <p>GJ questioned the significant contract values detailed within the report, and wanted to confirm where the legal and financial responsibility for these payments was held. AB confirmed that framework contracts are processed by NWSSP on an all-Wales basis, but individual Health Boards and Trusts enter into separate contractual agreement liability with the supplier, in accordance with their own Standing Orders and Scheme of Delegation.</p> <p>The Chair recommended that the report be further analysed by contract type to provide greater clarity and transparency. CW and PS agreed to liaise with Procurement to provide this.</p>	PS/CW
5.4	<p><b>Tracking of Audit Recommendations</b></p> <p>PS reiterated that NWSSP had not received any Internal Audit Reports with limited or no assurance rating. Of 205 recommendations, 197 fully implemented, five were not yet due and one was outside NWSSP responsibility. There were however two agreed actions, for which the original target had been 31</p>	

Item		Action
	<p>December 2020. Both related to Payroll and contained multiple sub-actions, the majority of which had been achieved, leaving one remaining sub-action in both cases. Delays had been caused by COVID and the particular need to engage with Health Boards, and in a need to restructure the senior management team within Employment Services. Now that this was complete, the remaining actions would be completed no later than 31 March 2021, and the Committee were therefore asked to approve a short extension in both cases, which was duly received.</p> <p>PS confirmed that NWSSP SLT receive a monthly breakdown of any recommendations not implemented within the deadline. The tracker would be updated following this Audit Committee meeting with the finalised Internal Audit Reports within this agenda.</p> <p>The Chair queried the length of time recommendations remain on the audit tracker. PS explained that the tracker contains the most recent recommendations relating to the area audited (i.e. when an area is re-audited, the older report and recommendations are removed from the tracker and replaced by the new findings -which should also confirm the status of those actions identified in the prior review).</p>	
<b>5.5</b>	<p><b>Corporate Risk Register</b></p> <p>PS introduced the Corporate Risk Register and advised that there were three existing red risks, summarised as follows:</p> <ul style="list-style-type: none"> <li>• The replacement of the NHAIS system which has had some technical difficulties but is still on track to go live with parallel running now underway;</li> <li>• The in-house development of the replacement Ophthalmology Payments system is on track, and a number of Health Boards went live with this before Christmas. The remaining Health Boards will go-live by 31 March; and</li> <li>• The implications of BREXIT where the signing of a deal in December is obviously good news but for the time being the risk will remain red while the detail of the deal and any ramifications for NWSSP are considered.</li> </ul> <p>The Chair asked whether the BREXIT deal had yet had any impact on NWSSP and particularly the Supply Chain. NF stated that thus far, there has been little impact but the situation is being closely monitored.</p>	
<b>6. For Information Only</b>		

Item		Action
<b>6.1</b>	<p><b>Audit Committee Forward Plan</b></p> <p>The Committee <b>NOTED</b> the forward plan.</p>	
<b>6.2</b>	<p><b>NWSSP Welsh Language Annual Report 2019-20</b></p> <p>The Committee <b>NOTED</b> the Welsh Language Annual Report for 2019-20.</p>	
<b>6.3</b>	<p><b>Auditor General Rollout of Data Analytics Project</b></p> <p>The Committee <b>NOTED</b> the letter from the Auditor General relating to the roll-out of the Data Analytics Project. GJ raised concerns on data protection implications. SW provided a brief overview and explained that the project would comply with all measures applicable to General Data Protection Regulations and that access to information would be done so in the appropriate manner. AB stated that all NHS bodies would want to engage with Audit Wales on this requirement, but that it would need to be approved by each individual Health body.</p>	
<b>7. ANY OTHER BUSINESS</b>		
<b>8.1</b>	<p><b>Any Other Business</b></p> <p>NF gave thanks to Mark Osland and Stephen Harries (Vice Chair Velindre UNHST) for their continued support and contribution to the Financial Governance Group.</p>	
<p><b>DATE OF NEXT MEETING:</b>            Tuesday, 20 April from 14:00-16:00            Held remotely via Microsoft Teams and/or            NWSSP Boardroom HQ, Charnwood Court, Nantgarw (as appropriate)</p>		

Actions arising from the meeting held on 20 April 2021			
Item	Responsibility	Description	Status
6.1	PS/CW	<b>Governance Matters</b> <ul style="list-style-type: none"> <li>The Chair recommended that the Governance report be further analysed by contract type to provide greater clarity and transparency.</li> </ul>	<b>Complete</b> – Recommendation was raised with Procurement Services, of which April's report would provide further clarity of contract types for transparency.

## Audit Committee Update - NHS Wales Shared Services Partnership

Date issued: April 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.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting on the economy, efficiency and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any 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 Details of our planned work and associated audit assurance arrangements for 2021 were communicated to the NWSSP Audit Committee in January.
- 3 The majority of this audit work has been completed although some additional audit work will continue during April. This will chiefly relate to our planned work on Internal Audit and Procurement, although some additional unplanned work will also be undertaken to review Internal Audit's work on manual payments processed by the Shared Services Accounts Payable teams.
- 4 It is intended that we will report a summary of our work, together with any matters arising that need to be considered by NWSSP, within our Management Letter in June 2021. This report will also include any issues relating to NWSSP identified by other Welsh health body external auditors.
- 5 There are no significant matters to bring to your attention at this stage of the audit.

## Audit team update

- 6 As a result of an internal promotion Ann-Marie Harkin has with effect from 1 April been replaced as the Engagement Director on the 2020-21 Velindre and NWSSP audit by Clare James. Clare has extensive NHS experience and handover meetings will also occur to ensure a smooth transition of responsibilities.

## Good Practice events and products

- 7 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.
- 8 Past materials are available via the [GPX webpages](#), along with details of future events.
- 9 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

- 10 The Audit Committee may also be interested in the Auditor General’s wider programme of national value for money studies, some of which 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
<p><b>Test, Trace, Protect</b></p> <p>On 18 March, we published our report <u><a href="#">Test, Trace, Protect in Wales: An Overview of Progress to Date</a></u>. The report looked at the establishment and on-going development of the programme.</p> <p>We found that the programme has successfully brought together different parts of the Welsh public sector to quickly build a system of testing and contact tracing mostly from scratch and at a fast pace. Although the programme struggled to cope with earlier peaks of the spread of the virus, it rapidly learnt and evolved to the challenges it faced.</p>	<p><b>March 2021</b></p>
<p><b>Public bodies’ digital resilience – cyber security</b> (Due to the sensitivity of content, this report is not available publicly, but is available to health bodies)</p>	<p><b>January 2021</b></p>
<p><b><u><a href="#">NHS structured assessment – Doing it Differently, Doing it Right?</a></u></b></p>	<p><b>January 2021</b></p>
<p><u><a href="#">Procurement and supply of PPE during the COVID-19 pandemic</a></u></p>	<p>December 2020</p>
<p><u><a href="#">NHS Wales Finances Data Tool - up to Sept 2020</a></u></p>	<p>November 2020</p>

Title	Publication Date
<a href="#"><u>Welsh Community Care Information System</u></a>	October 2020
<a href="#"><u>The National Fraud Initiative in Wales 2018-20</u></a>	October 2020
<a href="#"><u>10 Opportunities for Resetting and Restarting the NHS Planned Care System</u></a>	September 2020
<a href="#"><u>Cracking the Code: Management of Clinical Coding Across Wales</u></a>	September 2020
<a href="#"><u>'Raising Our Game' - Tackling Fraud in Wales</u></a>	July 2020
<a href="#"><u>Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility</u></a>	July 2020
<a href="#"><u>NHS Wales Finances Data Tool - up to March 2020</u></a>	July 2020
<a href="#"><u>Findings from the Auditor General's Sustainable Development Principle Examinations</u></a>	May 2020

11 **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
Personal Protective Equipment	April 2021

Title	Indicative publication date
Welsh Health Specialised Services Committee	May 2021
NHS structured assessment – managing NHS staff well-being	June 2021
Orthopaedic services	June 2021
Unscheduled care – a whole system view	June 2021



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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



# **NHS WALES SHARED SERVICES PARTNERSHIP**

**Audit Committee – 20<sup>th</sup> April 2021**

**Counter Fraud Progress Report for the period  
1<sup>st</sup> January to 31<sup>st</sup> March 2020**

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

# NHS WALES SHARED SERVICES PARTNERSHIP

AUDIT COMMITTEE 20<sup>th</sup> April 2021 PRIVATE SESSION

## 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 1<sup>st</sup> January 2021 to the 31<sup>st</sup> March 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 period and any current operational issues.

Progress of the NWSSP Annual CF Work-Plan of **75days**, has been reported in **Appendix 1** and at 31<sup>st</sup> March 2021, **58 days of** Counter Fraud work has been undertaken. The shortfall of 17 days is due to staff being relocated due to Covid-19.

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

## 2. CURRENT CASE UPDATE

There are 5 cases under investigation which are summarised 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 3 sessions have been delivered to 25 delegates through Microsoft Teams. For the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 8 presentations have been given to 100 delegates. The feedback from the delegates shows that 63% "Strongly agreed" and 37% "Agreed" that their knowledge of counter fraud has improved.

### 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 31<sup>st</sup> 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.

## APPENDIX 1

### COUNTER FRAUD SUMMARY PLAN ANALYSIS 2020/21

AREA OF WORK	NWSSP	Days to Date
<b>General Requirements</b>		
Production of Reports to Audit Committee	3	3
Attendance at Audit Committees	3	3
Planning/Preparation of Annual Report and Work Programme	5	5
<b>Annual Activity</b>		
Creating an Anti Fraud Culture	0	0
Presentations, Briefings, Newsletters etc.	14	8
Other work to ensure that opportunities to deter fraud are utilised	0	1
<b>Prevention</b>		
The reduction of opportunities for Fraud and Corruption to occur	0	0
<b>Detection</b>		
Pro-Active Exercises (e.g. Procurement)	17	10
National Fraud Initiative 2020/21	2	10
<b>Investigation, Sanctions and Redress</b>		
The investigation of any alleged instances of fraud	25	15
Ensure that Sanctions are applied to cases as appropriate	4	3
Seek redress, where fraud has been proven to have taken place	2	0
<b>TOTAL NWSSP</b>	<b>75</b>	<b>58</b>

**APPENDIX 2  
COUNTER FRAUD ASSIGNMENT SCHEDULE 2020/21**

<b>Case Ref</b>	<b>Subject</b>	<b>Status</b>	<b>Open/Closed</b>
SSP20.08	False Claim for Costs	Alleged that subject lives with partner and has failed to declare her actual personal income.	Ongoing enquiries with NHS Student Finance and the Local Authority to try to establish the nature of the subject's claim and also the named occupants where the subject is registered as living.
SSP21.01	False COVID-19 Absence	The allegation is that the subject gave false or misleading information about her annual leave.	Pending internal discipline process
SSP21.03	False representation	Information was passed to the NHS Fraud Reporting Line that a student nurse studying at Swansea University had not declared she was living with her fiancé. By doing so she may have received funding to which she was not eligible.	Enquiries are ongoing with the Student's Award Services and the local authority.
WARO/21/00033	Overpayment of Salary	The allegation is that the subject received payments to which he was not entitled	The subject did contact payroll about the matter. The investigation remains open while a repayment process is agreed
WARO/21/00042	False Representation	Anonymous allegation that a student nurse claimed she was single but a partner was living at the address	Inquiries continuing

<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>AGENDA ITEM</b>	3.2
<b>PREPARED BY</b>	Peter Stephenson, Head of Finance and Business Development
<b>PRESENTED BY</b>	Peter Stephenson, Head of Finance and Business Development
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	Raising The Game Action Plan

## **PURPOSE**

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

## **1. BACKGROUND**

The "Raising the 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. An outcome of the November meeting was that an Action Plan be produced to respond to the recommendations in the report, and this was reviewed at the February meeting, prior to being submitted to DoFs. The Action Plan is a dynamic document which will be constantly updated, and which is provided as an Appendix to this report.

## **2. RECOMMENDATION**

The Audit Committee are asked to:

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

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

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
<b>Leadership and Culture</b>					
<p><b>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.</b></p>					
1	<p>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.</p> <p><i>(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).</i></p>		<ul style="list-style-type: none"> <li>• Good relationships between Counter Fraud Services Wales (CFSW) and Heads of Fraud and Internal Audit at Welsh Govt;</li> <li>• WG Head of NHS Financial Management on Counter Fraud Steering Group CFSG;</li> <li>• WG signed off Fighting Fraud Strategy;</li> <li>• WG liaison with NHS Counter Fraud Authority (NHSCFA) on strategic requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain and enhance relationships between CFSW, Local Counter Fraud Specialists (LCFS), CFSG and Welsh Government (WG).</li> <li>• Update Fighting Fraud Strategy as necessary.</li> </ul>	

	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.		<ul style="list-style-type: none"> <li>NHS Wales has a defined Counter Fraud Service CFSW/LCFS/NHSCFA</li> <li>Strategic oversight and direction via the CFSG</li> <li>Fighting Fraud Strategy</li> <li>Counter Fraud Newsletters</li> <li>Staff Induction Sessions</li> <li>Role of Audit Committees in promoting zero tolerance and approval of workplans;</li> <li>Use of intranet and direct comms e.g. to Primary Care Contractors.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that newsletters are produced in a standard format and distributed to all staff in all NHS organisations.</li> <li>Review training packages for staff.</li> </ul>	
<b>Risk Management and Control Framework</b>					
<b>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.</b>					
3	All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.		<ul style="list-style-type: none"> <li>National Fraud Risk Alerts</li> <li>Use of national intelligence to produce local risk assessments</li> <li>Assurance Maps</li> <li>Access to NHSCFA risk assessments</li> <li>Involvement in NHSCFA exercises e.g. Procurement</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			<ul style="list-style-type: none"> <li>Enhanced liaison with PPE teams, Audit Wales and Internal Audit.</li> <li>Bank of risk assessments for each health body.</li> </ul>		
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.		<ul style="list-style-type: none"> <li>Annual Workplans informed by Risk Assessments</li> <li>Assurance Maps</li> <li>Sharing of emerging risks between key stakeholders;</li> <li>NHS Wales is part of the Wales Fraud Forum</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen links between fraud risk assessments and risk registers.</li> </ul>	
<b>Policies and Training</b>					
<p><b>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.</b></p>					
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.		<ul style="list-style-type: none"> <li>NHS Counter Fraud Manual</li> <li>NHS Wales Fighting Fraud Strategy</li> <li>NHSCFA Central Guidance</li> <li>Codes of Conduct</li> <li>Gifts &amp; Hospitality Register</li> <li>Whistleblowing Policy</li> </ul>		

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			<ul style="list-style-type: none"> <li>Audit Committee approval of workplans and all associated documents</li> </ul>		
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.		<ul style="list-style-type: none"> <li>LCFS Work Programmes include promoting fraud awareness</li> <li>Existing Staff Induction and targeted training</li> <li>Staff Surveys</li> <li>E-Learning Packages</li> <li>Training statistics reported quarterly to CFSG and DoFs</li> <li>Audit Committee Chairs have fraud as a standing agenda item in their meetings;</li> </ul>	<ul style="list-style-type: none"> <li>Review and update current training packages;</li> <li>Consider making training mandatory and/or targeted at specific staff;</li> <li>Review accuracy of reported training figures</li> </ul>	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.
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.		<ul style="list-style-type: none"> <li>NHS Counter Fraud Newsletter</li> <li>NHS Websites</li> <li>Participation in BBC/S4C programmes</li> <li>Strong relationship with local media.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to seek new avenues to ensure that newsletter is more widely circulated.</li> <li>Make greater use of social media to highlight cases.</li> </ul>	

#### 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**

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
<p><b><i>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.</i></b></p>					
8	All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.		<ul style="list-style-type: none"> <li>• LCFS – recent years has seen growth in numbers from 14 to 20 WTE</li> <li>• CFSW – investment in Financial Investigators</li> <li>• NHS CFA - NHS Wales has access to specialist Counter Fraud support services</li> <li>• QA Standards - Counter Fraud Staff\Processes\procedures are Quality Assured against National Standards.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a need to review current provision in some health bodies to ensure it is sufficient</li> </ul>	
9	All public bodies should have access to trained counter-fraud staff that meet professionally recognised standards.		<ul style="list-style-type: none"> <li>• All Health Boards have Accredited LCFS</li> <li>• CFSW consists of Accredited investigators and financial investigators</li> <li>• NHS CFA – services are provided to NHS Wales by staff who work in a specialised organisation who are experts in their field</li> </ul>	<ul style="list-style-type: none"> <li>• Measure performance against revised Cabinet Office Standards - 2021</li> <li>• Consider appointment of DoF as Fraud Champion (as part of Cabinet Office Standards)</li> </ul>	

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			<ul style="list-style-type: none"> <li>QA Standards – Counter Fraud Staff \ Processes \procedures are Quality Assured against National Standards.</li> </ul>		
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.		<ul style="list-style-type: none"> <li>Sharing of staff across Health Boards and Trusts in place (e.g. Swansea provide services to Powys and CTUHB; C&amp;V provide services to Trusts).</li> <li>CFSW provide support to cover vacant posts</li> </ul>	<ul style="list-style-type: none"> <li>Consider how resources can be better pooled across NHS Wales and particularly financial investigator capacity.</li> </ul>	COVID-related sickness is severely affecting the resource provided to and by C&V UHB.
<b>Tools and Data</b>					
<b>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.</b>					
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.		<ul style="list-style-type: none"> <li>Case Management System – new CLUE system will calculate savings and losses rather than just recoveries.</li> <li>Full range of possible sanctions employed.</li> <li>Action taken immediately to prevent fraud from occurring/increasing.</li> <li>Cases triaged to decide whether conducted by LCFS, CFSW, or NHSCFA.</li> </ul>		

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
			<ul style="list-style-type: none"> <li>Action is taken to communicate widely the result of successful enforcement to promote the message that fraud is not tolerated.</li> </ul>		
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.		<ul style="list-style-type: none"> <li>Access to NFI Database</li> <li>Audit Wales presentation to CFSG on Data Analytics.</li> <li>NWSSP employed Data Analyst in 2020.</li> <li>PPV investigation of Outliers.</li> <li>Proactive investigations undertaken using data analytics e.g. Pharmacy, Optical Claims.</li> <li>Cyber Security dummy exercises undertaken based on identified fraud risks.</li> </ul>	<ul style="list-style-type: none"> <li>Undertake strategic review of NFI to identify key themes and opportunities to strengthen controls.</li> <li>Work with Employment and Recruitment Agencies to enable their data to be shared on NFI.</li> <li>CFSW liaising with Audit Wales on taking their data analytics forward.</li> </ul>	Initiative currently stalled due to IG concerns.
<b>Collaboration</b>					
<p><b>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.</b></p>					
13	Public bodies should work together, under the Digital Economy Act and using developments in data analytics,		<ul style="list-style-type: none"> <li>SLA with NHS CFA to provide specialist CF support services and representation on CFSG</li> </ul>	<ul style="list-style-type: none"> <li>As above, strategic review of NFI would help to take this issue forward.</li> </ul>	

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
	to share data and information to help find and fight fraud.		<ul style="list-style-type: none"> <li>Information Sharing Protocols – PPV/IA/CFSW/LCFS</li> <li>CFSW share knowledge with, and attend meetings of, the Economic Crime Unit run by South Wales Police.</li> <li>MoU with HMRC</li> <li>Intelligence Sharing arrangements with WG, DWP, Immigration and Borders.</li> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Establish Information Sharing Protocols with Local Authorities.</li> </ul>	
<b>Reporting and Scrutiny</b>					
<p><b>Key Findings – <i>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.</i></b></p>					
14	Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to		<ul style="list-style-type: none"> <li>Quarterly reporting to CFSG and NHS Directors of Finance</li> <li>NHS CFA quarterly and Annual reports to Welsh</li> </ul>	<ul style="list-style-type: none"> <li>Establish more opportunities for information sharing with rest of UK</li> </ul>	

	Recommendation	Current Status	Current Initiatives	Further Action/Developments	Progress
	establish a more accurate national picture, strengthen controls, enhance monitoring, and support targeted action.		<p>Government, CFSG and Directors of Finance</p> <ul style="list-style-type: none"> <li>• Links with NHS BSA (esp. PPV)</li> <li>• CFSW attend NHSE Counter Fraud Management Group</li> <li>• CFSW presents to WG HSS Audit and Risk Committee</li> <li>• CFSW attend Health Inspectorate Wales Summits</li> <li>• Membership of Wales Fraud Forum</li> <li>• Presentations to CFSG from CIFAS</li> </ul>	<ul style="list-style-type: none"> <li>• As increased WG partnership funding is being channelled through NHS to Local Authorities and the 3<sup>rd</sup> Sector – there is a need to ensure procedures exists to protect against fraud.</li> <li>• 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</li> </ul>	
15	Audit Committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.		<ul style="list-style-type: none"> <li>• Regular reporting to, and attendance at, Audit Committees.</li> <li>• Approval of workplans and increased resource by Audit Committees.</li> <li>• Good engagement with Audit Committee Chairs' meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee Chairs to consider adoption of the Government Counter Fraud Functional Standards.</li> </ul>	

### 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.*

## **NHS Wales Shared Services Partnership**

### **Audit Committee**

**20 April 2021**

### **Internal Audit Progress Report**

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## 1. INTRODUCTION

The purpose of this report is to provide an overview of activity since the previous meeting in January 2021.

## 2. 2020/21 INTERNAL AUDIT PLAN

Number of audits in plan	18
Of which:	
Number of audits reported as final	9
Number of audits fieldwork complete	5
Number of audits in progress	4

Progress in respect of each of the reviews in the 2020/21 Internal Audit Plan is summarised at Appendix A.

We have agreed with management to replace the IT control and risk assessment review due to internal review activity and operational pressures on the service. In its place we are undertaking a review of Brexit Preparations.

## 3. OTHER INTERNAL AUDIT ACTIVITY

We reported in January that we also undertook two additional short reviews at the request of management in respect of manual payments and the home electronics salary sacrifice scheme.

We have undertaken a further, more detailed, review of manual payments in order to assess whether there have been more errors in the accuracy of processing of manual payments. Our testing of transactions with a total value of nearly £850m did not identify any further errors.

We have also supported the Director of Finance in investigating instances of potential bank mandate fraud and providing advice for improvements to controls to mitigate emerging threats.

## 4. 2021/22 INTERNAL AUDIT PLAN

We have undertaken our annual planning process and the proposed Internal Audit Plan for 2021/22 has been agreed by the Senior Management Team and is submitted to the Audit Committee for approval.

## **5. ENGAGEMENT**

The following meetings have been held/attended during the reporting period:

- Planning discussions for the 2021/22 Internal Audit Plan;
- Adapt and Future Change Group;
- project board meetings;
- audit scoping and debrief meetings; and
- liaison meetings with senior management.

## **6. RECOMMENDATION**

The Audit Committee is invited to note the above.

## 2020/21 Internal Audit Plan

Assignment	Draft to Mgt Response (Days)	Status	Rating	Summary of Recommendations				Notes
				High	Medium	Low	N/A	
<b>AUDITS FOR BOTH NWSSP AND INDIVIDUAL HEALTH BOARDS / TRUSTS</b>								
<b>PRIMARY CARE SERVICES</b>								
General Medical Services (GMS)		Fieldwork Complete						Scheduled for June Audit Committee
General Dental Services (GDS)		Fieldwork Complete						Scheduled for June Audit Committee
General Ophthalmic Services (GOS)		Fieldwork Complete						Scheduled for June Audit Committee
General Pharmaceutical Services (including Prescribing)		Fieldwork Complete						Scheduled for June Audit Committee
General Medical Services Contractor Systems - FPPS		Work in Progress						Project management included in GOS report below. Testing to be undertaken when project is sufficiently advanced
General Medical Services Payments System		Final	N/A					Reported to April 2021 Audit Committee

Assignment	Draft to Mgt Response (Days)	Status	Rating	Summary of Recommendations				Notes
				High	Medium	Low	N/A	
GOS Contractor Payments System		Final	N/A					Reported to April 2021 Audit Committee
<b>EMPLOYMENT SERVICES</b>								
Payroll Services	3	Final	Reasonable	1	6	1	-	Reported to April 2021 Audit Committee
<b>PROCUREMENT SERVICES</b>								
Accounts Payable		Fieldwork Complete						Scheduled for June Audit Committee
<b>OTHER NATIONAL AUDITS</b>								
Welsh Risk Pool		Work in progress						Scheduled for June Audit Committee
Credit Card Expenditure	1	Final	Substantial	-	1	1		Reported to October 2020 Audit Committee
<b>AUDITS FOR NWSSP</b>								
Employment Services Directorate Review		Work in progress						Scheduled for June Audit Committee
IM&T Control and Risk Assessment		Replaced						Replaced with Brexit Preparations review
Student Awards	3	Final	Reasonable	2	4	-	-	Reported to April 2021 Audit Committee

Assignment	Draft to Mgt Response (Days)	Status	Rating	Summary of Recommendations				Notes
				High	Medium	Low	N/A	
Covid-19 Premises Safety	1	Final	Reasonable	-	4	2	-	Reported to April 2021 Audit Committee
Brexit Preparations		Work in Progress						Replacement for IT Control and Risk Assessment
<b>ADVISORY REVIEWS AND RISK AREAS TO BE MONITORED</b>								
Declarations of Interest	4	Final	N/A	-	4	-	-	Reported to October 2020 Audit Committee
Covid-19 Financial Governance	-	Final	N/A	-	-	-	-	Reported to October 2020 Audit Committee
COVID-19 Response	8	Final	N/A	-	2	3	-	Reported to January 2021 Audit Committee
<b>PROJECT MANAGEMENT GROUPS</b>								
WfIS Programme Board: H2R	Ongoing		To sit on Project Board to provide advice on internal controls					
IT Steering Group	Ongoing		To sit on Project Board to provide advice on internal controls					
Information Governance Steering Group	Ongoing		To sit on Project Board to provide advice on internal controls					
Finance Academy P2P Group	Ongoing		To sit on Project Board to provide advice on internal controls					

Assignment	Draft to Mgt Response (Days)	Status	Rating	Summary of Recommendations				Notes
				High	Medium	Low	N/A	
<b>AUDIT MANAGEMENT &amp; REPORTING</b>								
Audit Management & Reporting	Ongoing							

*For Reference: The assurance ratings are defined as follows:*

<b>Assurance rating</b>	<b>Assessment rationale</b>	<b>Guide to Rating</b>
	<p>The Board can take <b>substantial assurance</b> 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 <b>low impact on residual risk</b> exposure.</p>	<p>Few matters arising and are compliance or advisory in nature. No issues about design of policies or procedures or controls.                      Any identified compliance (O) issues are restricted to a single control objective or risk area rather than more widespread.                      No high priority audit findings. Few Low or Medium priority findings.                      Even when taken together any issues have low impact on residual risk exposure even if remaining unresolved.</p>
	<p>The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved.</p>	<p>Some matters require management attention in either control design or operational compliance.                      Any control design (D) limitations are isolated to a single control objective or risk area rather than more widespread. However compliance issues (O) may present in more than one area.                      Typically High priority findings are rare; but/or some Low or Medium priority findings.                      Even when taken together these will have low to moderate impact on residual risk exposure until resolved.</p>
	<p>The Board can take <b>limited assurance</b> 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 <b>moderate impact on residual risk</b> exposure until resolved.</p>	<p>More significant audit matters require management attention either in materiality or number.                      Control design limitations (D) may impact more than one control objective or risk area. Compliance issues (O) may be more widespread indicating non-compliance irrespective of control design.                      Typically some high priority audit findings have been identified and these are not isolated; and/or several Medium or Low audit findings.                      Either individually or when taken together these are significant audit matters with moderate impact on residual risk exposure until resolved.</p>

Assurance rating	Assessment rationale	Guide to Rating
	<p>The Board has <b>no assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with <b>high impact on residual risk</b> exposure until resolved.</p>	<p>Significant audit matters require management attention both in terms of materiality and number.</p> <p>Control design limitations (D) impact the majority of control objectives or risk areas. Alternatively compliance issues (O) are widespread indicating wholesale non-compliance irrespective of control design.</p> <p>Several high priority audit findings have been identified in a number of areas; and/or several Medium audit findings.</p> <p>Either individually or when taken together these are significant audit matters with moderate impact on residual risk exposure until resolved.</p>

*For Reference: The priority of the findings and recommendations are as follows:*

<p><b>High</b>                      Poor key control design OR widespread non-compliance with key control</p> <p>PLUS</p> <p>Significant risk to achievement of a system objective OR evidence present of material loss, error or mis-statement</p> <p>Timescale for action- Immediate</p>	<p><b>Medium</b>                      Minor weakness in control design OR limited non-compliance with control</p> <p>PLUS</p> <p>Some risk to achievement of a system objective</p> <p>Timescale for action- Within one month</p>	<p><b>Low</b>                      Potential to enhance design of adequate systems further</p> <p>OR</p> <p>Isolated instances of non-compliance with control with negligible consequences</p> <p>Timescale for action- Within three months</p>
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## **Covid-19 Premises Safety**

### **FINAL INTERNAL AUDIT REPORT 2020/21**

**NHS Wales Shared Services Partnership**

**NHS Wales Shared Services Partnership  
Audit and Assurance Services**



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**Auditor/s:** NWSSP: Audit & Assurance – Specialist Services Unit

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**Committee** Audit Committee



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

**ACKNOWLEDGEMENT**

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**Please note:**

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

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## 1. Introduction and Background

The NHS in Wales continues to face unprecedented demands including the protection of its workforce from Covid-19. At the time of fieldwork, Wales had entered a national lockdown to address a surge in Covid-19 cases.

On 7<sup>th</sup> April 2020, The Health Protection (Coronavirus Restrictions) (Wales) Regulations 2020 became law in Wales. These regulations included the legal requirement for reasonable measures to be taken to ensure that a distance of 2 metres is maintained between persons within workplace premises.

This audit sought to provide management assurance in relation to Covid-19 safety at NWSSP premises across the period from April 2020.

Audit sampling included a range of sites, major offices, stores and a third party premise occupied by NWSSP staff (fuller details at **Appendix B**).

Additionally, a range of departmental leads were interviewed to examine implementation of Covid-19 premises safety for sites within their directorate, and interaction between site and departmental leads.

## 2. Scope and Objectives

The audit was commissioned in accordance with the agreed NWSSP audit plan for 2020/21.

The review was undertaken to determine the adequacy of, and operational compliance with, the systems and procedures of NWSSP, to accord with Welsh Government law and guidance.

An objective of the audit was to deliver assurance to the Audit Committee that risks material to the objectives of the areas of coverage were appropriately managed.

Accordingly, as relating to Covid-19 Premises Safety, the scope and remit of the audit included:

- **Site Management Assurance:** that adequate controls have been implemented for site safety of staff and visitors for example:
  - **Governance** - assurance that appropriate leadership / direction, resource allocation, central support, communication channels and liaison were in place;
  - **Procedures** – assurance of development of site operating procedures, including defined responsibilities, travel and visiting arrangements, records and signage;
  - **Compliance** – with the latest Welsh Government/Public Health Wales workplace guidance, including:

- workplace risk assessment;
  - cleaning, handwashing and hygiene procedures;
  - working from home - where reasonably practicable;
  - 2 meter distancing;
  - implementation of a test, trace, and protect system.
- **Delegated arrangements** – assurance that departmental delegations have been effectively operated, including liaison between divisional / departmental and site managers, and notification arrangements;
  - **Monitoring & Reporting** – assurance that there was monitoring of non-compliance, any HSE enforcement notices, incidents e.g. as recorded at Datix, or other issues arising including associated action; and
  - **Other** – assurance relating to any other relevant issues as arising during the audit.

Note - while Shared Services have taken on the role as lead employer for GP trainees, and other parties, those such as G.P. trainees are engaged at Health Board premises by Service Level Agreement, and are not therefore within the scope of this audit.

### 3. Associated Risks

The potential risks considered in the review were as follows:

- That premises are not Covid-19 secure.

## OPINION AND KEY FINDINGS

### 4. 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 audit.

The audit found:

- compliance with the Welsh Government 5 point pledge (required in respect of premises safety) (**Appendix C**);
- a dedicated Covid-19 Building Management Group liaising with site leads, and integrated into the reporting and governance structures for the communication and escalation of issues (**Appendix D**).
- regular risk assessments;

- detailed and regularly reviewed site procedures;
- extensive and regular publication and communication of Covid-19 premises safety guidance; and
- regular compliance checks via:
  - a detailed self-declaration checklist for each site; and
  - headcount returns.

Accordingly, the audit was able to determine positive assurance in key areas such as governance arrangements, procedures reflecting Welsh Government requirements and monitoring and reporting. However, there was a need to enhance some compliance assurances.

While the audit has made six recommendations, a positive assurance was determined in in all categories under examination. Overall, a **reasonable assurance** was therefore determined in respect of Covid-19 management arrangements at NWSSP premises.

RATING	INDICATOR	DEFINITION
<b>Reasonable Assurance</b>		The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved.

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

## 5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Governance				✓
2	Procedures			✓	
3	Compliance			✓	
4	Delegated arrangements				✓
5	Monitoring and Reporting				✓

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

### Design of Systems/Controls

The findings from the audit have highlighted **five** issues that are classified as weaknesses in the system control/design.

### Operation of System/Controls

The findings from the audit have highlighted **one** issue that is classified as weaknesses in the operation of the designed system/control.

## 6. Summary of Audit Findings

The key findings are reported within the Management Action Plan at **Appendix A**.

### Governance



**To obtain assurance that appropriate leadership / direction, resource allocation, central support, communication channels and liaison are in place.**

Working groups were set up in response to the Covid-19 emergency. These were dedicated to the consideration of specific aspects of the emerging situation, and associated legislation e.g. the need to ensure premises safety. The Head of Health & Safety, site leads, and departmental managers have all retained existing responsibilities, with clear and existing accountabilities. Covid-19 procedures, and communications, have been managed (notably by the Head of Health and Safety), within existing resource.

A Building Management Group was established as a dedicated forum for monitoring Covid-19 premises safety. This reports monthly to the Adapt and Future Change Group, which receives a summary of key issues. Both are attended by the Head of Finance and Business Development.

The Building Management Group meets fortnightly, chaired by the Corporate Services Manager and includes:

- a deputising business support officer;
- NWSSP site leads;
- workforce adviser;
- corporate services ;
- finance;
- procurement; and
- union representation.

This group has now been functioning for a year, and looks set to continue. Expectations may evolve over time. There is therefore scope for management to consider formal terms of reference (**Recommendation 1**).

Committees specifically related to the Health and Safety governance structure operating within NWSSP are detailed at **Appendix D**. Covid-19 related issues included within the Corporate Risk Register, are also considered at other key groups within the committee structure.

The Head of Health and Safety has also been the lead officer for Covid-19 safety more generally. Together with the site leads, and departmental managers (for particular staff and areas), there was clear accountability.

The structure has drawn on existing specialisms, to provide lead linkages with relevant departments. These structures have therefore avoided duplication, and strengthened management arrangements. The Building Management Group has therefore been able to provide effective business linkage and support for site leads.

Dedicated web pages have also been set up with highly visible links at the NWSSP web site. These have included linkage to procedures, forms and posters, thus providing a central reference point for premises safety support.

The governance structure therefore operated effectively and enabled the organisation to implement controls in an agile way.

Noting the prompt response, and effective operation of governance structures, **substantial assurance** is currently determined.

## Procedures



*To obtain assurance of development of site operating procedures, including defined responsibilities, travel and visiting arrangements, records and signage.*

Tailored Covid-19 procedures are a key element of Welsh Government: Keep Wales Safe - At Work Guidance (July 2020).

The Health and Safety Manager has published comprehensive and regularly updated Covid-19 procedures, reflective of Welsh Government legislation and guidance. However, there was a need to ensure that these were tailored to address the individual risk assessments for each site (**Recommendation 2**).

There was also a variation in the level of assurance obtained relating to enhanced cleaning regimes operating across the tested premises (**Recommendation 3**).

Core to Covid-19 premises safety assurance has been a five point pledge relating to compliance at Welsh workplaces (i.e. for each site to state compliance). While there have been minor revisions to the pledges during the Covid-19 emergency period, NWSSP have remained compliant with these themes (see **Appendix C**).

Procedures were widely publicised, both by email and dedicated web pages, together with direct liaison at the Building Management Group. Building specific guidance has also been published.

While recognising the above, noting a procedural framework reflective of Welsh Government requirements, a **reasonable assurance** has been determined.

## Compliance



*To obtain assurance of appropriate compliance with the latest Welsh Government/Public Health Wales workplace guidance, including workplace risk assessment; cleaning, handwashing and hygiene procedures; working from home where reasonably practicable; two-meter distancing; and implementation of a test, trace, and protect system.*

A Social Distancing Checklist was returned from respective site leads providing assurance of procedural compliance.

The Checklist return requires site leads to declare the instruction of enhanced cleaning regimes within NWSSP premises. However, additional scrutiny assurance on the implementation of the enhanced regimes should be provided by local managers (**Recommendation 4**).

In seeking to review compliance (e.g. via pictorial and remote means), the audit was not able to obtain full assurances, including recording, retention and disposal of track and trace information. Similarly, there were issues identified relating to natural ventilation and isolated exceptions relating to

social distancing (see **finding 5** for further details). Accordingly, it is recommended that management supplement remote assurance by similar means (**Recommendation 5**).

While recognising the above, noting up to date risk assessments (**Appendix B**), and operation of a monitoring checklist, a **reasonable assurance**, is presently determined in relation to compliance.

## Delegated arrangements



*To obtain assurance that departmental delegations have been effectively operated, including liaison between divisional / departmental and site managers, notification arrangements as applicable.*

Service leads were interviewed as part of the audit to determine any communication or compliance issues from their perspective. In some cases, this was a delegated manager responsible for direct liaison on Covid-19 matters for the division. Issues covered, included:

- effective liaison with site leads;
- employment interview processes;
- availability of cleaning materials; and
- clarity on matters such as cleaning instructions and outbreak notification.

No issues were identified, with departmental leads expressing their gratitude for the clarity and level of communication, and arrangements put in place.

Accordingly, a **substantial assurance** has been determined in relation to delegated arrangements.

## Monitoring and Reporting



*To obtain assurance that there is monitoring of non-compliance, any HSE enforcement notices, incidents e.g. as recorded at Datix, or other issues arising including associated action.*

Covid-19 risks were seen to be appropriately reported and escalated via relevant committees (**Appendix D**).

Up to date risk assessments (considering Covid-19 specific risks) were provided for all tested premises (in accordance with Health and Safety law – “*Management of Health and Safety at Work Regulations 1999*”) (see **Appendix B** for further details).

Datix (incident) reporting was evidenced to be formally embedded into the Health & Safety governance structure (see **Appendix D**). No Covid-19 Datix, RIDDOR, or Corsel (Welsh Government reportable), incidents have occurred during the period of review.

Site attendances were appropriately monitored across the NWSSP premises examined, and the Business Systems and Informatics section were actively implementing IT solutions to maximise home working. These actions have served to minimise numbers at sites greatly enhancing staff safety during the Covid-19 emergency period.

A Social Distancing Checklist was utilised to inform compliance monitoring (as above) i.e. a self-declaration of compliance by site leads.

However, the assessment and monitoring of ventilation (as required by the Health & Safety Executive - HSE) was not part of the risk assessment or checklist documents. Management advised that no re-circulatory air conditioning systems operate at NWSSP premises. However, the audit has recommended that overall ventilation assurances are included within checklist returns (**Recommendation 6**).

Noting assessment of this latter issue as "low" risk (**finding 6**), a **substantial assurance** has been determined in respect of monitoring and reporting.

## 7. Summary of Recommendations

The audit findings, 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
<b>Number of recommendations</b>	-	4	2	<b>6</b>

Finding 1: Governance	Risk
<p>While outputs of the Building Management Group were published, it does not benefit from defined terms of reference against which to consider functionality.</p> <p>The various Covid-19 support groups have now been in operation for a year, and look set to continue for some time (potentially some years into the future). During this time various other groups have been formulated and disbanded (including those to which the Building Management Group has reported such as the Planning &amp; Response Group – the equivalent of “Gold” Covid-19 response group at UHB’s).</p> <p>The future expectations and operation of the group may therefore evolve over time. Management should therefore consider creating formal terms of reference (facilitating accountability and review).</p>	<p>Governance structures do not facilitate scrutiny and accountability.</p>
<p><b>Recommendation 1</b></p>	
<p>Management should put terms of reference in place for the Building Management Group. <b>(D)</b></p>	<p><b>Low</b></p>
<p><b>Management Response 1</b></p>	
<p>Agreed – Actioned since audit fieldwork.</p> <p>Terms of Reference have now been documented as recommended and were approved at the Building Managers’ Group on 31 March 2021.</p>	<p>N/A</p>

<b>Finding 2: Procedures</b>	<b>Risk</b>
<p>Tailored Covid-19 procedures are a core part of Welsh Government workplace guidance (i.e. "Keep Wales Safe – at work" July 2020).</p> <p>The Health &amp; Safety Manager has published comprehensive and regularly updated Covid-19 procedures, reflective of Welsh Government legislation and guidance<sup>1 2</sup> ("Safe Systems of Work on Covid-19 and social distancing for managers and staff, January 2021" – "SSOW" - the "Procedures").</p> <p>Both Health &amp; Safety requirements, and Welsh Government guidance require site specific risk mitigations to be reflective of local risk assessments. Accordingly, the SSOW were distributed for local adaptation and application e.g.</p> <ul style="list-style-type: none"> <li>• instructions relating to storage, parking, cycling and changing facilities (in accordance with the guidance to provide additional accommodation / adaptation of such matters where possible);</li> <li>• contactless delivery, signing-in, entry or egress arrangements; and</li> <li>• fire door arrangements (notably electronic release for open doors).</li> </ul> <p>Variations in such matters were evident during the audit. Other variations included the location of track and trace signs and QR codes. There was need therefore to ensure appropriate local adaptation of Covid-19 procedures.</p>	<p>Procedures are not tailored to site based scenarios.</p>
<b>Recommendation 2</b>	
<p>Local management should amend / add to the NWSSP Covid-19 Safe Systems of Work (SSOW) procedures where applicable changes or additions are required in relation to their particular site. <b>(D)</b></p>	<b>Medium</b>

**Management Response 2**

Agreed. Site leads will be reminded of their responsibilities for ensuring that anything site specific not contained in the SSOW should be added and reviewed as applicable.

Director of Finance and Corporate Services / Head of Health & Safety to require of site managers

30 April 2021

Findings 3 & 4: Cleaning	Risk										
<p>An enhanced cleaning regime is a core part of Welsh Government guidance to ensure premises safety.</p> <p>While assurances were provided relating to an enhanced cleaning regime within offices as follows:</p> <table border="1" data-bbox="219 612 1196 1002"> <thead> <tr> <th>Premises</th> <th>Enhanced cleaning regime documented</th> </tr> </thead> <tbody> <tr> <td>Companies House</td> <td>Fully revised procedures</td> </tr> <tr> <td>Alder House</td> <td>Listed high contact touch points</td> </tr> <tr> <td>Matrix House</td> <td>Limited additional items referenced. Evidence provided of operation.</td> </tr> <tr> <td>Woodlands House</td> <td>Confirmed that there was additional cleaning to high contract areas.</td> </tr> </tbody> </table> <p>Presently the Covid-19 Health &amp; Safety checklist return, requires site leads to declare the instruction of an enhanced cleaning regime, but not checks as to its operation e.g. as an example of a site operating enhanced procedures, the contract at Companies House now states:</p> <p style="text-align: center;"><i>“Once agreed, inspections / audit regime should be agreed and put in place to maintain standards”</i></p> <p>For comparison, fully documented Covid-19 cleaning protocols were in place for Companies House, referencing:</p>	Premises	Enhanced cleaning regime documented	Companies House	Fully revised procedures	Alder House	Listed high contact touch points	Matrix House	Limited additional items referenced. Evidence provided of operation.	Woodlands House	Confirmed that there was additional cleaning to high contract areas.	<p>An enhanced cleaning regime is not operated.</p>
Premises	Enhanced cleaning regime documented										
Companies House	Fully revised procedures										
Alder House	Listed high contact touch points										
Matrix House	Limited additional items referenced. Evidence provided of operation.										
Woodlands House	Confirmed that there was additional cleaning to high contract areas.										

<ul style="list-style-type: none"> <li>• both external requirements, and internal training;</li> <li>• listing &amp; diagrammatic representation of touch points by building area;</li> <li>• cleaning frequencies;</li> <li>• daily sanitising records; and</li> <li>• internal refuse collection procedures (e.g. 72 hour delay to collect waste in the event of employees who had developed Covid-19 symptoms).</li> </ul> <p>As part of Covid-19 premises safety, there would appear scope to benchmark enhanced cleaning regimes against operation at other sites. Local managers could also provide additional scrutiny assurance on the implementation of the enhanced regimes.</p>	
<b>Recommendations 3 &amp; 4</b>	
<p><b>3.</b> Local management should review and benchmark the enhanced Covid-19 cleaning &amp; internal refuse collection procedures across NWSSP leased premises. <b>(D)</b></p>	<b>Medium</b>
<p><b>4.</b> Local management should ensure that periodic checks / observations are undertaken, to ensure the operation of enhanced Covid-19 cleaning &amp; internal refuse collection procedures. <b>(O)</b></p>	<b>Medium</b>
<b>Management Responses 3 &amp; 4</b>	
<p><b>3.</b>For NWSSP leased sites only, we will review and benchmark the enhanced Covid-19 cleaning &amp; internal refuse collection procedures.</p>	<p>Director of Finance and Corporate Services / Head of Health &amp; Safety to require of site managers</p> <p style="text-align: center;">June 2021</p>

4. For NWSSP leased sites only, site leads will be instructed to undertake periodic checks / observations, to ensure the operation of enhanced Covid-19 cleaning & internal refuse collection procedures. This action will be added to the Covid-19 H&S audit checklist.

Director of Finance and Corporate Services / Head of Health & Safety to require of site managers

June 2021

<b>Finding 5: Audit</b>	<b>Risk</b>
<p>As noted, arrangements were in place for the periodic management review of cleaning performance at Companies House by the site lead (the Business Support Manager – additional to wider estates compliance).</p> <p>Audit checks across NWSSP premises found there was also at least one instance (but potentially more), where it was possible to site an individual further away from an office thoroughfare.</p> <p>At Companies House, audit review observed:</p> <ul style="list-style-type: none"> <li>• two employees working directly opposite each other at their workstations with no barriers between them (other than the low desk dividers used in our office). The individuals were not wearing masks.</li> <li>• whilst there were minimal staff numbers in the building, where there were, there were no windows open on any of the NWSSP floors (3rd or 4th - albeit in the winter period). This included one small section where three individuals were working.</li> </ul> <p>Self-declarations of compliance were made by site leads via the Social Distancing Checklists (initially monthly, and subsequently at three monthly intervals). These were not further verified by inspection at the time of audit. Virtual tours undertaken by the audit was not able to verify compliance in full (as documented within this audit).</p> <p>The Checklist also requires the declaration that visitor (and contractor) contact information is recorded and retained for only 21 days (in accordance with the</p>	<p>Self-declarations are not accurate.</p>

<p>legal requirements for “<i>Track and Trace</i>”). This was not evident across the sample:</p> <ul style="list-style-type: none"> <li>• at Companies House, only lead internal contact information was recorded, or company name and phone number in the case of contractors. While all information was retained beyond 21 days, this therefore did not include personal information and was therefore compliant with the requirement not to retain personal information beyond this period. However, this may have been insufficient to identify visiting contractors.</li> <li>• At Matrix House, both names and mobile phone numbers of third-party visitors were recorded (together with contractor handbook forms recording of company phone numbers). Information was retained beyond 21 days.</li> <li>• Other tested sites – no information / assurance was provided.</li> </ul> <p>Self-declarations could therefore be periodically, or cyclically confirmed by site / departmental management, as applicable</p>	
<p><b>Recommendation 5</b></p>	
<p>Covid-19 procedural compliance should be periodically / cyclically reviewed by local managers at a site level to inform central monitoring of NWSSP Covid-19 secure premises. (D)</p>	<p><b>Medium</b></p>
<p><b>Management Response 5</b></p>	
<p>Agreed. Self-declarations were being required monthly, but with relatively static risks and mitigations, these have been moved to three monthly. This risk is substantially mitigated by the presence of site leads, departmental leads who are</p>	<p>Director of Finance and Corporate Services / Head of Health &amp; Safety</p> <p>November 2021</p>

in a position to actively feedback any issues. In 2021, physical and/or virtual site-based health and safety checks (HSG65 compliance) will be re-instated.	
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<b>Finding 6: Air conditioning</b>	<b>Risk</b>
<p>Welsh Government Guidance (Keep Wales Safe – at work in offices and contact centres COVID-19: Workplace guidance for employers, employees and the self-employed - 7 July 2020) includes requirements relating to air conditioning within offices. This states:</p> <p><i>"you need to service or adjust ventilation systems, for example, so that they do not automatically reduce ventilation levels due to lower than normal occupancy levels. "</i></p> <p>In explaining the risks, it stated:</p> <p><i>"Adequate ventilation reduces how much virus is in the air. It helps reduce the risk from aerosol transmission, when someone breathes in small particles (aerosols) in the air after a person with the virus has been in the same enclosed area".</i></p> <p>The HSE has also published requirements relating to air conditioning systems (<i>Ventilation and air conditioning during the coronavirus (COVID-19) pandemic</i> Ventilation and air conditioning during the coronavirus (COVID-19) pandemic - HSE news. This further states:</p> <p><i>"To help reduce the risk" (of Covid circulation):</i></p> <ul style="list-style-type: none"> <li>• <i>"continue using most types of mechanical ventilation as normal and set them to maximise fresh air and minimise recirculation</i></li> <li>• <i>consider extending the operating times of heating and ventilation air conditioning systems to before and after people use work areas</i></li> </ul>	<p>Inadequate ventilation.</p>

- *make sure mechanical systems are maintained in line with manufacturers' instructions*

*Recirculating air:*

- *Mechanical systems supplying individual rooms where recirculation modes allow higher rates of supply of fresh air to be provided to an area, should be allowed to operate.*
- *If you use a centralised ventilation system that circulates air to different rooms, it is recommended that you turn off recirculation and use a fresh air supply.*
- *Recirculation units for heating and cooling that do not draw in a supply of fresh air can remain in operation provided there is a supply of outdoor air, for example windows and doors left open.*
- *Recirculation units (including air conditioning) can mask poor ventilation as they just make an area more comfortable."*

Revised risk assessments and monitoring in relation to the above was not identified (i.e. it was not included as a question within the self-certification returns).

Management advised that re-circulatory systems do not operate within NWSSP leased premises. It is recognised that appropriate ventilation will include natural ventilation. Assurances relating to appropriate ventilation could form part of risk assessment and checklist returns from premises where NWSSP staff are sited but they are leased by other parties.

Inspection dates for air conditioning at NWSSP leased premises were centrally monitored. Specialist Estates Services (NWSSP:SES) who monitor NHS estate

<p>across Wales, were also members of the Building Management Group. Accordingly, associated risk has been assessed in this context.</p>	
<p><b>Recommendation 6</b></p>	
<p>The Covid-19 safety checklist will require appropriate assurances of local managers in relation to adequate ventilation. (D)</p>	<p><b>Low</b></p>
<p><b>Management Response 6</b></p>	
<p>Agreed. Air conditioning maintenance is already monitored by the Health &amp; Safety Manager for NWSSP leased premises, but a question on ventilation will be added to the checklist for assurances provided in relation to all premises.</p>	<p>Director of Finance and Corporate Services / Head of Health &amp; Safety to require of site leads</p> <p style="text-align: center;">June 2021</p>

## Appendix B – Additional Background

### Audit sample

In agreement with management, the audit sampled a number of NWSSP sites from:

Building	Services	Location
West Point	Stores / Health Courier services	Penarth Road, Cardiff
SMTL	Surgical Materials Testing Laboratory	Princess of Wales Hospital, Bridgend
Picketston, Building 8	Stores	St Athan
Companies House	Multiple administrative	Cardiff
Charnwood House	Head Office & multiple administrative	Nantgarw
Matrix House	Multiple administrative	Swansea
Alder House	Multiple administrative	St Asaph
Denbigh Stores	Stores	Denbigh
Brecon House, Cwmbran, Mamhilad House	Multiple administrative	Mamhilad
IP 5	Stores	Newport

Additional to more general enquiry (e.g. overall governance), a sample of three office premises, and two stores was selected from the above, plus a non-NWSSP premise housing Shared Services staff (Woodlands House, owned by Cardiff & Vale UHB), specifically the sites of:

- Picketston stores;
- IP5 Stores;
- Matrix House;
- Alder House;
- Companies House; and
- Woodlands House.

### **Risk Assessment coverage**

Risk Assessments reflected coverage of the UHB Covid-19 procedures e.g. occupancy, social distancing, directional flows, workplace & workstation arrangements, meetings, common areas, hygiene, communication, deliveries, face coverings and track & trace.

## Appendix C - Welsh Government Pledges

The most recent edition of NWSSP Covid-19 procedures (v2.2), included reference to the "Keeping Safe at Work Pledge" i.e. :

### Five steps to safer working together



We have carried out a COVID-19 risk assessments for each site and shared the results with staff



We have put in extra cleaning, handwashing and hygiene procedures in place



We have invested in technology to help people work remotely



We have taken all reasonable steps to maintain a 2-metre distance in the workplace



We will actively implement the Test, Trace, Protect programme in the workplace.

Welsh Government modified these points in December 2020. The third now stating to "*help staff work from home wherever possible*", and the second stating a requirement to:

#### Implement other measures to reduce the risk of exposure

Take all reasonable measures to minimise exposure to COVID-19, for example by:

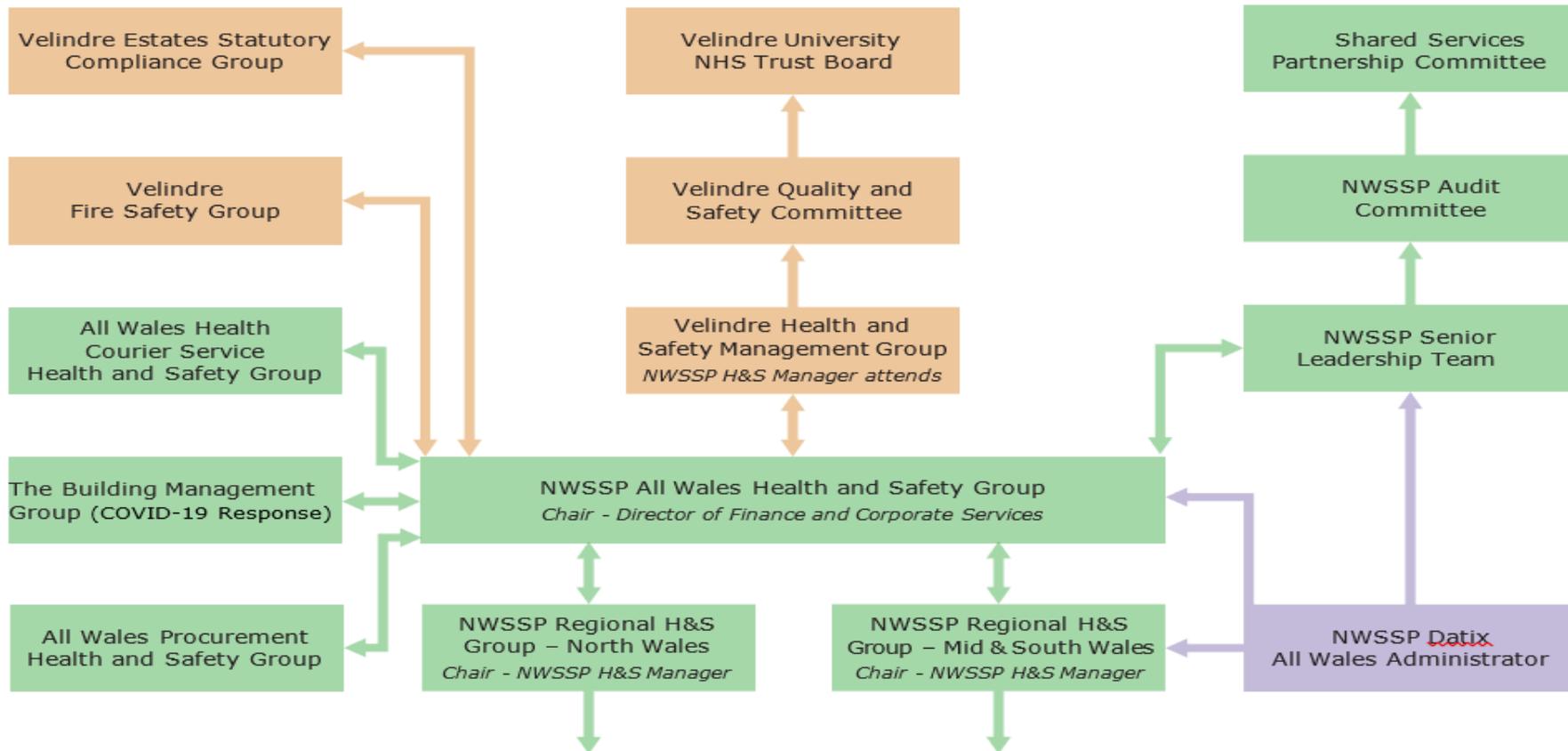
- Limiting the level of face-to-face interaction.
- Using physical barriers.
- Increased hygiene, environmental cleanliness and providing reminders about the importance of hygiene.
- Washing hands well for 20 seconds with soap and drying thoroughly, or using alcohol based hand gels, before and after close contact.
- Minimising loud noises which will require people to shout over them.

The Welsh Government has issued [Statutory Guidance on taking all reasonable measures to minimise exposure to COVID-19](#) to which you must have regard.

Failing to take reasonable measures to minimise exposure to coronavirus is an offence in Wales, which on conviction may lead to a fine.

## Appendix D - Organisational Chart

### NWSSP Health and Safety Management Committee Structure



Team Meetings and User Groups filter Health and Safety information down to each site as appropriate

1 January 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 audit, 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 audit, 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 audit, 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 audit, 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
<b>High</b>	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*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	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.



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



Partneriaeth  
Cydwasaethau  
Gwasanaethau Gofal Sylfaenol  
Shared Services  
Partnership  
Primary Care Services

# **Primary Care Payment System Data Migration**

## **Final Internal Advisory Review**

**2020/21**

## **NHS Wales Shared Services Partnership**

### **Audit and Assurance Services**



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<b>Auditors:</b>	James Quance, Head of Internal Audit Stephen Chaney, Deputy Head of Internal Audit Chris Scott, Internal Audit Manager
<b>Executive sign off:</b>	Andrew Evans, Director of Primary Care Services
<b>Distribution:</b>	Nicola Phillips, Deputy Director of Primary Care Services
<b>Committee:</b>	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.

### **Please note:**

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## **1. EXECUTIVE SUMMARY**

### **1.1 Introduction and Background**

The review of Primary Care Payment System Data Migration was completed in line with the NHS Wales Shared Services Partnership (NWSSP) agreed 2020/21 Internal Audit Plan.

NWSSP Primary Care Services (PCS) is responsible for the delivery of primary care payments on behalf of the seven health boards in Wales, in accordance with the provisions of the primary care contracts. These were processed through the National Health Application and Infrastructure Services (NHAIS) system. Planned cessation of this system has prompted the development of alternative systems and payment solutions.

This review examined processes introduced during early 2020 to migrate contractor payments to the existing NWSSP Oracle Accounts Payable (AP) function.

A separate report has been produced providing assurance over the project management of the new primary care payment system and in particular:

- the implementation of K2, for contractual payments to General Ophthalmic Service (GOS) contractors.

The implementation of the FPPS system is to be completed by July 2021, but has been managed through the same project management processes.

This review has been completed alongside the annual review of PCS Contractor Payments.

### **1.2 Scope and Objectives**

The overall objective of this review was to provide assurance of the complete and accurate transfer of all GMS contractors into new Accounts Payable supplier records in Oracle and the secure and prompt functioning of linked BACS payment routines.

The review sought to achieve this by:

### **Data migration of GMS contractor records from NHAIS to Oracle**

- ensuring that the Oracle AP supplier 'contract' accounts are created correctly and consistent with the NHAIS accounts;
- ensuring that appropriate AP supplier 'contract' account amendment processing controls are embedded (for example, segregation of duties, access rights and reconciliations);

### **Contract payments file generation and transfer**

- determining if the PCS auto-generation of a monthly contract payment file is correct;
- confirming that the payment file produced is secure and transferred to AP correctly;

### **BACS payment process**

- confirming that applicable payment file volumes and values controls are embedded;
- ensuring that exceptions are identified and investigated / rectified; and
- confirming that statutory payment dates are achieved.

To confirm that the above is correct, detailed sample testing was completed, to ensure that the sample of data had been transferred across correctly to Accounts Payable, including, but not limited to the unique identifier code, address lines and bank account details.

## **1.3 Associated Risks**

The risks considered in the review are:

- incomplete or inaccurate transfer of contractor data;
- unauthorised amendments to contractor accounts;
- statutory payment dates not met;
- insecure payment routines; and
- incorrect / delayed payments made to contractors.

## 2 CONCLUSION

### 2.1 Overall Conclusion

We completed this review alongside the management of the project as the data migration arrangements for the new payment system were being implemented. We have not tested the operation of the new controls implemented for the new payment system, but rather focussed on the accuracy of the data migration into Oracle. As the review focussed on the transfer into Oracle we have not allocated an overall assurance rating. Within the 2021/22 PCS annual audit we will test the operation of the updated controls in place.

However, this review identified a number of recommendations regarding the data migration process. These were reported to the Project Management Team throughout the review and subsequently implemented. As such, there are no outstanding recommendations to implement.

## 3. FINDINGS & RECOMMENDATIONS

### 3.1 Summary of Findings

#### **Data Migration of GMS contractor Records from NHAIS to Oracle**

##### **Supplier Set-up**

PCS undertook testing of the set-up of new accounts, by comparing data sets of the original NHAIS contractor records and the newly created supplier records within Oracle. However, at the time of the review, verification work was only completed for the Appliance and Pharmacy contractor data sets, but not for the General Medical Services (GMS) and General Ophthalmic Services (GOS) data.

We examined the verification work undertaken by PCS over the two completed areas, noting the discrepancies recorded and confirming that these had been addressed. Independently, we conducted sample testing of the new supplier accounts set-up within Oracle and specifically covered 100% of the Appliance and 21% of the Pharmacy contractor data sets and found no discrepancies. We recommended further testing of the Pharmacy contractor data (recommendation one).

We found that the newly created supplier accounts within Oracle agreed to the original NHAIS records, but we identified inconsistencies within contractor and bank account names. These have arisen over many

years of using NHAIS, i.e. incorrect names inputted and there was a risk that genuine errors may not be identified in the payment cycles.

After reporting this finding (recommendation two) to management, we have subsequently confirmed that the data cleansing exercise has been completed.

### **Supplier Account Maintenance Controls**

Supplier account procedures cover how supplier amendments are to be processed between the systems in use. Whilst we were not able to test the operation of the supplier amendment procedures on live data (as it was not yet in use) we did note mismatches between account name details between all three systems (NHAIS, Scheduled Payment and Oracle).

These differences were identified within the payment reports that are generated. However, whilst we were informed that there has been no adverse effect to date, we recommended that a data cleansing exercise was completed to remove any discrepancies. We confirm that this has now been completed.

Furthermore, we recommended (recommendation two) that a process is adopted to identify and address discrepancies going forward and maintain correct alignment between each of them. This has now been implemented.

### **Contract Payments File Generation and Transfer**

#### **Payment File Preparation Controls**

The review examined the payments cycles generated by the capture of prescriptions in the Prescription Processing System (data capture processes in this system are not changing). This pathway will operate for the Appliance (small category of only four), Pharmacy and GMS contractors (prescribing activity only for this latter category).

PCS had tested the design and operation of the pathway by replicating the live payment runs of 1st July 2020 for Appliance and Pharmacy contractors via the newly designed pathway. Prescription processing feeds (unchanged in the workflow) provide the Scheduled Payments system with payment data. However, on cessation of the 'Open Exeter' payment system of the NHAIS suite this will be re-directed to Oracle for payment processing.

Existing Oracle processing cycles, currently receiving similar feeds from across the health boards, capture these payment data files then process and pass these to the Central Team e-Services for BACS payment. However, we noted the following issues with the initial steps of the new proposed payment pathway:

- PCS approve the payment request files before they are transferred to Oracle for processing (see more below), but do not review or confirm the resulting BACS payment file either before or after transmission; and
- detailed payment reports are derived from the system that produces the payment request file rather than systems that compile or transmit the BACS file. Within our sample, we found differences in supplier name data between BACS payment file and detailed payment reports.

To address the points above, we recommended (recommendations three and four) the review / sign-off of the applicable Oracle BACS reports generated in the payment process for each pay run. This has now been implemented.

## **BACS Payment Process**

### **BACS File Processing Controls**

We reviewed the current payment authorisation process that the PCS Payments Team complete and the documentation used to evidence this. The review control is currently applied to the payment request file generation, and this has been commented on in the section above. In addition to the latter we noted the following further issues:

- the payment text file is not readily matched with other documents in the review pack as it does not incorporate a payment aggregate total; and
- the wording of one of the declarations in the authorisation schedule is ambiguous and requires further clarification.

These have subsequently been addressed (recommendation five).

### **BACS Run Exception Handling**

We reviewed exception handling and payment timetabling, but found no issues in these areas.

Overall, the project to transfer services from NHAIS to Oracle was extended to the end of March 2021. We have tested processes, data and services that were complete at the time of the fieldwork phase.

### **3.2 Summary of Recommendations**

Whilst all recommendations have been implemented, we included a log of recommendations raised and actions undertaken within Appendix A.

### ***Findings Identified and Addressed throughout the Review for the Review of Primary Care Payment System Data Migration***

Throughout the review we identified the following recommendations to address issues identified. Each recommendation has been implemented by NWSSP.

<b>Recommendation</b>	<b>Action Completed</b>
1. Pharmacy testing of data migration to be extended	Additional testing was completed by PCS
2. Data cleansing exercise to be completed, to remove inconsistencies in the naming of suppliers and other supplier data	A data cleansing exercise identified 6% discrepancies. The Contracts Management Team have adopted the Accounts Payable naming convention.
3. BACS payment file is not reviewed prior to or after transmission 4. Sign off of Oracle BACS reports generated within each pay run	A new process flow has been implemented, but also the segregation of duties between teams within PCS mitigated the risk.
5. Payment text file is not readily matched with other documents in the review pack.	The upload to Oracle is checked against the control sheet and checking report.

## 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
<b>High</b>	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*
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## **Advisory Review**

The review was undertaken using a risk-based methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the organisation. 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 review 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 review 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.



## Contact details

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# **GOS Payment System Project Management**

## **Final Internal Advisory Review**

**2020/21**

## **NHS Wales Shared Services Partnership**

### **Audit and Assurance Services**



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Appendix A	Recommendation Priorities
Appendix B	Responsibility Statement

<b>Review reference:</b>	NWSSP-2021-2
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<b>Management response received:</b>	N/A
<b>Final report issued:</b>	13 <sup>th</sup> April 2021
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<b>Executive sign off:</b>	Andrew Evans, Director of Primary Care Services
<b>Distribution:</b>	Nicola Phillips, Deputy Director of Primary Care Services
<b>Committee:</b>	Velindre NHS Trust Audit Committee for NWSSP



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## **1. EXECUTIVE SUMMARY**

### **1.1 Introduction and Background**

The review of General Ophthalmic Services (GOS) Payment System Project Management was completed in line with the NHS Wales Shared Services Partnership (NWSSP) agreed 2020/21 Internal Audit Plan.

NWSSP Primary Care Services (PCS) is responsible for the delivery of primary care payments on behalf of the seven health boards in Wales, in accordance with the provisions of the primary care contracts. These were processed through the National Health Application and Infrastructure Services (NHAIS) system. Planned cessation of this system has prompted the development of alternative systems and payment solutions.

This review examined the project management process to:

- implement a bespoke payments system, K2 web forms (K2), for contractual payments to GOS contractors.

A separate report will encompass the following scope:

- the migration of contractor payments to the existing NWSSP Oracle Accounts Payable (AP) function.

The implementation of the FPPS (Family Practitioner Payment Services) system to support GMS contractor payments is to be completed by July 2021.

### **1.2 Scope and Objectives**

The overall objective of this review was to review the project management process for implementing the K2 system.

The review sought to achieve this by undertaking:

- a review of the project management of the planned system implementation for payments to General Ophthalmic Services (GOS) contractors, via K2.

### **Limitation of Scope**

Whilst the same project management arrangements were utilised to encompass all new systems implemented, we have not tested against the

new FPPS system (including IT security arrangements), as this is scheduled for implementation by July 2021.

### **1.3 Associated Risks**

The risks considered in the review are:

- incomplete or inaccurate transfer of contractor data;
- unauthorised amendments to contractor accounts;
- statutory payment dates not met;
- insecure payment routines;
- incorrect / delayed payments made to contractors;
- project benefits are not achieved;
- payment systems are not implemented in a timely manner;
- poor project governance and / or insufficient scrutiny of new payment systems; and
- poor change management processes.

## **2 CONCLUSION**

### **2.1 Overall Conclusion**

We completed this review alongside the management of the project as the arrangements for the new payment system were being implemented. We have not tested the operation of the new controls implemented for the new payment system, but rather focussed on the project management process established. As the review focussed on the project during the point of time that fieldwork testing was conducted, we have not allocated an overall assurance rating, but rather reported recommendations throughout the overall project review.

Where we have identified considerations for the future projects, these have been identified within the report.

## **3. FINDINGS & RECOMMENDATIONS**

### **3.1 Summary of Review Findings**

#### **Project Management**

NHS Wales Shared Services Partnership (NWSSP) Primary Care Services (PCS) is responsible for reimbursing primary care ophthalmic services providers in Wales for services provided under the General Ophthalmic Services (GOS) contract. Ophthalmic providers in Wales have been making

reimbursement claims electronically using the Open Exeter payments interface (eGOS) or by sending paper claims to PCS who process these via eGOS. However, these ceased at the end of 2020/21 and a project was developed to deploy a new claims and payment processing system.

Following an options appraisal, NWSSP decided to pursue an in-house development and utilise K2 smart forms and workflow objects as the technical solution for claims data entry and workflow. These web based processing tools will allow the entry of claims to the internal database of ophthalmic contractors, where routines will generate a payment text file which is then transferred to Oracle for payment. This follows an earlier process to replicate the NHAIS ophthalmic contractor population in newly created supplier accounts within Oracle.

Monthly payment feeds previously being captured and processed by the NHAIS Open Exeter payment system are in future to be transmitted to the Oracle Accounts Payable team, where they will then be processed and paid using existing processes.

We reviewed the project management processes adopted in the development and testing of the new GOS payment system and key findings by the individual objectives are reported in the section below.

### **Project governance and change management**

The review examined the following aspects of project governance:

- project roles and responsibilities;
- oversight bodies and review processes (i.e. project progress reporting);
- project delivery timetable and the management thereof; and
- management of risks/ dependencies.

We noted comprehensive documentation of project control structures, active monitoring and reporting processes, evidence of planning and the management of deliverables through a task level timetable. Whilst a project risk register was maintained we did note that an audit trail is not documented when risk ratings change. This has been raised as a recommendation.

### **Project scrutiny and approval**

The NHAIS Transformation Programme Board received and considered the GOS Payment solution outline business case from which the preferred solution was selected (K2) and this was communicated to the Shared Services Partnership Committee (SSPC) during January 2020.

Originally, the GOS payment solution was to be delivered in-house and within existing PCS software development budgets, thus requiring an estimated £250k of the latter budget. However, this was later revised and a consultant was utilised instead. The business as usual funding (e.g. K2 software licence) is being managed within the overall PCS budgetary process.

### **Costs and benefits/ business case**

We reviewed the project's outline business case and project initiation documents (PID) which feature discussion and evaluation of the project's costs and benefits linked to the different solutions being considered.

As a result of forthcoming changes signalled by Welsh Government to the GOS claim structure, which will require corresponding changes in the claim processing tools, NWSSP targeted development of a least cost interim solution to take over claims entry and payment processing when the Open Exeter payment system ceases at the end March 2021. As a result, no quantitative benefits are included in the selected option.

### **Resourced implementation plan**

The project is resourced primarily using internal resources, but external consultancy is used to provide specialist expertise for the development of the new K2 based claim processing system. Project documentation was examined where resources are assigned at task level and we noted too that records of resource consumption are kept against original budgets for the monitoring of usage and remaining provision.

We noted though a potential extension to project scope to include the replication of eGOS functionality originally excluded and if this is to be accepted into the development tasks, there is a risk that remaining consultant days may not be sufficient to meet this need. At the time of the review, six of the 63 tasks in the plan record status at less than 100% completion. However, we noted that in each case, the scheduled completion date had passed. We confirmed that project delays were escalated to the SPCC and during January 2021, the project was undertaking parallel system testing in preparation to go live – in sufficient time for the target date.

### **Contractor data migration /new payments system**

The new GOS payment solution requires the migration of GOS contractor records from legacy NHAIS systems to Oracle Account Payable and the processing of payment cycles through NWSSP Oracle systems (previously via NHAIS systems) but this is in the scope of an earlier review (PCS

Contractor migration and payment process) and has through this been reviewed, tested and reported.

The generic element of the end-to-end payment pathway that the earlier review assessed was to be incorporated into the wider end-to-end process testing of claims payment being undertaken by the GOS project team. However, the latter was in progress at the time of the review so we were unable to review and report on outcomes. We were able to confirm though that controls to manage and monitor payment outputs – report and review payment files before they are sent, mark claims in the database to prevent their being paid a second or subsequent time, secure the transfer of payment files to Oracle for BACS processing – were included in the project specification documentation and were being built into the new payment pathway.

### **Project test plan**

We noted the project plan incorporated two distinct areas of User Acceptance Testing (UAT) covering Claims Entry and Payment processing. Claims Entry UAT was completed at the time of the review and the material evidencing the work done was supplied for review but we noted again that because this area of the project cycle was in progress at the time the review took place we were unable to review, assess and report on final outcomes. From the interim documentation that was supplied in this area we were able to observe the following:

- issues captured when testing was conducted were recorded in issue logs by exception only and as a result we were unable to see evidence that all tests in the UAT programme had been carried out;
- issue log entries each recorded their importance (low/ med/ high) and status (open/ closed) but what action had been taken to resolve those issues that had been closed was not recorded; and
- the log entries did not record any dates so it was not possible to determine when these had been identified or resolved or for how long they had been outstanding.

As the task had not been progressed at the time of the review we were not provided with any material to evidence the testing set out in the project's two key payment process related UAT deliverables so were unable to review this area in any way and consequently cannot give any assurance over it.

### **System training**

We sought materials prepared by the project team for the training of users in use of the new systems in order to assess their adequacy and effectiveness and sought planning schedules that identify training delivery in the system implementation plan. We reviewed a detailed system user guide covering the claims entry area of the new data capture processes, but the version of the document available at the time the review took place did not extend to cover the generation and transfer of the payment file, nor the generation of payment or provider remittance reports.

Some staff within the PCS Claims Entry Team have familiarised themselves with the new processes through their involvement in the project UAT deliverables. During the review we were advised there was nothing in the project plan to deliver any formal user system training. However, we have since been informed that training did take place via Teams.

Regarding user support, 'champions' within the team will provide 1st line in-house support to system users, and K2 (the system supplier) already operates a service desk to provide support where required.

### **3.2 Summary of Recommendations**

We have identified one opportunity for improvement regarding the project management process. This is detailed below.

<b>Opportunity for Improvement</b>	1. We found a risk register that was actively used to monitor risks and issues. However, when risk ratings changed, there was no clear audit trail setting out the rationale and / or the previous rating of each risk.
<b>Recommendation</b>	We recommend that for future transformation work that risk registers (and other key documents) retain an appropriate level of a change history to enable managers to review the direction of travel with a particular risk e.g. if the risk is worsening.
<b>Management Response</b>	Agreed.

## 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
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## **Advisory Review**

The review was undertaken using a risk-based methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the organisation. 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 review 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 review 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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# Student Awards Services

## Internal Audit Report

2020/21

NHS Wales Shared Services Partnership

Audit and Assurance Services

**Reasonable Assurance**



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<b>Distribution:</b>	Neil Frow, Managing Director Darren Rees, Interim Deputy Director of Employment Services Lisa Williams, Assistant Director of Employment Services Stephen Withers, Interim Head of Payroll Rhys Hoskins, Interim Team Manager, Student Awards Services
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**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.

**Please note:**

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee. Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## **1. EXECUTIVE SUMMARY**

### **1.1 Introduction and Background**

The Student Awards Services ('SAS') review was completed in line with the 2020/21 Internal Audit plan. The review sought to provide assurance that there are appropriate governance arrangements in place for the Service and processes are operating as intended.

Student Awards Services is part of the Employment Services Directorate within NHS Wales Shared Services Partnership (NWSSP). The Service implements the NHS Wales Bursary Schemes, which provide funding for health care students on NHS funded courses in Wales and Welsh domiciled medical and dental students within the UK.

Students apply for funding and provide information and evidence to support their application. The Service then assess the application and documentation before confirming the payment with the student and university.

It was confirmed in June 2019 that the bursary scheme would continue to be available in Wales for students enrolling in 2020/21, which will require the service to be in place until at least 2029, pending further announcements from the Welsh Government.

The 'BOSS' system that is used to record bursary applications will be out of support after March 2022 and the current infrastructure is made up of multiple solutions that require regular maintenance. There is currently a project in place, supported by the NWSSP Project Management Office, to review options on how the service can be operated going forward, considering internal options and other systems. The review and re-model of SAS system and architecture is also included in the Employment Services Divisional plan, with a target date of March 2020. The plan also includes the objective to pay the bursary via ESR and to engage with stakeholders to establish a strategy to support Bursary arrangements going forward.

The Head of Student Awards Services had been absent since September 2019 and has since left the organisation. An Interim Team Manager was appointed, reporting directly to the Assistant Director of Employment Services since March 2020.

There is a programme of a work in place to drive improvement within the service, supported by the Service Improvement Team. This includes a

number of areas such as team structure and tasks, process review and customer experience. We note that this has been underway since November 2020, with workshops held with the Student Awards Services team and some changes implemented to improve communication with students. The Assistant Director of Employment Services acknowledges that progress is slower than anticipated due to the absence of an operational senior manager and the impact of the Covid-19 pandemic.

We are advised that a member of the Service Improvement Team has since joined the service on a full-time basis to implement these changes. The Interim Head of Payroll has been responsible for leading the service since February 2021.

## 1.2 Scope and Objectives

The internal audit assessed the adequacy and effectiveness of the internal controls in operation.

To achieve this, the audit assessed the following objectives:

- suitable governance arrangements are in place;
- detailed procedures are in place for the assessment of bursary applications, which incorporate the requirements of the NHS Wales Bursary Scheme Terms and Conditions;
- applications are correctly assessed within the agreed timescales, with appropriate evidence reviewed;
- there is a regular review of:
  - claimants to ensure that they are still studying;
  - claimants where entitlement has been based on the previous year's award;
  - claimants that receive childcare allowances based on estimated costs; and
- performance indicators are in place and are regularly reviewed and reported.

To support the above, the audit reviewed a sample of bursary claims. The audit only tested elements of the NHS Bursary process that fall within the responsibility of NWSSP, and not those that fall within HEIW and University responsibilities.

### **1.3 Associated Risks**

The risks considered in the review were as follows:

- inadequate governance arrangements;
- 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 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 Student Awards Services is **Reasonable** Assurance.

RATING	INDICATOR	DEFINITION
<b>Reasonable Assurance</b>		The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> 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 Arrangements		✓		
2	Procedures			✓	
3	Assessment of applications			✓	

<b>Assurance Summary</b>					
<b>4</b>	Regular review of changes to entitlement and childcare funding reconciliation		✓		
<b>5</b>	Performance indicators		✓		

\* 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 two issues that are classified as weaknesses in the system/control design for Student Awards Services. These are identified in Appendix A as (D).

### 2.4 Operation of System / Controls

The findings from the review have highlighted four issues that are classified as weaknesses in the operation of the designed system/control for Student Awards Services. These are 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
<b>Number of recommendations</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>6</b>

### 3 SUMMARY OF AUDIT FINDINGS

NWSSP provides an assessment of NHS Bursary applications funded by Welsh Government, with payments being processed by universities. 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.<sup>1</sup>

The processing of bursary applications follows an established process, utilising the BOSS system to identify the documentation that is required from applicants in order to determine whether they receive a bursary. This process has remained unchanged for a number of years.

We recognise that this audit has coincided with revised working arrangements due to the Covid-19 pandemic and changes to the NWSSP structure, with new management arrangements being implemented.

Our testing did not identify concerns with the fundamental processing of applications. However, we have made a number of recommendations regarding aspects of the governance arrangements and control environment that require improvement in order to ensure that senior management can be assured of the accuracy and timeliness of processing going forward. The new management team has begun to implement these recommendations as a matter of priority as part of the wider programme of improvement.

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

#### **Objective 1: Governance Arrangements**

Whilst we are advised that the service has been assigned to a senior manager during the period under review, for the majority of the period covered by the audit the governance arrangements have been assessed as weak. Management were unable to evidence the operation of key quality and checking controls, did not implement Counter Fraud advice, have not reviewed procedures and could not provide evidence in support of KPI reporting. Each of these points is set out in more detail in Appendix A.

We have not raised a separate recommendation for improvement under this objective because individual findings are set out in the relevant sections

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<sup>1</sup> Figures taken from the SAS Project Business Case January 2021

of the report and we are content that the matters raised are being taken forward under the new management arrangements. However, we are only able to provide limited assurance over the governance arrangements in place for the period under review.

## **Objective 2: Procedures**

In line with NHS Wales Bursary scheme, there are a number of bursaries available to students including a non-means tested grant, a means tested bursary and childcare allowance. The Student Awards Services team provide support for students via a SAS call centre, assessment of funding, childcare reconciliation and changes in circumstance.

There are a number of procedures in place for the processes within the service, however there is no document control stated on most of these (those that do have dates included are dated 2014/2015) and a number of these pre-date the BOSS system. Whilst we are advised processes have not changed significantly, these do require updating to reflect current arrangements.

There is a check sheet in place for the assessment of bursary applications, which outlines and records completion of the required checks. However, there is no documented procedure in place to support this and the check sheet is not currently in use due to remote working arrangements during the Covid-19 pandemic – see 'Assessment of Applications' for further information.

The current team structure consists of thirteen members of full and part-time staff. Individuals in the team undertake specific processing tasks, which presents a risk to service efficiency and continuity if they are absent. It is important that other staff are able to understand and undertake these tasks when necessary to ensure continuity of service. A review of roles and responsibilities is included in the programme of work.

Through our testing, we have noted that there is engagement with HEIW and universities in respect of payment processing, continued eligibility and liability for repayment of bursary awards. The expectations and responsibilities of each party in respect of assessment timescales, information sharing, reporting and decision-making have not been formally defined or documented. We were advised that discussions are ongoing with HEIW to establish these requirements.

*See Finding 1 in Appendix A*

## **Objective 3: Assessment of Applications**

### Assessment of Applications

All applications for funding are submitted via the BOSS system, with detailed instructions available for students on the SAS website. As part of the application on the BOSS system, students agree to the NHS Wales Bursary Terms and Conditions, including responsibilities for repayment of funding, and a copy is retained on their records to support this.

Upon submission, a system-generated e-mail to the student confirms the evidence required to support their application. Evidence is received via recorded delivery to NWSSP Primary Care Services (PCS) where it is scanned into the BOSS system. During the Covid-19 pandemic, the majority of information was received via e-mail direct to the Service, resulting in electronic copies (rather than original documents) provided in support of applications. This was necessary under the circumstances and we were advised that original documents are now being requested via recorded mail again.

We were advised that applications should be assessed within 20 working days. At the time of audit, there were no applications overdue for assessment according to the BOSS system.

Assessors complete a check sheet to aid assessment of the applications and confirm that all required documentation has been received and reviewed. The paper-based check sheet is signed by the assessor and should be scanned in to the students' BOSS account. However, despite an electronic version being available, the check sheet has not been consistently used whilst remote working has been in place during the Covid-19 pandemic. The Assistant Director of Employment Services was not aware of this lapse in control.

We reviewed a sample of 25 bursary applications (10 for 2019 and 15 for 2020), reviewing the BOSS records for each case and confirming if check sheets were complete and all requested documentation received. We have not re-performed or sought to confirm the accuracy of the assessments.

- the required documentation was on the student BOSS record in all cases;
- the 15 applications for 2020 did not have a completed check sheet on file; and

- three applications had not been assessed within 20 working days.

*See Finding 2 in Appendix A*

#### Provisional Bursary Assessment

In order to process applications more efficiently, from June 2020, students who were applying for funding for their second year onward were awarded funding based on the details provided for their first-year application. Internal Audit supported this proposal on the basis that there were no implications with statutory / regulatory requirements, and with a recommendation that a separate record of these students was maintained and their application processed as a priority once volumes were lower – anticipated to be December 2020. We were advised that this exercise has not yet commenced, which was unbeknown to the Assistant Director of Employment Services.

A delay in the full assessment of applications increases the likelihood of an overpayment and reduces the opportunity for recovery before the end of the academic year. Universities are responsible for payment processing, including adjustments and overpayments, so this change in process will potentially impact them. Despite this, we understand that they were not consulted about the change of process for 2020.

The Interim Team Manager provided a spreadsheet identifying 744 students overdue a full assessment. There is no means of identifying students subject to this arrangement within the BOSS system so we were unable to verify that this spreadsheet represents a complete record.

All 744 students were fully assessed prior to the conclusion of the audit. However, the arrangements for ensuring that review takes place regularly required strengthening.

*See Finding 3 in Appendix A*

#### Accuracy Checking

We are advised that the Interim Team Manager regularly reviews a sample of applications to ensure they have been assessed and processed correctly. However, these checks are not documented or evidenced in the BOSS system. Therefore, we are unable to confirm that there is regular management review to ensure all information has been received and reviewed, and the correct funding has been awarded.

We have raised a high priority recommendation in order to ensure that this management control is put back in place as quickly as possible, whilst recognising that our testing of applications did not identify any issues.

*See Finding 4 in Appendix A*

#### **Objective 4: Review of Changes to Entitlement and Childcare Funding Reconciliation**

Following the award of funding, routine checks are required to ensure that students remain eligible for the period of funding.

##### Continuation of Study

Where a student has left their course before completion, which could be due to reasons such as suspension, interruption in study or withdrawal, they may be required to pay back a proportion of the funding. Universities are responsible for notifying the Service of changes throughout the year, and end of year reports are received from each university to confirm the status of each student, including those who are no longer on the course.

We reviewed a sample of university end of year reports and identified students that had discontinued study for various reasons. We reviewed the BOSS records for a sample of 25 to confirm they had been actioned and no exceptions were identified. Action taken was recorded in BOSS, including referral to HEIW where appropriate for a decision on the recovery of fees.

##### Childcare Funding

Childcare allowance pays up to 85% of actual registered or approved childcare costs up to a net maximum amount of £128.78 for one child and £209.95 for two or more children. The initial award is based on projected childcare costs for the academic year. Students are required to provide confirmation of actual costs via a CC2 form when requested by the Service (currently three times a year) so these can be reconciled to projected costs and any adjustments made to the award. These forms are required to be completed and signed by the childcare provider, detailing the weekly costs for each child, with the form then submitted by the student.

Reconciliations are undertaken using spreadsheets due to difficulties in using the BOSS system for this purpose. The students' BOSS record is updated to confirm reconciliation has been completed. However, we are

advised that there is a delay in the spreadsheet being uploaded to BOSS as it is time-consuming.

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 the all CC2 forms; and
- for three students evidence was provided of reconciliation however these were on paper files 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.

*See Finding 5 in Appendix A*

## **Objective 5: Performance Indicators**

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:

Description of Key Performance Indicator	2020-21	July	August	September
	Target	Actual	Actual	Actual
% of NHS Bursary Applications processed within 20 days	85%	100%	100%	100%
% of NHS Bursary Applications scanned within 15 days	85%	100%	100%	100%
% of Original Documentation returned to Applicants within 15 days	85%	100%	100%	100%

There is no evidence to support the measurement of these KPIs. Our testing identified two instances of applications not processed within 20 days, indicating that the 100% 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.

*See Finding 6 in Appendix A*

<b>Finding 1: Procedures (D)</b>	<b>Risk</b>
<p>There are a number of procedures in place for the processes within the service, however there is no document control stated on most of these (those that do have dates included are dated 2014/2015) and a number of these pre-date the BOSS system. Whilst we are advised processes have not changed significantly, these do require updating to reflect current arrangements.</p> <p>Through our testing we have noted that there is engagement with HEIW and universities in respect of payment processing, continued eligibility and liability for repayment of bursary awards. However, the expectations and responsibilities of each party in respect of assessment timescales, information sharing, reporting and decision-making have not been formally defined or documented. We were advised that discussions are ongoing with HEIW to establish these requirements.</p>	<p>Staff may not be aware of the correct procedures for their role.</p> <p>Service disruption due to staff absence and inadequate business continuity arrangements.</p>
<b>Recommendation 1</b>	<b>Priority level</b>
<p>The expectations and responsibilities of the Service, HEIW and universities in respect of student awards processing should be agreed and formally documented.</p> <p>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.</p>	<p><b>Medium</b></p>

<b>Management Response 1</b>	<b>Responsible Officer/ Deadline</b>
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 the our colleagues in HEIW and Universities so the process is clear and auditable.	Head of Payroll by 31/07/2021

<b>Finding 2: Assessment of Applications (O)</b>	<b>Risk</b>
<p>Assessors complete a check sheet to confirm that the required documentation has been received and reviewed. The check sheet is paper-based, signed by the assessor and should be scanned in to the students' BOSS account. However, despite an electronic version being available, the check sheet has not been consistently used whilst remote working has been in place during the Covid-19 pandemic. The Assistant Director of Employment Services was not aware of this lapse in control.</p> <p>Sample testing of 25 bursary applications identified that all 15 processed during 2020 did not have a completed check sheet on file.</p>	<p>Applications are not assessed correctly resulting in incorrect payment to students.</p>
<b>Recommendation 2</b>	<b>Priority level</b>
<p>The check sheet should be completed electronically for every application assessed and uploaded to the student record on BOSS.</p>	<p><b>Medium</b></p>
<b>Management Response 2</b>	<b>Responsible Officer/ Deadline</b>
<p>We acknowledge the findings of the report, a new electronic checklist which has been agreed with Audit is now in place with effect from 1<sup>st</sup> April 2021. This is an area that has been impacted by the move to remote working under the Pandemic period.</p>	<p>Head of Payroll- Completed 01/04/2021</p>

<b>Finding 3: Bursaries based on previous years' funding (O)</b>	<b>Risk</b>
<p>In order to process applications more efficiently, from June 2020 students who were applying for funding for their second year onward were awarded funding based on the details provided for their first-year application. Internal Audit supported this proposal on the basis that there were no implications with statutory / regulatory requirements, and with a recommendation that separate records were kept of these students and their application processed as a priority once volumes were lower – anticipated to be December 2020. We were advised that this exercise had not yet commenced, which was unbeknown to the Assistant Director of Employment Services.</p> <p>A delay in the full assessment of applications increases the likelihood of an overpayment and reduces the opportunity for recovery before the end of the academic year. Universities are responsible for payment processing, including adjustments and overpayments, so this change in process will potentially impact them. Despite this, we understand that they were not consulted about the change of process for 2020.</p> <p>The Interim Team Manager provided a spreadsheet identifying 744 students overdue a full assessment. There is no means of identifying students subject to this arrangement within the BOSS system, so we were unable to verify that this spreadsheet represents a complete record.</p> <p>We were informed that all 744 assessments were subsequently completed prior to the conclusion of the audit. However, we have raised a recommendation in order to ensure that this process is not overlooked in future.</p>	<p>A delay in full assessment of student applications could result in additional administration burden for Universities and difficulty in recovering any overpayments.</p>

<b>Recommendation 3</b>	<b>Priority level</b>
<p>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.</p> <p>Any proposed changes to processes should be notified to and/or agreed with HEIW / universities if the changes will impact them.</p>	<b>Medium</b>
<b>Management Response 3</b>	<b>Responsible Officer/ Deadline</b>
<p>We acknowledge the findings of the report all checks were completed by 23<sup>rd</sup> 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.</p>	<p>Head of Payroll – by 31/07/2021</p>

<b>Finding 4: Independent Checking (O)</b>	<b>Risk</b>
<p>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.</p>	<p>Applications are not assessed correctly resulting in incorrect payment to students.</p>
<b>Recommendation 4</b>	<b>Priority level</b>
<p>Independent accuracy checking should be undertaken for all assessment/processing activity (including bursary / childcare applications and change of circumstances).</p> <p>The frequency of these checks (i.e. 100% / sample) should reflect the associated risk and error rate.</p> <p>All checks should be documented as evidence of completion.</p> <p>Independent checking arrangements should be included within the relevant procedures, once documented.</p>	<p><b>High</b></p>
<b>Management Response 4</b>	<b>Responsible Officer/ Deadline</b>
<p>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.</p>	<p>Head of Payroll To be implemented 01/04/2021</p>

Finding 5: Childcare process (O)	Risk
<p>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</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Funding had been suspended for four students who had failed to provide all CC2 forms.</li> <li>• For three students evidence was provided of reconciliation however these were on paper records and not available electronically.</li> </ul> <p>The Childcare Allowance Desk Instructions (2014) state that '<i>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</i>'. We are advised that checks are not undertaken with childcare providers.</p> <p>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.</p>	<p>Childcare costs received from students may be falsified or exaggerated, resulting in them receiving additional funding that they are not entitled to.</p>

Recommendation 5	Priority level
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p><i>See also finding 2 regarding procedure documents and finding 5 regarding independent checking.</i></p>	<p><b>High</b></p>
Management Response 5	Responsible Officer/ Deadline
<p>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.</p>	<p>Head of Payroll To be implemented 01/04/2021</p>

Finding 6: Performance information and reporting(D)	Risk
<p>There are four key performance indicators (KPI) in place for the Service:</p> <ul style="list-style-type: none"> <li>• % of calls answered / service level</li> <li>• % of NHS Bursary Applications processed within 20 days</li> <li>• % of NHS Bursary Applications scanned within 15 days</li> <li>• % of Original Documentation returned to Applicants within 5 days</li> </ul> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>KPIs are not meaningful or informative.</p> <p>Reported performance is inaccurate, potentially resulting in issues not being identified and addressed.</p>

Recommendation 6	Priority level
<p>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.</p> <p>The reports on the BOSS system should be utilised to monitor the service and performance.</p> <p>Evidence in support of assessed performance should be retained.</p>	<p><b>Medium</b></p>
Management Response 6	Responsible Officer/ Deadline
<p>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.</p>	<p>Head of Payroll                      To be implemented                      31/07/2021</p>

## 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
<b>High</b>	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*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	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**

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

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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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# Employment Services Payroll Services

## Internal Audit Report 2020/21

**NHS Wales Shared Services Partnership  
Audit and Assurance Services**



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<b>Final report issued:</b>	19 April 2021
<b>Executive sign off:</b>	Gareth Hardacre, Director of Workforce & OD and Employment Services
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Henry Wellesley, Principal Auditor

**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.

**Please note:**

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee. Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. EXECUTIVE SUMMARY

### 1.1 Introduction and Background

A review of payroll processed by NHS Wales Shared Services Partnership (NWSSP) Employment Services on behalf of Welsh Health Boards and Trusts was completed in line with the 2020/2021 Internal Audit Plan.

The Payroll Services function is split across five teams at four sites:

- Matrix House in Swansea, serving Swansea Bay University Health Board (SBUHB) (*referred to hereon in as the "Swansea Team"*) and Powys Teaching Health Board (Pthb) (*the "Powys Team"*);
- Alder House in St. Asaph, North Wales serving Betsi Cadwaladr University Health Board (BCUHB) and Welsh Ambulance Service NHS Trust (WAST) (*the "North Wales Team"*);
- Hafen Derwen in Carmarthen, serving Hywel Dda University Health Board (HDUHB) (*the "Carmarthen Team"*); and
- Companies House in Cardiff, with the "*Aneurin Bevan Team*" serving Aneurin Bevan University Health Board (ABUHB) and the "*Cardiff Team*" serving Cardiff & Vale University Health Board (CVUHB), Cwm Taf Morgannwg University Health Board (CTMUHB), Public Health Wales (PHW), Velindre NHS Trust (VNHST) and Health Education Improvement Wales (HEIW).

### 1.2 Scope and Objectives

The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for payroll processing in order to provide assurance to Velindre NHS Trust Audit Committee for NWSSP that risks material to the achievement of system objectives are managed appropriately.

The objectives reviewed were to ensure that:

- starters, leavers and changes are accurately and promptly processed;
- pre-employment checks within TRAC are completed in a timely manner;
- gross payments to staff are timely and accurate;
- additional payments to staff are appropriately substantiated;

- only employees of the organisation are paid;
- overpayments are recovered;
- appropriate segregation of duties for the processing of payments is evident;
- adequate progress has been made with the implementation of agreed management actions from the previous internal audit.

### **1.3 Associated Risks**

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

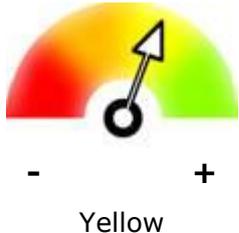
- gross payments are incorrect or not processed in a timely manner;
- overpayments are not recovered resulting in financial loss to the Health Board/Trust; and
- previous internal audit recommendations have not been implemented.

## 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 Payroll Services is **Reasonable Assurance**.

RATING	INDICATOR	DEFINITION
<b>Reasonable Assurance</b>		The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> 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					
<b>1</b>	Prompt and accurate processing of starters, leavers and changes			✓	
<b>2</b>	Pre-employment checks within TRAC are completed in a timely manner			✓	
<b>3</b>	Gross payments to staff are timely and accurate			✓	

<b>Assurance Summary</b>					
<b>4</b>	Additional payments are appropriately substantiated			✓	
<b>5</b>	Only employees of the organisation are paid			✓	
<b>6</b>	Overpayments are recovered			✓	
<b>7</b>	Appropriate segregation of duties			✓	
<b>8</b>	Implementation of previous internal audit recommendations		✓		

\* 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 four issues that are classified as weaknesses in the system/control design for Payroll Services. These are identified in Appendix A as (D).

### 2.4 Operation of System / Controls

The findings from the review have highlighted five issues that are classified as weaknesses in the operation of the designed system/control for Payroll Services. These are 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.

<b>Priority</b>	<b>H</b>	<b>M</b>	<b>L</b>	<b>Total</b>
<b>Number of recommendations</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>8</b>

Three findings were identified which are outside of the direct control of NWSSP Payroll Services and cannot be addressed without the agreement and co-operation of customer organisations. These are identified on page 15 of the report and have been reported to management to take forward with customer organisations.

### **3 SUMMARY OF AUDIT FINDINGS**

As the NHS responds to the COVID-19 pandemic, changes in working practices and relaxation in controls (within NWSSP and/or customer organisations) due to urgent recruitment at a time of unprecedented pressure increases the opportunities for fraud to take place.

Maintaining robust working practices is key to mitigating this risk and we were not advised of any instances where controls have been relaxed during the year. However, our testing has identified instances where documentation in support of starters, leavers and changes to payroll data was not available and instances of non-compliance with payroll checking and exception reporting processes.

Issues from the previous audit (report NWSSP-1920-02 refers) have been followed up as part of the current year testing, with new recommendations raised where appropriate. The following issues are recurring this year:

- inconsistent use of the New Appointment Form (NAF) which offers more robust control around data validation, segregation of duties and approvals than paper-based forms;
- compliance with payroll checking processes to ensure input accuracy and that transactions on the ESR system are verified to supporting documentation;
- compliance with exception reporting processes to ensure that anomalies are identified, reviewed and corrected where appropriate; and
- the timely processing of pension rate increases to ensure that the correct contributions are paid.

We have identified a further three key findings relating to:

- the availability of payroll documentation in support of starters, leavers and changes processed in the ESR system;
- the timeliness and accuracy of payroll processing; and

- completion of pre-employment checks<sup>1</sup>.

The following examples of good practice were identified:

- The Cardiff and Aneurin Bevan teams use a macro-enabled spreadsheet to focus checking processes on key amendments to payroll data (including starters, leavers, amendments to contracted hours or salary) identified from the ESR permanent amendment report. The spreadsheet includes a check to ensure all entries in the report have been initialled as reviewed, which facilitates senior review. This approach has recently also been adopted by Swansea and North Wales teams.
- Standard all-Wales parameters are in place for exception reporting.
- The Aneurin Bevan and Cardiff teams have adopted a co-ordinated approach to the investigation, monitoring and recovery of overpayments.
- The ESR system access is periodically reviewed to identify and remove dormant users.

The key findings are summarised in the section below with full details of findings and recommendations provided in Appendix A.

### **Availability of Payroll Documentation**

There was no supporting documentation / explanation provided in support of:

- 2 of the 175 new starters sampled; and
- 1 of the 175 leavers sampled.

Consequently, we are unable to verify the authenticity and accuracy of these transactions in the payroll system.

We were also unable to obtain all supporting documentation for a sampled overpayment as the Payroll Officer was on maternity leave and had not saved the correspondence to an accessible location. We did not have any concerns about the processing of the overpayment in this instance but felt that processes needed to be improved to ensure that documentation is accessible to the whole team. We understand that this has now been addressed.

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<sup>1</sup> Pre-employment checks were excluded from the scope of the 2019/20 Payroll audit

*See Finding 1 in Appendix A*

## **Starters, Leavers & Changes**

### Consistency of Forms

There is variation in the format of enrolment, termination and change forms in use for starters, leavers and changes as they are owned by the individual customer organisations. Some utilise an electronic form, whereas others use a paper-based form.

The New Appointment Form (NAF) was developed by NWSSP in 2015/16 and is pre-populated via the recruitment process using vacancy and appointment details from the TRAC recruitment system. The form contains data validation and segregation of duties controls, recording the NADEX details of the user as evidence of manager, employee and Payroll sign-off. Each section of the form is locked-down on completion so the data cannot be changed retrospectively, thereby providing additional controls to improve data quality and reduce the risk of fraud, compared to paper-based forms.

The NAF had been used for 102 of the 175 new starters sampled. ABUHB, HDUHB and SBUHB (mostly) are still using manual paper-based forms. As reported in previous years, there is an issue with the use of these forms as it is rare for a new employee to be allocated a NADEX in time for enrolment. Therefore, for the majority (69%) of NAF forms reviewed, the employee sections and sign-off had been completed using the manager's NADEX.

*See Finding 2 in Appendix A*

### Timeliness and Accuracy of Processing

Our testing of starters, leavers and changes identified:

- one starter who has been overpaid since the 3 August 2020 due to contracted hours incorrectly entered as 37.5 instead of 30. The error had not been identified by Payroll and the gross overpayment is estimated to be in the region of £2900;
- one starter where the TRAC vacancy reference recorded did not match the employee's role on ESR, and there was no NI number recorded within ESR at the starting date. We have been advised that this was a direct hire request from CVUHB Workforce. The reason for

the TRAC vacancy reference discrepancy was being investigated by Payroll at the time of reporting; and

- three overpayments totalling just over £3500 as a result of processing delays of up to 24 days within the Payroll teams. These had already been identified by Payroll and referred to the respective overpayment teams for recovery.

*See Finding 3 in Appendix A*

### Pre-Employment Checks

New appointments made via TRAC should receive a pre-employment check by NWSSP Recruitment Services prior to commencing employment within NHS Wales. We identified several instances where pre-employment checks had not been recorded within TRAC for the sample of 175 new starters reviewed – further detail is provided in Appendix A.

In some instances, new starters classed as 'direct hires' (with no TRAC vacancy reference in ESR) were located on TRAC with evidence of some checks completed. Conversely, some new starters appointed through TRAC (with a TRAC vacancy reference in ESR) had no evidence of pre-employment checks in TRAC. Due to the urgency of COVID-related recruitment, we understand that many health boards / trusts participated in direct recruitment outside of the TRAC system, with varying arrangements for the completion of pre-employment checks. Under the circumstances these arrangements were not documented so there is lack of clarity regarding responsibility for ensuring that appropriate checks have been completed. We were unable to determine whether the absence of a pre-employment check record within TRAC is due to non-compliance within NWSSP Recruitment Services (either in the completion of the check or recording confirmation within TRAC), or responsibility resting with the recruiting organisation.

*See Finding 4 in Appendix A*

### **Payroll Checking Processes**

There are two elements to the payroll checking process:

1. Checking the accuracy of data input into ESR
2. Checking that all starters, leavers and changes processed on ESR are supported by appropriate documentation (i.e. they are legitimate)

### Input Accuracy Checking Controls

Following input into ESR, all forms (electronic or paper-based) should be independently checked and signed (electronically, where appropriate) to confirm accurate processing. Some forms reviewed did not have a field to record such sign off. For those that did, there was no evidence of independent checking for 26 starters and 18 leavers reviewed.

### Completeness Checking Controls

The approach to completing these checks varies across Wales. At the time of audit, the North Wales, Carmarthen and Swansea Teams were not producing and checking reports of changes to payroll data. We were advised that these checks have now been introduced with effect from March 2021.

Although the Powys Team generate reports for checking, they are not signed as evidence of review. Furthermore, the new starters reports were not reviewed during COVID due to the PtHB Workforce & OD department setting up new starters on ESR for prompt eLearning access for COVID recruits, meaning that many entries on the report related to processing undertaken outside of NWSSP Payroll.

Checking in the Cardiff Team is undertaken electronically using an extract from the ESR permanent amendments report (which includes starters, leavers and changes). Macros are used to automatically remove items that aren't subject to checking procedures from the report. Whilst this improves efficiency, there is a risk of transactions which require checking being removed from the report, either erroneously or to conceal a fraud.

The checking reports for a total sample of 29 months were requested and checked for evidence of review. Although the checking reports were available, the reports for 15 sampled months had not all been evidenced and/or signed off as reviewed, particularly within the Cardiff Team.

*See Finding 5 in Appendix A*

### **Exception Reporting**

The Payroll Exception Report compares current period pay to the previous period. Some variation remains in the way in which the reports are produced and checked, although the all-Wales exception reporting

parameters agreed and implemented during July 2018 continue to be followed.

Two of the sample of 29 exception reports requested were not provided and for a further seven reports not all items had been evidenced as checked.

*See Finding 6 in Appendix A*

### **Management of Overpayments**

Overpayment registers are maintained for each organisation. The primary cause of overpayments is late notification by the customer organisation of assignment changes such as a reduction in hours or termination. For the sample of 51 overpayments reviewed, we were provided with evidence that action has been taken to recover the overpayment through salary (for current employees) or referred to the customer organisation for recovery through the debtors' process.

The previous internal audit reported a lack of consistent approach 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, progress has been delayed due to the disruption of the COVID-19 pandemic.

*See Finding 7 in Appendix A*

### **Pensions**

Employees enrolled in the NHS Pension Scheme pay a proportion of their gross pay into the scheme. Contribution rates are determined by salary and increase at defined pay points, in line with NHS Pensions guidance. If an employee is promoted or receives an incremental increase which results in their new salary attracting a higher contribution rate, NHS Pensions guidance requires employers to ensure that the new rate is applied immediately, and the correct contributions paid by the employee.

We reviewed a sample of 50 employees on the defined pay points where an increase in contribution is required. In nine cases the contribution rate was incorrect based on the individual's salary, due to the rate not being reassessed at the point of salary increase.

Employment Services only review and update pension contribution rates on an annual basis in April each year. This means that for part of the year affected employees will be paying less pension contributions than their salary dictates, with no retrospective adjustments to recover the shortfall.

We understand that contribution rates are not automated based on salary and must be manually adjusted by Employment Services.

*See Finding 8 in Appendix A*

### **Access to the Payroll System**

The Workforce Information Officer runs quarterly reports to identify and investigate individuals within Employment Services who have not accessed ESR within the last three months, to ensure that access is terminated where appropriate.

We obtained a list of all Employment Services users with access to ESR and when they had last accessed the system. Testing of the list of users identified that two users (from 139) had not accessed the system within the last three months and were not recorded as being on maternity leave or other long-term absence, these were referred to the Workforce Information Officer for review.

## **Issues Outside of the Control of NWSSP**

### New Appointment Form & Payroll Instruction Form

Full implementation of the NAF and PIF forms needs to be progressed with customer organisations. These forms provide additional controls to improve data quality and reduce the risk of fraud, compared to paper-based forms.

### Timely Notification of Leavers

For 34 of the 175 terminations sampled, Payroll received notification after the employee had left, resulting in 16 overpayments with a value of £82,737.27. In nine cases notification was received more than three weeks after the termination date. This gave rise to 16 overpayments with a value of £82,737.27.

Late notification of leavers results in overpayments, creating unnecessary additional work for the Payroll Team and the Finance Team within the customer organisations.

### New Starters Created by Customer Organisations

In order to expedite access to eLearning for new recruits during COVID, some new starters were added to the ESR system by the Workforce & OD department in PtHB. An enrolment was then sent to Payroll to add pay details as and when the individuals commenced employment. We understand that in some instances the new starters did not commence employment, yet they remain on the ESR system as employees, albeit with no payment details assigned. This significantly increases the risk of 'ghost' employees if fraudulent bank details and contractual hours/timesheets are added to the records on ESR.

Furthermore, it was not possible to undertake checking controls during this period as a result of new starters being added by individuals outside of the NWSSP Payroll team.

<b>Finding 1: Availability of Payroll Documentation (O)</b>	<b>Risk</b>
<p>There was no supporting documentation / explanation provided in support of:</p> <ul style="list-style-type: none"> <li>• 2 of the 175 new starters sampled; and</li> <li>• 1 of the 175 leavers sampled.</li> </ul> <p>Consequently, we are unable to verify the authenticity and accuracy of these transactions in the payroll system.</p> <p>We were also unable to obtain all the supporting documentation for a sampled overpayment as the Payroll Officer was on maternity leave and had not saved the correspondence to an accessible location. We did not have any concerns about the processing of the overpayment in this instance but felt that processes needed to be improved to ensure that documentation is accessible to the whole team. We understand that this has now been addressed.</p>	<p>Inappropriate or erroneous payments, resulting in financial loss to the client organisation.</p>
<b>Recommendation 1</b>	<b>Priority level</b>
<p>Payroll documentation must be retained and available on request in support of transactions processed within ESR.</p>	<p><b>Medium</b></p>
<b>Management Response 1</b>	<b>Responsible Officer/ Deadline</b>
<p>We accept the findings of the audit, due to covid and some organisations still having paper forms, three out of the 300 documents could not be located. The change to Office 365 and the uniformed approach to document management in the absence of a document management system has been designed so they are uniformed across Wales for all paperwork.</p>	<p>Head of Payroll By 31<sup>st</sup> May 2021 (subject to the uplift by IT)</p>

<b>Finding 2: New Appointment Form (D)</b>	<b>Risk</b>
<p>There is variation in the format of enrolment, termination and change forms in use for starters, leavers and changes as they are owned by the individual customer organisations. Some utilise an electronic form, whereas others use a paper-based form.</p> <p>The New Appointment Form (NAF) was developed by NWSSP in 2015/16 and is pre-populated via the recruitment process using vacancy and appointment details from the TRAC recruitment system. The form contains data validation and segregation of duties controls, recording the NADEX details of the user as evidence of manager, employee and Payroll sign-off. Each section of the form is locked-down on completion so the data cannot be changed retrospectively, thereby providing additional controls to improve data quality and reduce the risk of fraud, compared to paper-based forms.</p> <p>The NAF had been used for 102 of the 175 new starters sampled. ABUHB, HDUHB and SBUHB (mostly) are still using manual paper-based forms. As reported in previous years, there is an issue with the use of these forms as it is rare for a new employee to be allocated a NADEX in time for enrolment. Therefore, for the majority (69%) of NAF forms reviewed, the employee sections and sign-off had been completed using the manager’s NADEX.</p>	<p>Inappropriate or erroneous payments, resulting in financial loss to the client organisation.</p>
<b>Recommendation 2</b>	<b>Priority level</b>
<p>All organisations should be encouraged to use the New Appointment Form which offers more robust controls than paper-based forms and would achieve consistency across NHS Wales.</p>	<p><b>Medium</b></p>

<b>Management Response 2</b>	<b>Responsible Officer/ Deadline</b>
<p>We acknowledge the findings of the audit, we have put considerable effort into supporting HB/Trusts in moving to an electronic format. We have completed a matrix which highlights which organisations currently have differences in their documents and this will be presented to WOD to steer organisations to a one system approach. However, it is not within the gift of NWSSP to make this compulsory, but we endeavour to persuade and support HBs/Trusts in this direction</p>	<p>Head of Payroll – To be discussed at WODS</p>

<b>Finding 3: Timeliness &amp; Accuracy of Processing (O)</b>	<b>Risk</b>
<p>Our testing of starters, leavers and changes identified:</p> <ul style="list-style-type: none"> <li>• one starter where the contracted hours had been incorrectly entered as 37.5 instead of 30, resulting in an overpayment;</li> <li>• one starter where the TRAC vacancy reference recorded did not match the employee’s role on ESR, and there was no NI number recorded within ESR at the starting date. We have been advised that this was a direct hire request from CVUHB. The reason for the TRAC vacancy reference discrepancy was being investigated by Payroll at the time of reporting; and</li> <li>• three overpayments totalling just over £3,500 as a result of processing delays of up to 24 days within the Payroll teams. These had already been identified by Payroll and passed to the relevant overpayment teams for recovery.</li> </ul>	<p>Inappropriate or erroneous payments, resulting in financial loss to the client organisation.</p>
<b>Recommendation 3</b>	<b>Priority level</b>
<p>The identified overpayment needs to be recovered.</p> <p>Investigate the cause of the discrepancy between the TRAC vacancy reference and related ESR assignment details to ensure that the information within ESR (on which payment to the individual are based) is accurate.</p>	<p><b>Medium</b></p>
<b>Management Response 3</b>	<b>Responsible Officer/ Deadline</b>
<p>We acknowledge the findings of the report, we are reviewing the checking process, as there are multiple variants across Wales and we need a single checking approach, which adds probity and efficiency to the system.</p>	<p>Head of Payroll 31<sup>st</sup> July 2021</p>

**Finding 4: Pre-Employment Checks (D & O)**

**Risk**

New appointments made via TRAC should receive a pre-employment check by NWSSP Recruitment Services prior to commencing employment within NHS Wales. We sought to confirm whether pre-employment checks had been completed for the sample of 175 new starters reviewed:

Employees are not subject to the required pre-employment checks to ensure that they are suitable for the role, potentially resulting in patient harm, financial loss and reputational damage.

- 30% did not have a TRAC vacancy reference in ESR, indicating that they were not recruited via TRAC and therefore responsibility for the completion of pre-employment checks rests with the recruiting organisation;
- In several cases the relevant fields in TRAC were blank, suggesting that the required checks have not been completed:

Check	Blank
ID	31%
Right to Work	33%
Qualification	25%
Professional Registration	27%
Reference	25%
DBS	13%

In some instances, new starters classed as 'direct hires' (with no TRAC vacancy reference in ESR) were located on TRAC with evidence of some checks completed. Conversely, some new starters appointed through TRAC (with a TRAC vacancy reference in ESR) had no evidence of pre-employment checks in TRAC.

Due to the urgency of COVID-related recruitment, we understand that many health boards / trusts participated in direct recruitment outside of the TRAC system, with varying arrangements for the completion of pre-employment checks. Under the circumstances these arrangements were not

<p>documented so there is lack of clarity regarding responsibility for ensuring that appropriate checks have been completed. We were unable to determine whether the absence of a pre-employment check record within TRAC is due to non-compliance within NWSSP Recruitment Services (either in the completion of the check or recording confirmation within TRAC), or responsibility resting with the recruiting organisation.</p>	
<p><b>Recommendation 4</b></p>	<p><b>Priority level</b></p>
<p>Responsibility for the completion of pre-employment checks in the case of urgent recruitment such as the COVID-19 pandemic should be clarified. Where recruitment checks are to be undertaken by the recruiting organisation, it may be appropriate for these appointments to still be recorded in TRAC if only for the purpose of maintaining a central record of all appointees and clarification over responsibility for pre-employment checks for each, to mitigate against the risk of checks not being completed at all.</p> <p>For instances where recruitment takes place outside of the TRAC system and/or responsibility for the completion of pre-employment checks rests with the recruiting organisation, management should consider the feasibility of enabling customer organisations to record pre-employment checks in TRAC. This would facilitate a single, central record of pre-employment checks for NHS Wales.</p>	<p><b>Medium</b></p>
<p><b>Management Response 4</b></p>	<p><b>Responsible Officer/ Deadline</b></p>
<p>We accept the findings of the report, any recruitment processed by NWSSP is processed through TRAC and Pre-employment checks are recorded on ESR. Where Health Boards have undertaken their own recruitment due to the pandemic, NWSSP has no control on their processes and whilst we have advised them of the appropriate process, it is not in our gift to mandate this to Health Boards.</p> <p>All Health Boards have access to ESR and TRAC to manage their recruitment process.</p>	<p>Head of Recruitment</p>

NWSP are not responsible for all Bank and Medical Recruitment processes therefore the responsibility to update these records in ESR sits with the Health Board.	
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Finding 5: Payroll Checking Processes (O)	Risk
<p><u>Input Accuracy Checking Controls</u></p> <p>Following input into ESR, all forms (electronic or paper-based) should be independently checked and signed (electronically, where appropriate) to confirm accurate processing. Some forms reviewed did not have a field to record such sign off. For those that did, there was no evidence of independent input accuracy checking for 26 starters and 18 leavers reviewed.</p> <p><u>Completeness Checking Controls</u></p> <p>The approach to completing these checks varies across Wales. At the time of audit, the North Wales, Carmarthen and Swansea Teams were not producing and checking reports of changes to payroll data. We were advised that these checks have now been introduced with effect from March 2021.</p> <p>Although the Powys Team generate reports for checking, they are not signed as evidence of review. Furthermore, the new starters reports were not reviewed during COVID due to the PthB Workforce &amp; OD department setting up new starters on ESR for prompt eLearning access for COVID recruits, meaning that many entries on the report related to processing undertaken outside of NWSSP Payroll.</p> <p>Checking in the Cardiff Team is undertaken electronically using an extract from the ESR permanent amendments report (which includes starters, leavers and changes). Macros are used to automatically remove items that aren't subject to checking procedures from the report. Whilst this improves efficiency, there is a risk of transactions which require checking being removed from the report, either erroneously or to conceal a fraud.</p>	<p>Erroneous or fraudulent transactions are not identified and prevented/recovered, potentially resulting in financial loss to the organisation.</p>

<p>The checking reports for a total sample of 29 months were requested and checked for evidence of review. Although the checking reports were available, the reports for 15 sampled months had not all been evidenced and/or signed off as reviewed, particularly within the Cardiff Team.</p>	
<p><b>Recommendation 5</b></p>	<p><b>Priority level</b></p>
<p>All enrolment, termination and changes forms should be independently checked for accuracy and evidenced as such on the form.</p> <p>Monthly checking reports for starters, leavers and changes should be produced and reviewed for each organisation to ensure completeness of payroll documentation and identification of erroneous transactions (including potential 'ghost' employees).</p> <p>Management should explore options for automating the checking process in order to reduce the volume of manual checks required and release valuable resource to focus on payroll processing.</p>	<p><b>Medium</b></p>
<p><b>Management Response 5</b></p>	<p><b>Responsible Officer/ Deadline</b></p>
<p>I acknowledge the findings of the Audit Report, a simplified checking process was put in place to remove the previous numerous checking that the team undertook. However, the new process has had difficulties in the team accessing the data, this is currently being investigated by IT. All checking has been completed, in differing fashions but ultimately providing a robust checking process albeit not in uniformed approach. As previously mentioned, there are multiple variants across Wales and we need one checking approach, which adds probity and efficiency to the system.</p>	<p>Head of Payroll 31<sup>st</sup> July 2021</p>

<p><b>Finding 6: Exception Reporting (O)</b></p>	<p><b>Risk</b></p>
<p>The Payroll Exception Report compares current period pay to the previous period. Some variation remains in the way in which the reports are produced and checked, although the all-Wales exception reporting parameters agreed and implemented during July 2018 continue to be followed.</p> <p>Two of the sample of 29 exception reports requested were not provided and for a further seven reports not all items had been evidenced as checked particularly within the Cardiff Team.</p>	<p>Erroneous or fraudulent transactions are not identified and prevented/recovered, potentially resulting in financial loss to the organisation.</p>
<p><b>Recommendation 6</b></p>	<p><b>Priority level</b></p>
<p>Ensure that exception reports are produced, and all items evidenced as reviewed as confirmation that no errors exist.</p>	<p><b>Medium</b></p>
<p><b>Management Response 6</b></p>	<p><b>Responsible Officer/ Deadline</b></p>
<p>I acknowledge the report findings, we will ensure that the team are made aware of the necessity to ensure that they sign and date the exception report via the next teams briefing, it was noted that even as a result of these not been signed they had been checked but was not evidenced nor where there any resulting issue from not having a signed statement, but sincerely acknowledge that it should have been signed.</p>	<p>Head of Payroll 30<sup>th</sup> April 2021</p>

<b>Finding 7: Overpayments (D)</b>	<b>Risk</b>
<p>The previous internal audit reported a lack of consistent approach for the monitoring and recovery of overpayments across NHS Wales organisations.</p> <p>Management advised that the overpayment process has been reviewed on an all-Wales basis and they are in the process of developing a single all-Wales overpayment procedure. However, no progress has been made in this respect due to the disruption of the COVID-19 pandemic.</p>	<p>Ineffective processes for the investigation and recovery of overpayments, potentially resulting in financial loss to the customer organisation.</p>
<b>Recommendation 7</b>	<b>Priority level</b>
<p>As previously agreed, an all-Wales approach to the management of overpayments should be agreed and adopted across all Payroll teams.</p>	<p><b>Low</b></p>
<b>Management Response 7</b>	<b>Responsible Officer/ Deadline</b>
<p>We acknowledge the findings of the report, there is a new draft of the Overpayments procedure that will be presented to WODS and DOFS for an all Wales approach.</p>	<p>Head of Payroll Subject to WODS and DOFS approval, paper to go to WODs and DOFS by the end of June 2021</p>

<b>Finding 8: Pension Contribution Rate (D)</b>	<b>Risk</b>
<p>Employees enrolled in the NHS Pension Scheme pay a proportion of their gross pay into the scheme. Contribution rates are determined by salary and increase at defined pay points, in line with NHS Pensions guidance. If an employee is promoted or receives an incremental increase which results in their new salary attracting a higher contribution rate, NHS Pensions guidance requires employers to ensure that the new rate is applied immediately, and the correct contributions paid by the employee.</p> <p>We reviewed a sample of 50 employees on the defined pay points where an increase in contribution is required. In nine cases the contribution rate was incorrect based on the individual’s salary, due to the rate not being reassessed at the point of salary increase.</p> <p>Employment Services only review and update pension contribution rates on an annual basis in April each year. This means that for part of the year affected employees will be paying less pension contributions than their salary dictates, with no retrospective adjustments to recover the shortfall.</p> <p>We understand that contribution rates are not automated based on salary and must be manually adjusted by Employment Services.</p>	<p>Incorrect pension contribution rates resulting in underpayment by the employee.</p>
<b>Recommendation 8</b>	<b>Priority level</b>
<p>When an in year pay increase is awarded, the pension contribution rates should be reviewed and updated immediately to reflect any possible changes.</p>	<p><b>High</b></p>

<b>Management Response 8</b>	<b>Responsible Officer/ Deadline</b>
<p>We acknowledge the findings of the report. With release of IBM RN469 Release 49.0.0.0 and 49.1.0.0, IBM has introduced an Automatic Pension Reassessment. A new process has been added into payroll processing to automatically reassess new starters and assignments with certain pay affecting changes to ensure they are allocated to the appropriate pension band. This will include assignments that have been affected by pay awards. This will resolve this issue.</p>	<p>Head of Payroll 1<sup>st</sup> April 2021</p>

## 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
<b>High</b>	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*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	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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Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd

Shared Services  
Partnership  
Audit and Assurance Services

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**NHS Wales Shared Services Partnership**  
**Internal Audit Operational Plan 2021/22**

**March 2021**

**DRAFT**

**Audit and Assurance Services**

**DRAFT**

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Appendix A – Operational Audit Plan 2021/22  
Appendix B – Internal Audit Charter



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.

## **1. Introduction**

This document sets out the Internal Audit Plan for 2021/22 (the Plan) detailing the audits to be undertaken and an analysis of the corresponding resources.

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

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

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

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

Accordingly, this document sets out the risk-based approach and the Plan for 2021/22. The Plan will be delivered in accordance with the Internal Audit Charter for Velindre University NHS Trust and the agreed KPIs for the service. All internal audit activity will be provided by Audit & Assurance Services, a part of NHS Wales Shared Services Partnership (NWSSP).

## **2. Developing the Internal Audit Plan**

### **2.1 Link to the Public Sector Internal Audit Standards**

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

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

### **2.2 Risk Based Audit Planning Approach**

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

- organisation's risk assessment and maturity;
- the previous years' internal audit activities; and
- the audit resources required to provide a balanced and comprehensive view.

Our planning takes into account the NHS Wales Planning Framework and other NHS Wales priorities, and is mindful of significant national changes that are taking place, in particular the ongoing impact of COVID-19. In addition, the plan aims to reflect the significant local

changes occurring as identified through the Integrated Medium-Term Plan (IMTP), changes within the organisation, assurance needs, identified concerns from our discussions with management, and emerging risks.

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

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

In addition, we are also aiming to agree a programme of work through both the Board Secretaries and Directors of Finance networks. These audits and reviews may be undertaken across all NHS bodies or a particular sub-set, for example at Health Boards only.

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

1) Annual audit work: Areas where annual audit work will both support the most efficient and effective delivery of an annual opinion and provide assurance to other NHS Wales organisations. These cover Primary Care Services Contractor Payments, Purchase to Pay and Payroll (included in National Audits in Appendix A). Other areas of consideration include the Board Assurance Framework, Risk Management, Financial Sustainability, Performance Monitoring & Management and an overall IM&T assessment.

2) Organisation based audit work – this covers key risks and priorities from the Board Assurance Framework and the Corporate Risk Register together with other auditable areas identified and prioritised through our planning approach. This work combines elements of governance and risk management with the controls and processes put in place by management to effectively manage the areas under review.

We recognise that there is a need to audit in a more agile way and to this end we have agreed with some organisations to plan this component of the work on a half-yearly rather than annual basis (the two half year elements making an annual plan). NWSSP has chosen to have a full annual programme of work identified at this stage recognising that some audits may change during the year.

3) Follow up: this is follow-up work on previous limited and no assurance reports as well as other high priority recommendations. Our work here also links to the organisation's recommendation tracker and

considers the impact of their implementation on the systems of governance and control.

4) Work agreed with the Board Secretaries, Directors of Finance, other executive peer groups, or Audit Committee Chairs in response to common risks faced by a number of organisations. This may be advisory work in order to identify areas of best practice or shared learning. To date, no work has been identified in this area.

5) The impact of audits undertaken at other NHS Wales bodies that impacts on NWSSP, most notably Digital Health and Care Wales (DHCW). The plan for DHCW is yet to be produced.

6) Where appropriate, Integrated Audit & Assurance Plans will be agreed for major capital and transformation schemes and charged for separately. Health bodies are able to add a provision for audit and assurance costs into the Final Business Case for major capital bids. To date, no work has been identified in this area.

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

### **2.3 Link to the System of Assurance**

The risk based internal audit planning approach integrates with NWSSP's system of assurance, thus we have considered the following:

- a review of the vision, values and forward priorities as outlined in the Annual Plan and 3 year Integrated Medium Term Plan;
- an assessment of the organisation's developing governance and assurance arrangements and the contents of the Risk Register;
- risks identified in papers to the Shared Services Partnership Committee and the Audit Committee;
- key strategic risks identified within the corporate risk register and assurance processes;
- results of assurance mapping undertaken by the Head of Finance & Business Development;
- discussions with Directors regarding risks and assurance needs in areas of corporate responsibility;

- cumulative internal audit knowledge of risk management, control and governance arrangements (including a consideration of past internal audit opinions);
- new developments and service changes;
- legislative requirements to which the organisation is required to comply;
- other assurance processes including planned audit coverage of systems and processes now provided through NHS Wales Shared Services Partnership (NWSSP);
- work undertaken by other review bodies including Audit Wales and NWSSP's Local Counter Fraud Service; and
- coverage necessary to provide reasonable assurance to the Managing Director in support of the Governance Statement.

## **2.4 Audit Planning Meetings**

In developing the plan, the Head of Internal Audit has met with the NWSSP Director (Finance and Corporate Services) to discuss current areas of risk and related assurance needs in addition to ongoing engagement with the Managing Director, other Directors and senior managers on an ongoing basis.

The draft Plan has been provided to the Senior Leadership Team to ensure that Internal Audit effort is best targeted to areas of risk.

## **3. Audit Risk Assessment**

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

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

## **4 Planned Internal Audit Coverage**

### **4.1 Internal Audit Plan 2021/22**

The Plan is set out in Appendix A and identifies the audit assignment, lead executive officer, outline scope, and proposed timing. It is structured under the six components referred to in section 2.2 insofar as they are applicable to NWSSP.

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

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

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

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

Audit coverage, in terms of capital audit and estates assurance, will be delivered by our Capital & Estates Team, and work on Information Governance and IT Security will be delivered by our IM&T Team.

### **4.2 Keeping the Audit Plan under Review**

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

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

Consistent with previous years, and in accordance with best professional practice, an unallocated contingency provision has been retained in the Plan to enable Internal Audit to respond to emerging risks and priorities identified by the Senior Leadership Team and endorsed by the Audit

Committee. Any changes to the Plan will be based upon consideration of risk and need and will be presented to the Audit Committee for approval.

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

## **5. Resource Needs Assessment**

Internal Audit has identified the work required to undertake the plan and has the necessary resources to deliver the agreed programme.

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

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

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

## **6. Internal Audit Charter**

The Internal Audit Charter for Velindre NHS Trust defines the over-arching purpose, authority and responsibility of Internal Audit and the Key Performance Indicators for the service. This is appropriate because NWSSP is a hosted body of Velindre NHS Trust and is consistent with other hosted body arrangements in Wales.

## **7. Action required**

The Audit Committee is asked to approve the operational audit plan for 2021/22.

James Quance  
Head of Internal Audit (NWSSP)  
Audit & Assurance Services  
NHS Wales Shared Services Partnership

March 2021

## 2021/22 Operational Audit Plan

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
<b>NATIONAL AUDITS</b>				
<b>Primary Care Services Assurance Programme</b>				
Primary Care Services <ul style="list-style-type: none"> <li>• General Medical Services (GMS)</li> <li>• Pharmacy Payments</li> <li>• General Ophthalmic Services (GOS)</li> <li>• General Dental Services (GDS)</li> </ul>	CRR A4 Financial governance and management	To provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments to primary care contractors.  This will include testing of transactions throughout the financial year, covering both legacy and replacement GMS and GOS systems.	Director of Primary Care Services	Q1 set up then continuous
<b>Employment Services Assurance Programme</b>				
Employment Services – Payroll	CRR CV5 Workforce management	To review the adequacy of the systems and controls in place for the management of Payroll Services in order to provide reasonable assurance that risks material to	Director of Workforce & OD and	Q1 set up then continuous

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
		the achievement of system objectives are managed appropriately.  Use of computer assisted audit techniques (CAATs) for data analysis and sample selections where possible.  Follow-up of action plan relating to previous audits.	Employment Services	
<b>Purchase to Pay (P2P) Audit Programme</b>				
Purchase to Pay (P2P)	CRR CV3 Financial governance and management	To review the adequacy of the systems and controls in place for key risk areas in the Accounts Payable process in order to provide reasonable assurance that risks material to the achievement of system objectives are managed appropriately.  Use of computer assisted audit techniques (CAATs) for data analysis and sample selections where possible.  Follow-up of action plan relating to previous audits.  Specific testing will be undertaken on changes to bank mandates.	Director of Finance and Corporate Services	Q1 set up then continuous

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
<b>Other National Audits</b>				
Medical Examiner Service	Operational service and functional management	To review this new service to provide a baseline and additional review of governance and management arrangements.	Director of Primary Care Services	Q3
Laundry Service	CRR A8 Operational service and functional management	To review this new national service to provide a baseline and additional review of governance and management arrangements.	Director of Procurement Services	Q4

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
Front-line Procurement	CRR CV3 Financial governance and management	To review the consistency of operation of front-line procurement teams and to ensure that procurement procedures are being complied with.	Director of Procurement Services	Q3/4
Single Lead Employer (Advisory)	Operational service and functional management	Evaluation of Phase I of the programme	Director of Workforce & OD and Employment Services	Q1/2
<b>NWSSP SPECIFIC AUDITS</b>				
Legal & Risk Services Directorate Review	Operational service and functional management	To test compliance with a range of policies and procedures and key aspects of governance within the Legal & Risk Services Directorate as part of the rolling programme of directorate reviews.	Director of Legal and Risk Services	Q2

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
Corporate Governance	Corporate governance, risk and regulatory compliance	To review the continued operation of key aspects of corporate governance, including risk management.	Director of Finance and Corporate Services	Q4
Stores	CRR CV3 Financial governance and management	To review the operation of key controls in respect of the receipting, holding and issuing of stock and the accuracy of stock valuation.	Director of Procurement Services	Q2
Salary Sacrifice	Financial governance and management	To review the arrangements in place for the administration of salary sacrifice schemes.	Director of Finance and Corporate Services	Q3
Welsh Infected Blood Support Scheme (WIBSS)	Operational service and functional management	To review the key controls in place within WIBSS, including a follow-up of recommendations made in the 2018-19 audit of the service.	Director of Planning, Performance & Informatics	Q2

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
Counter Fraud Arrangements	CRR A5 Financial governance and management	To review the effectiveness of arrangements in place within NWSSP to prevent and detect fraud and corruption.	Director of Finance and Corporate Services	Q3
IT review	Operational service and functional management	Risk based review. Scope to be agreed with management following conclusion of internal review and development of IT strategy.	Director of Planning, Performance and Informatics	TBC
Capital and Estates	Corporate governance, risk and regulatory compliance	Review to determine the adequacy of management arrangements to ensure compliance with the Welsh Government decarbonisation strategy.	Director of Specialist Estates Services	Q3/4
Agile Working (Advisory)	CRR CV4 Workforce management	Advisory review to support the development of agile working practices in NWSSP.	Director of Workforce & OD and	Q2

Planned output	Corporate Risk Register (CRR) / Audit Area	Outline Scope	Executive Lead	Outline Timing
			Employment Services	
<b>AUDIT MANAGEMENT &amp; REPORTING</b>				
Audit planning, reporting and management, national systems development	-	An allocation of time is required for the management of the service to the NHS Wales Shared Services Partnership: <ul style="list-style-type: none"> <li>• planning, liaison and management – incorporating preparation and attendance at Audit Committee; completion of ongoing risk assessments and planning; liaison with key contacts such as Audit Wales and organisation of the audit reviews;</li> <li>• reporting and meetings – key reports will be provided to support this, including preparation of the annual plan and progress reports to the Audit Committee; and</li> <li>• review of the Annual Governance Statement and annual opinion and reporting.</li> </ul>	Director of Finance and Corporate Services	Continuous



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## **NHS Wales Shared Services Partnership**

### **INTERNAL AUDIT CHARTER**

**March 2021**

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## **1 Introduction**

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

## **2 Purpose and responsibility**

- 2.1 Internal Audit is an independent, objective assurance and advisory function designed to add value and improve the operations of the organisation. Internal Audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 2.2 Internal Audit is responsible for providing an independent and objective assurance opinion to the Accountable Officer, the Board and the Audit Committee on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control<sup>1</sup>. In addition, Internal Audit's findings and recommendations are beneficial to management in securing improvement in the audited areas.
- 2.3 The organisation's risk management, internal control and governance arrangements comprise:
- the policies, procedures and operations established by the organisation to ensure the achievement of objectives;
  - the appropriate assessment and management of risk, and the related system of assurance;

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

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<sup>1</sup> *Audit work designed to deliver an audit opinion on the risk management, control, and governance arrangements is referred to in this Internal Audit Charter as assurance work because management use the audit opinion to derive assurance about the effectiveness of their controls.*

### **3 Independence and Objectivity**

- 3.1 Independence as described in the Public Sector Internal Audit Standards is the freedom from conditions that threaten the ability of the Internal Audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the Internal Audit activity, the Head of Internal Audit will have direct and unrestricted access to the Board and Senior Management, in particular the Chair of the Audit Committee and Accountable Officer.
- 3.2 Organisational independence is effectively achieved when the auditor reports functionally to the Audit Committee on behalf of the Board. Such functional reporting includes the Audit Committee:
- approving the internal audit charter;
  - approving the risk based internal audit plan;
  - approving the internal audit budget and resource plan;
  - receiving outcomes of all internal audit work together with the assurance rating; and
  - reporting on Internal Audit activity's performance relative to its plan.
- 3.3 Whilst maintaining effective liaison and communication with the organisation, as provided in this Charter, all internal audit activities shall remain free of untoward influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.
- 3.4 Internal Auditors shall have no executive or direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity, which would normally be audited.
- 3.5 This Charter makes appropriate arrangements to secure the objectivity and independence of Internal Audit as required under the standards. In addition, the shared service model of provision in NHS Wales through NWSSP provides further organisational independence.
- 3.6 In terms of avoiding conflicts of interest in relation to non-audit activities, Audit & Assurance has produced a Consulting Protocol that includes all of the steps to be undertaken to ensure compliance with the relevant Public Sector Internal Audit Standards that apply to non-audit activities.

## **4 Authority and Accountability**

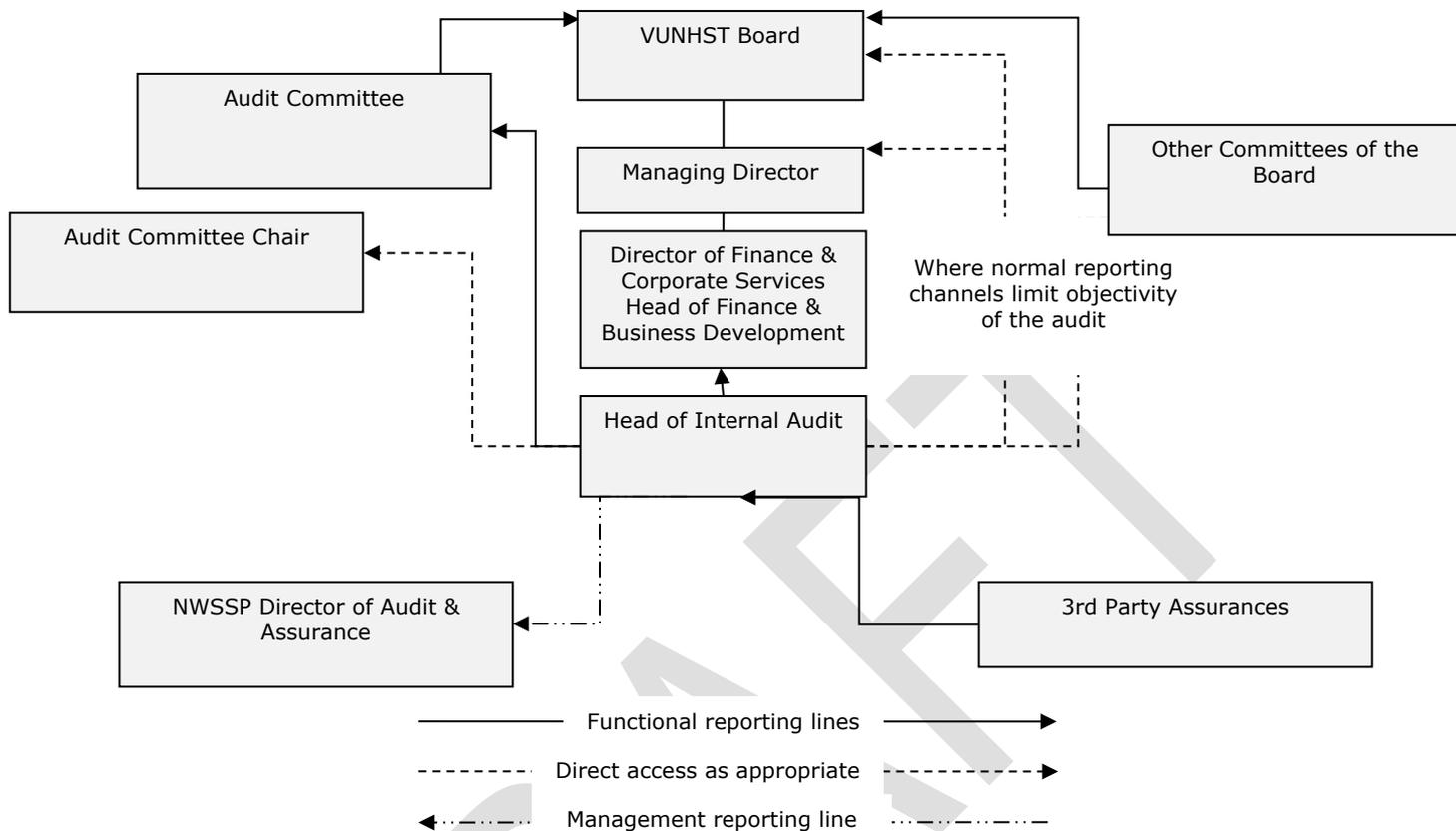
- 4.1 Internal Audit derives its authority from the Board, the Accountable Officer and the Audit Committee. These authorities are established in Standing Orders and Standing Financial Instructions adopted by the Board.
- 4.2 The Minister for Health has determined that internal audit will be provided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

## **5 Relationships**

- 5.1 In terms of normal business the Accountable Officer has determined that the Director of Finance and Corporate Services will be the nominated executive lead for internal audit. Accordingly, the Head of Internal Audit will maintain functional liaison with this officer.
- 5.2 In order to maximise its contribution to the Board's overall system of assurance, Internal Audit will work closely with the organisation's Director of Finance and Corporate Services in planning its work programme.
- 5.3 Co-operative relationships with management enhance the ability of Internal Audit to achieve its objectives effectively. Audit work will be planned in conjunction with management, particularly in respect of the timing of audit work.
- 5.4 Internal Audit will meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to seek opportunities for co-operation in the conduct of audit work. In particular, Internal Audit will make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate.

- 5.5 The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework.
- 5.6 The Head of Internal Audit will take account of key systems that are being operated by organisations outside of the remit of the Accountable Officer, or through a shared or Joint Committee arrangement, e.g. NWIS (NWIS becomes a Special Health Authority called Digital Health and Care Wales from 1<sup>st</sup> April 2021).
- 5.7 Internal Audit strives to add value to the organisation's processes and help improve its systems and services. To support this Internal Audit will obtain an understanding of the organisation and its activities, encourage two-way communications between Internal Audit and operational staff, discuss the audit approach and seek feedback on work undertaken.
- 5.8 The key organisational reporting lines for Internal Audit are summarised in Figure 1. As part of this, the Audit Committee may determine that another committee of the organisation is a more appropriate forum to receive and action individual audit reports. However, the Audit Committee will remain the final reporting line for all reports.

**Figure 1: Audit reporting lines**



## 6 Standards, Ethics, and Performance

- 6.1 Internal Audit must comply with the Definition of Internal Auditing, the Core Principles, Public Sector Internal Audit Standards and the professional Code of Ethics, as published on the NHS Wales e-governance website.
- 6.2 Internal Audit will operate in accordance with the Service Level Agreement (2018) and associated performance standards agreed with the Audit Committee and the Shared Services Partnership Committee. The Service Level Agreement includes a number of Key Performance Indicators and we will agree with each Audit Committee which of these they want reported to them and how often.

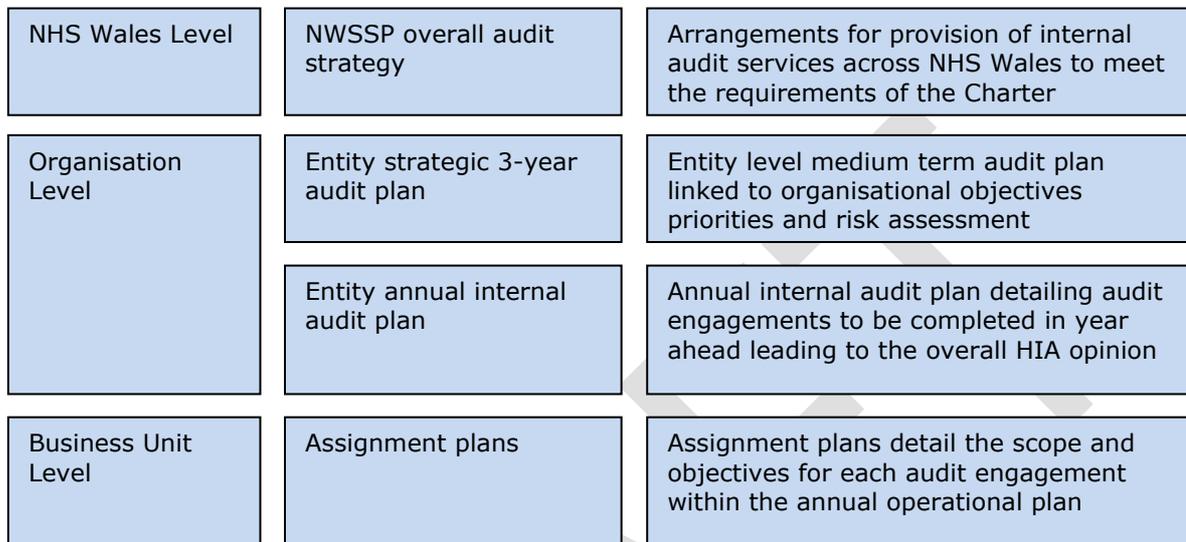
## 7 Scope

- 7.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management arrangements, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes but is not limited to:
- reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
  - reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations, and reports on whether the organisation is in compliance;
  - reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
  - reviewing and appraising the economy and efficiency with which resources are employed, this may include benchmarking and sharing of best practice;
  - reviewing operations or programmes to ascertain whether results are consistent with the organisation's objectives and goals and whether the operations or programmes are being carried out as planned;
  - reviewing specific operations at the request of the Audit Committee or management, this may include areas of concern identified in the corporate risk register;
  - monitoring and evaluating the effectiveness of the organisation's risk management arrangements and the overall system of assurance;
  - reviewing arrangements for demonstrating compliance with the Health and Care standards;
  - ensuring effective co-ordination, as appropriate, with external auditors; and
  - reviewing the Governance and Accountability modular assessment and the Annual Governance Statement prepared by senior management.
- 7.2 Internal Audit will devote particular attention to any aspects of the risk management, internal control and governance arrangements affected by material changes to the organisation's risk environment.
- 7.3 If the Head of Internal Audit or the Audit Committee consider that the level of audit resources or the Charter in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the definition of internal auditing, they will advise the Accountable Officer and Board accordingly.
- 7.4 The scope of the audit coverage will take into account and include any hosted body.

## 8 Approach

8.1 To ensure delivery of its scope and objectives in accordance with the Charter and Standards Internal Audit has produced an Audit Manual (called the Quality Manual). The Quality Manual includes arrangements for planning the audit work. These audit planning arrangements are organised into a hierarchy as illustrated in Figure 2 below.

**Figure 2 Audit planning hierarchy**



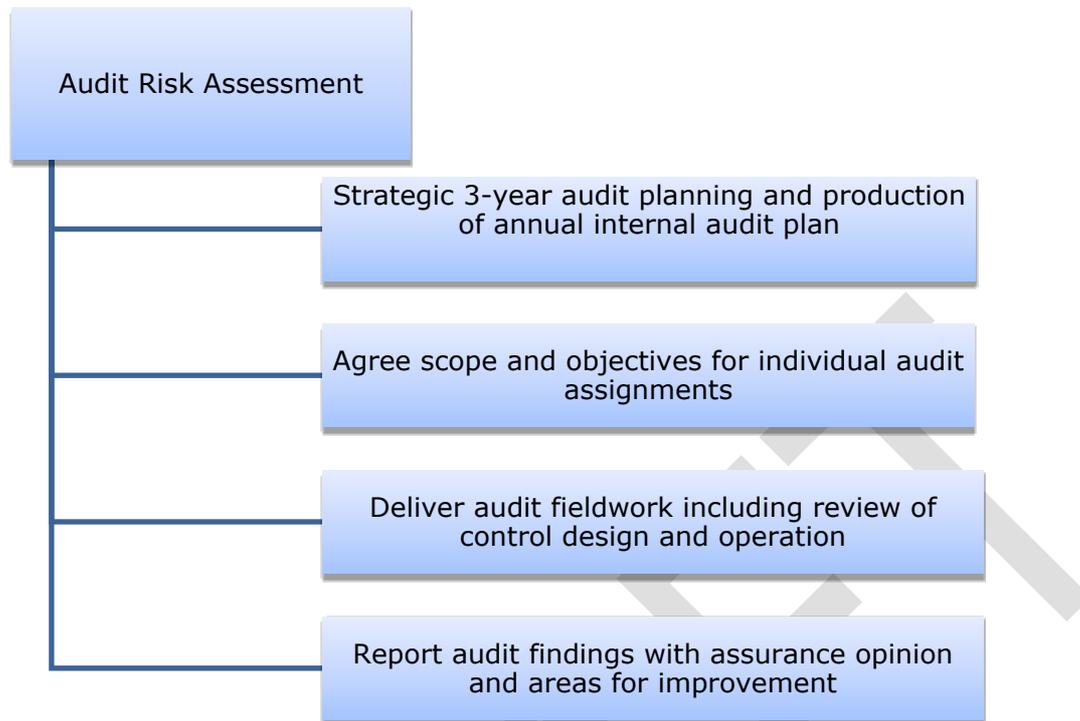
8.2 NWSSP Audit & Assurance Services has developed an overall audit strategy which sets out the strategic approach to the delivery of audit services to all health organisations in NHS Wales. The strategy also includes arrangements for securing assurance on the national transaction processing systems including those operated by NWSSP on behalf of NHS Wales.

8.3 The main purpose of the Strategic 3-year Audit Plan is to enable the Head of Internal Audit to plan over the medium term on how the assurance needs of the organisation will be met as required by the Public sector Internal Audit Standards and facilitate:

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

- effective co-operation with external auditors and other review bodies functioning in the organisation; and
  - the allocation of resources between assurance and consulting work.
- 8.4 The Strategic 3-year Audit Plan will be largely based on the Board Assurance Framework where it is sufficiently mature, together with the organisation-wide risk assessment.
- 8.5 An Annual Internal Audit Plan will be prepared each year drawn from the Strategic 3-year Audit Plan and other information, and outlining the scope and timing of audit assignments to be completed during the year ahead.
- 8.6 The Strategic 3-year and annual internal audit plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation.
- 8.7 The annual internal audit plan will be developed in discussion with executive management and approved by the Audit Committee on behalf of the Board.
- 8.8 The NWSSP Audit Strategy is expanded in the form of a Quality Manual and a Consulting Protocol, which together define the audit approach, applied to the provision of internal audit and consulting services.
- 8.9 During the planning of audit assignments, an assignment brief will be prepared for discussion with the nominated operational manager. The brief will contain the proposed scope of the review along with the relevant objectives and risks to be covered. In order to ensure the scope of the review is appropriate it will require agreement by the relevant Executive Director or their nominated lead. The key stages in this risk based audit approach are illustrated in figure 3.

**Figure 3 Risk based audit approach**



## 9 Reporting

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

- An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement. The process for arriving at the appropriate assurance level for each Head of Internal Audit opinion is subject to a review process and was last updated in 2020/21;
- The Head of Internal Audit opinion will
  - a) State the overall adequacy and effectiveness of the organisation's risk management, control and governance processes, with reference to compliance with the Health and Care Standards.
  - b) Disclose any qualification to that opinion, together with the reasons for the qualification.
  - c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies.
  - d) Draw attention to any issues Internal Audit judge as being particularly relevant to the preparation of the Annual Governance Statement.

- e) Compare work actually undertaken with the work, which was planned, and summarise performance of the Internal Audit function against its performance measurement criteria.
  - f) Provide a statement of conformity in terms of compliance with the Public Sector Internal Audit Standards and associated internal quality assurance arrangements.
- For each Audit Committee meeting a progress report will be presented to summarise progress against the plan. The progress report will highlight any slippage and changes in the programme. The findings arising from individual audit reviews will be reported in accordance with Audit Committee requirements.
  - The Audit Committee will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan on any recommendations for improvement agreed with management including target dates for completion.
- 9.2 The process for audit reporting is summarised below and presented in flowchart format in Appendix A to this Charter:
- Following the closure of fieldwork and the resolution of any queries, Internal Audit will discuss findings with operational managers to confirm understanding and shape the reporting stage.
  - Operational management will receive draft reports, which will include any proposed recommendations for improvement within 10 working days following the discussion of findings. A copy of the draft report will also be provided to the relevant Executive Director.
  - The draft report will give an assurance opinion on the area reviewed in line with the criteria at Appendix B to this Charter. The draft report will also indicate priority ratings for individual report findings and recommendations.
  - Operational management will be required to respond to the draft report in consultation with the relevant Executive Director within 15 working days of issue, stating their agreement or otherwise to the content of the report, identifying actions, identifying staff with responsibility for implementation and the dates by which action will be taken.
  - The Head of Internal Audit will seek to resolve any disagreement with management in the clearance of the draft report. However, where the management response is deemed inadequate or disagreement remains then the matter will be escalated to the Head of Finance & Business Development. The Head of Internal Audit may present the draft report to the Audit Committee where the management response is inadequate or where disagreement remains unresolved. The Head of Internal Audit may also escalate this directly to the Audit Committee Chair to ensure that the issues raised in the report are addressed appropriately.

- Reminder correspondence will be issued after the set response date where no management response has been received. Where no reply is received within 5 working days of the reminder, the matter will be escalated to the Head of Finance & Business Development. The Head of Internal Audit may present the draft report to the Audit Committee where no management response is forthcoming.
- Internal Audit will issue final reports inclusive of management comments to the relevant Executive Director within 10 working days of management responses being received.
- The final report will be copied to the Accountable Officer and Head of Finance & Business Development and placed on the agenda for the next available Audit Committee.

9.3 Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision maybe made for a follow up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.

## **10 Access and Confidentiality**

10.1 Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation.

10.2 All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors.

10.3 Where there is a request to share information amongst the NHS bodies in Wales, for example to promote good practice and learning, then permission will be sought from the Accountable Officer before any information is shared.

## **11 Irregularities, Fraud & Corruption**

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

11.2 Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.

11.3 If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Local Counter Fraud Service (LCFS) in accordance with the organisation's Counter Fraud Policy

& Fraud Response Plan and the agreed Internal Audit and Counter Fraud Protocol.

## **12 Quality Assurance**

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

## **13 Resolving Concerns**

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

## **14 Review of the Internal Audit Charter**

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

Simon Cookson  
Director of Audit & Assurance - NHS Wales Shared Services Partnership  
March 2021

## Appendix A Process

**Audit fieldwork completed and debrief with management.**

**A draft report is issued within 10 working days of fieldwork completion and the resolution of any queries.**

**Management responses are provided on behalf of the Executive Lead within 15 working days of receipt of the draft report.**

**Outstanding responses are chased for 5 further days.**

**Report finalised by Internal Audit within 10 days of management response.**

**Individual audit reports received by Audit Committee.**

## Audit Reporting

Following closure of audit fieldwork and management review audit findings are shared with operational management to check accuracy of understanding and help shape recommendations for improvement to address any control deficiencies identified.

Draft reports are issued with an assurance opinion and recommendations within 10 days of fieldwork completion to Operational Management Leads, and copied to the relevant Executive Leads.

A report clearance meeting may prove helpful in finalising the report between management and auditors. A response, including a fully populated action plan, with assigned management responsibility and timeframe is required within 15 days of receipt of the Draft report.

Where management responses are still awaited after the 15 day deadline, a reminder will be sent. Continued non-compliance will be escalated to Executive management after 5 further days.

Internal Audit issues a Final report to the Director/Executive Director, within 10 working days of receipt of complete management response. All Final reports are copied to the Managing Director and Head of Finance & Business Development.

Final reports are received by the Audit Committee at next available meeting and discussed if applicable. The Audit Committee identifies their priority areas for Internal Audit to follow up.

**Appendix B  
Ratings**

**Audit Assurance**

RATING	INDICATOR	DEFINITION
<b>Substantial assurance</b>	 <p style="text-align: center;">-                      + Green</p>	<p>The Board can take <b>substantial assurance</b> 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 <b>low impact on residual risk</b> exposure.</p>
<b>Reasonable assurance</b>	 <p style="text-align: center;">-                      + Yellow</p>	<p>The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved.</p>
<b>Limited assurance</b>	 <p style="text-align: center;">-                      + Amber</p>	<p>The Board can take <b>limited assurance</b> 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 <b>moderate impact on residual risk</b> exposure until resolved.</p>
<b>No assurance</b>	 <p style="text-align: center;">-                      + Red</p>	<p>The Board has <b>no assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with <b>high impact on residual risk</b> exposure until resolved.</p>



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

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Sophie Corbett (Deputy Head of Internal Audit) – [sophie.corbett@wales.nhs.uk](mailto:sophie.corbett@wales.nhs.uk)

<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>AGENDA ITEM</b>	3.2
<b>PREPARED BY</b>	Peter Stephenson, Head of Finance and Business Development
<b>PRESENTED BY</b>	Andy Butler, Director of Finance and Corporate Services
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	Procuring and Supplying PPE for the COVID-19 Pandemic

<b>PURPOSE</b>
To present the Audit Wales report on the procurement and supply of PPE to the Committee for assurance purposes.

## 1. BACKGROUND

Audit Wales published their formal report into the procurement and supply of PPE during the COVID-19 pandemic. The full report is included on the agenda but the accompanying press release for the report stated that:

*Working collaboratively, NHS Shared Services and other public services overcame early challenges to provide health and care bodies with the required PPE without running out of stock at a national level.*

*The Welsh Government and NHS Wales Shared Services Partnership (Shared Services) procured and supplied Personal Protective Equipment (PPE) for frontline staff in very challenging circumstances. They put good arrangements in place to manage risks which helped to avoid some of the problems reported in England. However, Shared Services did not publish contract award notices for all its PPE contracts within the required 30 days of them being let.*

*The challenge facing the NHS and social care at the start of the pandemic was stark. The stockpile developed for a flu pandemic was inadequate for a coronavirus. Global supply chains had fragmented as countries competed for scarce supplies and some imposed export controls.*

*Before the pandemic, NHS Wales would typically spend around £8 million annually on PPE. During 2020-21 the total amount expected to be spent on PPE for Wales is over £300 million. While this is a big increase, we estimate the Welsh Government has received £880 million through the Barnett formula as a result of spending on PPE in England.*

*Public services across Wales worked in an increasingly collaborative way to understand what PPE was needed and a range of bodies were involved in sourcing PPE globally. Shared Services has taken on an expanded role in securing PPE for the wider NHS, including independent contractors in primary care (GPs, dentists, pharmacies and optometrists) and the whole social care sector, including private providers.*

*Shared Services had issued 630 million items of PPE as of 8 February 2021. Shared Services data shows that, nationally, stocks did not run out. Stocks of some items – visors, certain face masks and surgical gowns - fell below two days at points in April 2020. At times, Wales drew on mutual aid from other countries but ultimately gave out significantly more than it received. The health and care system is now in a much better position, with buffer stocks of most items and orders due on key items where stocks are below the current target of 24 weeks of supply.*

*Staff surveys by the Royal College of Nursing and British Medical Association suggest confidence in the supply of PPE grew shortly after the start of the pandemic, and there are still some concerns. While we cannot be sure how representative these views are, some frontline staff have reported experiencing shortages of PPE. In some cases, staff concerns relate to the fact that they want a higher level of PPE than required under the guidance.*

*Shared Services balanced the urgent need of getting PPE to frontline staff with the need to manage significant financial governance risks. These risks included dealing with new suppliers, having to make large advance payments and fraudulent and poor-quality equipment being offered. An expert financial governance group looked at riskier contracts. Unlike the position in England, our report finds no evidence of priority being given to potential suppliers depending on who referred them.*

*Due diligence checks could not always be carried out to the level they would outside of a pandemic due to time pressures. However, for each contract we reviewed, evidence shows key due diligence checks were undertaken.*

*Shared Services did not meet requirements under emergency procurement rules to publish its contract award notices within 30 days. Shared Services told us that its staff needed to prioritise sourcing PPE and that there were other administrative reasons for delays.*

*Recommendations in the report centre around:*

- *Preparedness for future pandemics*
- *Developing a clear procurement strategy for PPE – including the size and nature of the stockpile, plans for the domestic PPE market, and considering wider factors such as sustainable development and modern slavery*
- *Transparency on contract awards and availability of PPE stock*

## **2. RECOMMENDATION**

The Audit Committee are asked to:

- **NOTE** the Audit Wales report into the procurement and supply of PPE during the pandemic.

# **Procuring and Supplying PPE for the COVID-19 Pandemic**

Report of the Auditor General for Wales

April 2021

This report has been prepared for presentation to the Senedd under the Government of Wales Acts 1998 and 2006.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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# Key messages

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## Context

- 1 This report looks at the procurement and supply of Personal Protective Equipment (PPE) during the COVID-19 pandemic. PPE is essential for protecting those who get close to infected people. It can also prevent people spreading the virus amongst each other and to those they are caring for.
- 2 Our report focuses on the national efforts to supply health and social care in Wales. These efforts have been led by the Welsh Government, working with partners in the NHS Wales Shared Services Partnership (Shared Services) and local government. Shared Services has taken on an expanded role in securing PPE for the whole health and social care sector. **Appendix 1** describes our audit approach and methods.
- 3 We have not reviewed arrangements for local procurement of PPE by NHS and local government bodies, nor the logistical arrangements in place locally to distribute PPE directly to frontline staff. We have, however, reflected evidence collected by professional bodies about the views of front-line staff. In carrying out this work, we have been mindful of the work by the National Audit Office (NAO) in England on the supply and procurement of PPE. Where possible, we have sought to align our scope, albeit in a devolved context.

## Overall conclusion

- 4 In collaboration with other public services, Shared Services overcame early challenges to provide health and care bodies with the PPE required by guidance without running out of stock at a national level. It is now in a far stronger position, with stockpiles of most PPE equipment and orders in train for those that are below 24 weeks. Some frontline staff have reported that they experienced shortages of PPE and some felt they should have had a higher level of PPE than required by guidance. The Welsh Government and Shared Services put in place good arrangements overall to procure PPE that helped manage risks and avoid some of the issues reported on in England. However, Shared Services did not publish contract award notices for all its PPE contracts within 30 days of them being let.

## Key findings

- 5 The challenge facing the NHS and social care at the start of the pandemic was stark. The stockpile developed for a flu pandemic was inadequate for a coronavirus. Global supply chains had fragmented as countries competed for scarce supplies and some imposed export controls.
- 6 Public services across Wales responded in an increasingly collaborative way. Shared Services took on an expanded role in supplying PPE to the wider NHS, including independent contractors in primary care (GPs, dentists, pharmacies and optometrists). Shared Services then worked closely with local government to understand demand in social care and then took on an increasing role supplying PPE. Shared Services now supplies almost all social care PPE needs. We recognise the huge individual and collective effort involved in the work to source and supply PPE to frontline staff.
- 7 Shared Services data shows that, nationally, stocks did not run out although stocks of some items got very low. At times, Wales drew on mutual aid from other countries but ultimately gave out significantly more than it received. The health and care system is now in a much better position, with buffer stocks of most PPE items in place and orders due on key items where stocks are below target.
- 8 Surveys carried out by the Royal College of Nursing and British Medical Association suggest confidence in the supply of PPE grew shortly after the start of the pandemic, but concerns remain. While we cannot be sure how representative these views are, some frontline staff reported shortages of specific items of PPE, with a small minority saying at times they had none at all. In some cases, staff concerns relate to the fact that they want a higher level of PPE than required under the guidance.
- 9 A range of bodies were involved in sourcing PPE globally and in responding to, and working with, local manufacturers. In contrast to the position described by the NAO in England, we saw no evidence of a priority being given to potential suppliers depending on who referred them.
- 10 Overall, Shared Services developed good arrangements to rapidly buy PPE, while balancing the urgent need to get supplies for frontline staff with the need to manage significant financial governance risks in an area of rapidly growing expenditure. These risks included dealing with new suppliers, having to make large advance payments and significant quantities of fraudulent and poor-quality equipment being offered.

- 11 Time pressure meant due diligence could not always be carried out to the level it would outside of a pandemic in a normal competitive tendering process. But, for each contract we reviewed, we found evidence of key due diligence checks. And while costs were generally higher than before the pandemic, we saw evidence of Shared Services negotiating prices down.
- 12 However, Shared Services did not meet the requirements under emergency procurement rules to publish contract award notices within 30 days. Shared Services told us that its staff needed to prioritise sourcing PPE and that there were other administrative reasons for delays.
- 13 Shared Services' plan for PPE ran until March 2021. There are now some key decisions to make about the future strategy for PPE, including the size and nature of the stockpile going forwards and the role of Welsh manufacturers.



**Procuring and supplying PPE in these times has been far from business as usual. The challenges, risks and pressures have been higher, and a huge individual and collective response has been needed.**

**NHS Shared Services, working with others, has responded well to develop and maintain the national stock and to supply health and care bodies. However, despite competing pressures, Shared Services should have moved more quickly to publish details about the contracts it let.**

**While the overall picture painted by my report is relatively positive given the difficult circumstances, we cannot ignore the views expressed by some of those on the frontline about their own experience. There are also lessons for the Welsh Government and Shared Services to learn – about preparing for a future pandemic as well as addressing some current challenges.**

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**Adrian Crompton**  
Auditor General for Wales



## Key facts

**630 million**

the number of items of PPE issued by Shared Services between 9 March 2020 and 7 February 2021

**Less than 2**

the lowest number of days' worth of national stock of visors, Type IIR face masks and surgical gowns at points during April 2020



**£8 million**

the annual amount NHS Wales would typically spend on PPE before the pandemic



**Over £300 million**

the total amount expected to be spent on PPE for Wales during 2020-21

**£880 million**

our estimate of how much the Welsh Government has received so far through the Barnett formula as a result of spending on PPE in England

**24**

the number of weeks' worth of PPE stock Shared Services currently aims to hold



**67**

the number of suppliers Shared Services has contracted with to supply the NHS and social care with PPE since the start of the pandemic



# ◀ Key roles and responsibilities

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**Appendix 2** sets out the main organisations and groups involved in the national supply and procurement of PPE. At a higher-level, the key roles are:

**Welsh Government** – provides a lead on the pandemic response and policy, including liaison with the UK Government, and funds PPE



**Shared Services** – responsible for procuring and supplying PPE to hospitals, took on an expanded role for procuring and supplying primary care and social care



**Public Health Wales** – responsible for developing and issuing, with other UK countries, the infection prevention and control guidance that determines what PPE is needed and in what circumstances



# Recommendations

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## Recommendations

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### Preparedness for future pandemics

- R1** As part of a wider lessons learnt approach, the Welsh Government should work with other UK countries where possible to update plans for a pandemic stockpile to ensure that it is sufficiently flexible to meet the demands of a pandemic from different types of viruses.
- R2** In updating its own plans for responding to a future pandemic, the Welsh Government should collaborate with other public bodies to articulate a set of pan-public sector governance arrangements for planning, procuring and supplying PPE so that these do not need to be developed from scratch.
- R3** Shared Services should work with NHS and social care bodies to maintain an up-to date stock management information system that provides timely data on local and national stocks of PPE that can be quickly drawn upon in a future pandemic to support projections of demand and availability as well as providing a robust source of information for briefing stakeholders.

## Recommendations

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### Procurement strategy for PPE

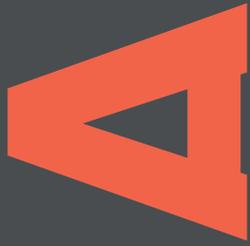
- R4** In updating the strategic approach to PPE, Shared Services and the Welsh Government should work together to develop a clear direction in terms of:
- a return to competitive procurement and an end to emergency exemptions.
  - fuller consideration of the wider criteria usually applied to procurement, such as sustainable development and policies on modern slavery.
  - the intentions and aspirations in relation to the domestic PPE market, including the balance between the potential benefits of resilience through local production capacity against the potentially increased costs compared to international manufacturers.
  - the size and nature of the pandemic stockpile it intends to hold, considering the benefits and costs of holding and maintaining stock and the timing of purchases given the ongoing disruptions to the PPE market.

## Recommendations

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### Transparency

- R5** To increase confidence in stocks and supplies at the national level, Shared Services should work with the Welsh Government to publish details of the amount of stock it holds of each item alongside the regular publication of data on the numbers of items issued.
- R6** Shared Services should: check that it has published contract award notices for all contracts where it is required to do so; review those that it has published to ensure they are accurate; and ensure that it publishes contract award notices within the required timeframe for future contracts.
- R7** The Welsh Government should review whether the Sell2Wales site needs updating to allow bodies to publish retrospective contract award notices more efficiently without relying on suppliers to sign-up.
- R8** Given public interest in the awarding of PPE contracts and to promote confidence in the procurement system, the Welsh Government and Shared Services should publish details of the contracts awarded under emergency exemptions in a single place that is easy to access.



# The supply of PPE



01

- 1.1 This part of the report covers the supply of PPE. In particular, it looks at the extended role that Shared Services took on for supplying hospitals, primary care and the whole social care sector. It covers the supply of PPE to those bodies in health and to the local government stores that distribute to social care. We did not look at local processes within hospitals or in local government for getting PPE to frontline staff. We have, however, reflected evidence collected by professional bodies about the views of front-line staff.

### **UK-wide arrangements for an influenza pandemic proved inadequate for the demands of dealing with the coronavirus and the Welsh Government quickly decided to secure its own PPE supplies through Shared Services**

- 1.2 The Welsh Government and other nations of the UK have long-standing plans for an influenza pandemic. These included a [2011 Influenza Pandemic Preparedness Strategy](#), agreed by all four UK nations. Following the swine flu outbreak in 2009, the UK Government and Welsh Government developed and maintained a national stockpile in preparation for an influenza pandemic.
- 1.3 In addition to medicines and other countermeasures, the Pandemic Influenza Preparedness Programme (PIPP) held a stock of PPE, based on estimates of need for an influenza pandemic. The PIPP involved a physical stockpile of items, stored in South Wales, plus UK-wide contracts in place for additional stock to take the PIPP to 15 weeks of supply if required. However, due to a lack of supply in the global market, these 'just-in-time' contracts did not deliver as fully as expected with none of the FFP3 respirators being received. To mitigate some of these issues, equipment that was close to, or past, its expiry date was tested and had its expiry date extended.
- 1.4 The Welsh Government quickly realised that the PIPP would not be adequate for a coronavirus pandemic. The PPE would need to be used at a faster rate to deal with the specific demands of COVID-19. Some items – notably gloves and aprons – were below the estimated requirement for a flu pandemic and would not last as long as needed for COVID-19. Surgical gowns were not held in the PIPP stockpile.<sup>1</sup> These items proved to be critical for hospital staff treating COVID-19 patients. The NAO's report on the supply of PPE confirms the inadequacy of the UK stockpile for the demands of a coronavirus.

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1 As reported by the NAO, the UK Government's scientific advisors had recommended in 2019 that gowns and visors be added to the stockpile, but the UK Government was still deciding which gowns to procure when the pandemic started.

- 1.5 The Welsh Government initially anticipated there would be a UK Government led approach to find additional supplies. However, this arrangement proved challenging in practice. The global market was fragmented, countries around the world were competing for scarce supply and some imposed export controls. The NAO has set out the challenges the UK Government faced just to secure PPE supplies for England.
- 1.6 The Welsh Government decided in late March 2020 that it would continue to work with the other UK administrations, where possible, but would procure and supply PPE for itself. We consider the work to procure PPE for Wales in **Part 2**.

### **The Welsh Government established effective arrangements for coordinating the supply effort although it took time to develop collaboration between health and social care**

- 1.7 A small team of Welsh Government officials coordinated the PPE supply effort, working very closely with Shared Services. Daily meetings during the early stages of the pandemic discussed issues such as stock levels, likely demand, distribution of available stock and procurement of new supplies. Shared Services took day-to-day charge of delivery and collated information for Welsh Government officials to brief senior colleagues and ministers, and to respond to wider scrutiny.
- 1.8 The Welsh Government established two key groups to oversee PPE arrangements and provide a formal framework for joint working specifically on PPE:
  - a 'health counter-measures group' started meeting on 12 February 2020 to secure and deploy PPE supplies in line with ministerial policy and public health guidance. The group included Welsh Government officials responsible for health and social care, Shared Services and Public Health Wales. It reported to the Planning and Response Group, which was set up in March to coordinate the overall health and social care response to the pandemic and chaired by a senior Welsh Government official. The Welsh Government suspended the health counter-measures group on 1 June 2020 once it judged the emergency phase had passed.
  - an 'executive leads group' met from late April 2020 and brought together a senior officer from the Welsh Government, Shared Services, each health board, Velindre University NHS Trust, Welsh Ambulance Services NHS Trust and Public Health Wales to exchange information on local issues and the national response. Before formalising this group, there was already extensive communication between senior NHS executives and Welsh Government officials through other mechanisms.

- 1.9 During March 2020, joint working was not as developed between Shared Services, local government and the social care sector. Shared Services' core work is to supply services delivered directly by health boards and trusts, and it had not previously been responsible for supplying independent primary care contractors and social care. The Welsh Government wrote to local authorities on 19 March 2020 stating that social care providers could obtain PPE from Shared Services for the treatment of symptomatic residents if they were unable to secure it from other sources.
- 1.10 The Welsh Local Government Association (WLGA) and the Welsh Government set up a working group on COVID-19 procurement, bringing together local government procurement leads and the Welsh Government's National Procurement Service. This group met daily from 23 March 2020 to the end of June 2020 when the meetings then became less frequent. The Planning and Response Group had a social care sub-group where representatives from the WLGA and social care organisations could raise issues about PPE supply. However, the WLGA told us that local authorities did not feel sufficiently involved in a collective health and social care response until 9 April, when Shared Services joined the procurement group.
- 1.11 Nonetheless, people we interviewed reported that collaboration and partnership working was much stronger than it had been during normal times. This collaboration was helped by already having a single public body responsible for supplying PPE to much of the NHS and existing networks and relationships between the Welsh Government, NHS bodies and local government. The position in Wales contrasts with the position in England. The NAO reported that prior to the pandemic many more organisations were involved and there was more distance between the government and the agencies responsible for procurement, supply and stock management, much of which was contracted to the private sector.

### **Public health guidance determined what PPE was needed and formed the basis of efforts to work out how much PPE would be required by health and social care**

#### **Guidance**

- 1.12 Before the first UK case, public health authorities across the UK were working out PPE requirements. In January 2020, the four nations agreed that COVID-19 should be classified a High Consequence Infectious Disease (HCID). Guidance issued on 10 January 2020 set out infection controls, including the isolation of COVID-19 patients and use of PPE.

- 1.13 After reviewing emerging information, including the fatality rate, the virus was declassified from an HCID on 19 March 2020. As a result, the guidance changed from advising that anybody entering the room of an isolating patient wear a gown, long gloves, respirator masks (FFP3) and eye protection to tailoring the guidance to the setting, whether the patient was known or likely to have COVID-19 and what procedures were being undertaken.
- 1.14 The core infection prevention and control guidance are issued jointly by all four UK nations, although individual nations issue supplementary guidance where there are differences. Those developing the guidance, including representatives from Public Health Wales, have access to expert advice<sup>2</sup>. In its July 2020 report, the Senedd Health, Social Care and Sport Committee reported some early uncertainty among providers about the guidance, notably in social care. It noted that updated guidance issued on 2 April 2020 had provided greater clarity.
- 1.15 **Exhibit 1** sets out the PPE requirements at the time of drafting this report. Overall, there have been over 30 changes to the guidance since it was first issued in January 2020. One key change came on 10 April 2020 when the guidance was updated to reflect that non-symptomatic patients could be contagious. The updated guidance provided more detailed information about what PPE should be worn by health and social care staff when treating all patients, not just confirmed or suspected COVID-19 patients. On 21 August 2020, the guidance was updated to include a COVID-19 risk pathway to support returning services.
- 1.16 On 17 April 2020, Public Health England issued separate guidance to allow for the re-use of PPE in the case of acute shortages until confirmation of adequate re-supply. The same day, Wales' Chief Medical Officer shared the English guidance with NHS and social care bodies in Wales but noted that he did not envisage re-use being needed in Wales. On 27 April, the Public Health England guidance on re-use of PPE was incorporated into the jointly issued UK infection prevention and control guidance.
- 1.17 By 3 May, the separate Public Health England guidance on re-use included a note from Public Health Wales (and the public health agencies of Scotland and Northern Ireland) stating that single use PPE should not be reused, and that reusable PPE should only be reprocessed in line with manufacturer instructions. This note was never included in the UK infection prevention and control guidance. The re-use section of the UK guidance was removed in August 2020.

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2 Including from the Scientific Advisory Group on Emergencies (SAGE) and the New and Emerging Respiratory Virus Threats Advisory Group (NERVTAG).

**Exhibit 1: PPE used to manage COVID-19**

	Type of PPE	Further detail
	Aprons	A single-use apron is used when providing direct care within two metres.
	Body bags	Used by those managing the human remains of COVID-19-related deaths.
	Clinical waste bags	Used across all health and care settings, at all times and for all patients or individuals, for the safe disposal of used PPE.
	Eye or face protectors	These visors or safety spectacles are used during aerosol generating procedures and otherwise if blood and/or body fluid contamination to the eyes or face is likely.
	Face masks	Non-fluid-resistant face masks (Type II masks) are used by health and care workers when entering a hospital or care setting. Fluid-resistant face masks (Type IIR masks), are used when delivering direct care within two metres of a suspected or confirmed COVID-19 case
	Gloves	Worn during patient contact where there is a risk of exposure to body fluid.

Type of PPE	Further detail
	<p><b>Gowns or coveralls</b></p> <p>Used (during aerosol generating procedures and otherwise) to withstand penetration by blood and/or body fluids when an apron provides inadequate cover for the task.</p>
	<p><b>Hand hygiene</b></p> <p>The use of alcohol-based hand rub is part of hand hygiene in all health and care settings, at all times and for all patients or individuals.</p>
	<p><b>Respirator masks</b></p> <p>Respirator masks are used to prevent inhalation of small airborne particles during an aerosol generating procedure.</p> <p>Respirator masks are known as a filtering face piece (FFP) mask. There are three categories of FFP mask (FFP1, FFP2, FFP3).</p> <p>FFP3 masks should be worn when performing an AGP. Workers should first be fit-tested for an FFP3 mask to ensure an adequate seal.</p> <p>In some circumstances FFP2 masks can be used as a safe alternative to FFP3 masks.</p>

Note: An aerosol generating procedure is a medical procedure that can result in the release of airborne particles (aerosols) from the respiratory tract.

Source: Based on NAO analysis of official guidance reported on page 15 in [The supply of personal protective equipment \(PPE\) during the COVID-19 pandemic](#), November 2020

## Modelling

- 1.18 Initially, Shared Services worked with NHS bodies to obtain information on local stocks and estimate short-term demand. Each health board had its own systems for projecting demand and managing stocks. Local authorities came together to try to work out the demand for care homes and domiciliary care, but this proved difficult and early estimates of demand quickly grew as guidance on the use of PPE changed.
- 1.19 The Welsh Government secured support from a military logistics team. The team reported on 2 April 2020 recommending central modelling of demand. With help from the NHS Wales Finance Delivery Unit, Shared Services started to develop its working model, drawing on the rate of items being issued. This proved challenging as guidance and policy were changing during the first few weeks, for example to expand the scope of provision to optometrists and dentists. The analysts found it difficult to obtain reliable information on the number of primary care providers, staff and treatment sessions, the principal drivers of demand. Information on social care was also incomplete, especially for the large number of independent providers commissioned by local authorities. Shared Services obtained feedback and tested assumptions with NHS bodies. The WLGA and local authorities were involved in developing the demand model for social care.
- 1.20 Shared Services hired Deloitte in late April 2020 to review the modelling and suggest further improvements. Deloitte helped to develop a more detailed and formal supply and demand model, adding reporting functionality that Shared Services did not have the capacity to deliver and helping Shared Services staff develop their modelling skills. The model developed iteratively, with the final model (model 1) largely ready by late May with some further refinement in June. Shared Services, working with Deloitte, developed a second version (model 2) to incorporate the planned return of routine health services from August 2020. This resulted in an increase in projected demand that informed the PPE Winter Plan (**paragraph 1.36**) and stockpiling to carry health and social care through the winter.
- 1.21 The models were an important planning tool. Actual PPE distribution by Shared Services differed considerably from the projections for some items. In general, Shared Services issued to the NHS more stock than projected by model 1, but less stock than projected by model 2. However, this varied considerably by product. For example, Shared Services has issued more aprons than anticipated but fewer FFP3 respirators. In social care, the number of items issued was well below those projected under both models through to the end of 2020.

- 1.22 Shared Services highlighted a number of reasons for the variations in healthcare. The models are based on assumptions about the scale of activity and interaction with patients or residents, based on a reasonable worst-case scenario. Many routine face-to-face services that had been expected to resume from August 2020 did not do so as the second wave took hold, or they were replaced by remote consultations using video technology. Shared Services also identified increased staff sickness levels in health boards, and staff not using PPE in accordance with guidance, as factors.
- 1.23 In social care, the WLGA told us that some providers continued to use their established PPE suppliers to maintain contractual relationships, even after PPE funded by the Welsh Government was available. It is also possible that demand is less than expected due to staff re-using PPE that was intended for single use or using items for longer than recommended. In addition, we are aware of differences in policy between local authority areas. Some go beyond the guidance, for example requiring social care staff to wear visors where the client is not a confirmed or suspected COVID-19 case. Such departures from guidance impact on the amount of PPE required.

### **Shared Services responded quickly to meet increased demand for PPE, though stocks of some items were very low at times before the position stabilised from late April 2020**

- 1.24 From mid-March 2020, Shared Services took on new staff to meet the operational and logistical challenges. At the time of drafting, it had hired 94 new members of staff and expanded its vehicle fleet, hiring 44 extra vehicles, to support deliveries. It expanded its use of existing warehouses, including a large warehouse that it had procured in January 2019 to store equipment in the event of a no-deal Brexit. Shared Services also secured additional logistical capacity by contracting with Welsh hauliers and securing around 10,000 cubic metres of storage space from the private sector, paying only for the space actually used.
- 1.25 The military logistics team supporting the Welsh Government (**paragraph 1.19**) identified in its 2 April 2020 report that national and regional storage distribution capacity was fit for purpose and there was sufficient capacity to meet demand. The military would not need to replace existing supply chain provision but could usefully support local stores to manage supplies effectively and step in if workforce resilience failed. The military did subsequently assist local stores, but Shared Services were able to handle logistics nationally, with the military assisting on occasions with urgent requirements, such as unloading gowns from a plane at Cardiff Airport.

1.26 Shared Services initially distributed stock from the PIPP stockpile on a 'push' basis, issuing standard packs of available stock to providers based on a broad estimate of their needs. The PIPP stockpile made a substantial contribution to PPE provision during March and April 2020, but this varied by product (**Exhibit 2**). As noted in **paragraph 1.4** the PIPP stockpile did not contain all of the items needed for a coronavirus pandemic.

**Exhibit 2: quantity of Items in the PIPP stockpile in March 2020 and how long it lasted**

<b>Product category</b>	<b>Units in stock at the outset (1 March 2020)</b>	<b>How long it lasted (weeks from 9 March 2020)<sup>1</sup></b>
Aprons	9,129,800	6.0
Eye protectors	3,144,000	10.0 <sup>2</sup>
Type IIR masks	4,906,000	5.5
FFP3 respirators	870,000	10.9
Gloves (singles)	4,814,000	1.5
Hand sanitiser	37,326	4.3

Notes:

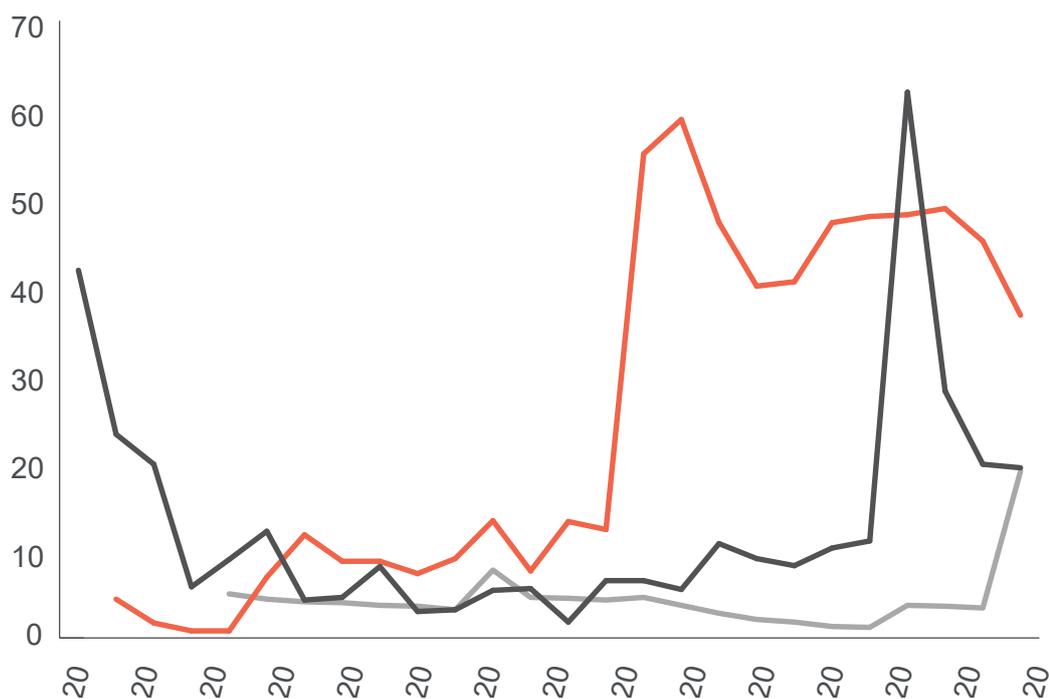
- 1 The length of time the stock lasted is based on actual distribution of stock by Shared Services to health and social care providers. Actual consumption by users may be different.
- 2 The PIPP stockpile included a type of safety glasses, procured by the UK Government, that were found by the Health and Safety Executive to not meet the required standards for splash protection. The Medicines and Healthcare products Regulatory Agency issued a safety alert for these products in May and around 25,000 glasses were subsequently destroyed by Shared Services.

Source: Audit Wales analysis of Shared Services data

1.27 PIPP stock levels declined as items were drawn down and deliveries from other sources were limited by supply shortages. Meanwhile, demand increased rapidly as Shared Services started to supply the independent primary health care and social care sectors as well as hospitals.

1.28 Pressures were particularly acute in April (**Exhibit 3**). There was less than a week's supply of Type IIR masks, face visors and fluid-resistant gowns in Shared Services' stock for much of the month. Type IIR masks almost ran out on 16 April, with stocks coming through on the day as part of mutual aid from Scotland and then as an order from China arrived. Supplies of fluid-resistant gowns were in perilously low supply, with less than two days of stock available at some points. Shared Services relied on an emergency delivery of fluid-resistant gowns around 20 April 2020 from England, and urgent action was taken to identify stocks held in local stores and hospitals. Shared Services did not have a comprehensive view of stocks held at local stores until the StockWatch system was established (**paragraph 1.41**).

**Exhibit 3: days of Shared Services stock available for Type IIR Masks, face visors and fluid-resistant gowns, April 2020**

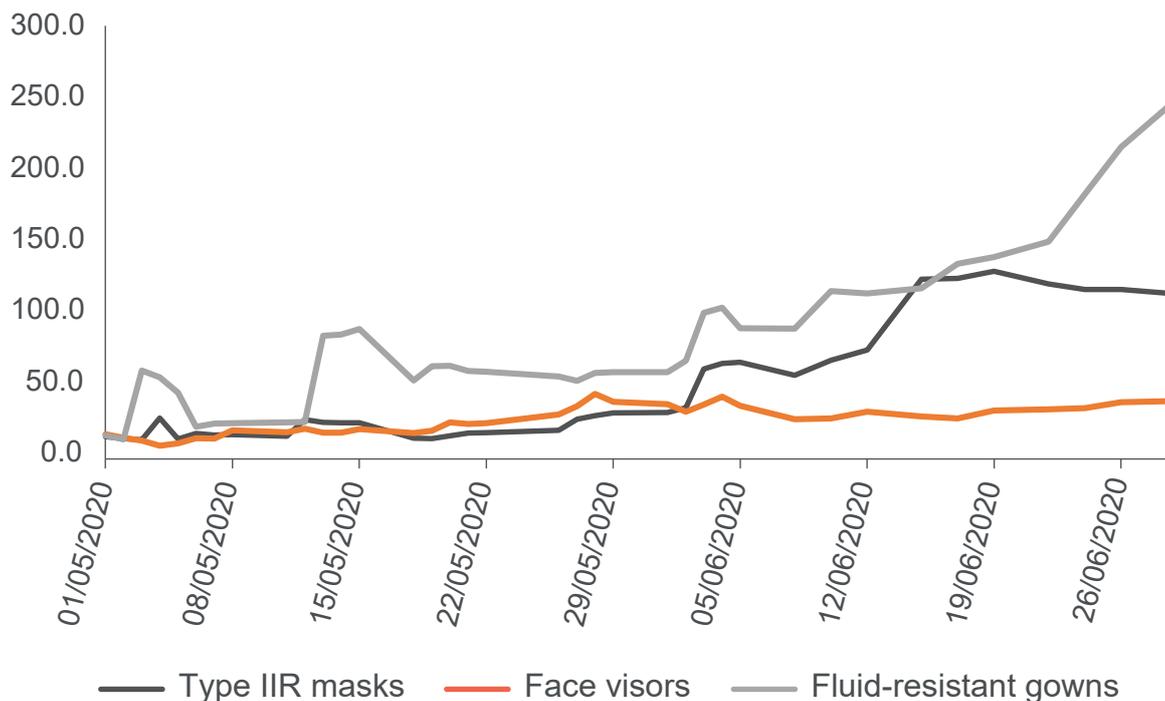


Note: days of Shared Services' stock remaining calculated using an average of previous 28-day issues. Lowest point for Type IIR Masks was 1.8 days on 18 April, for Face Visors was 0.8 days on 8 April, and for Fluid-Resistant Gowns was 1.2 on 26 April.

Source: Audit Wales analysis of Shared Services data

1.29 The situation gradually improved in late April 2020 and through May and June as stock from new suppliers started to be delivered (**Exhibit 4**). A delivery of 200,000 fluid-resistant gowns from Cambodia on 27 April (see case study in **Exhibit 10, page 39**), followed by larger deliveries from China in early May, enabled the Welsh Government to provide mutual aid to the other UK nations. Wales has ultimately provided more PPE items than it received<sup>3</sup>. The position on most items was stable by the end of May, with more than 14 days' worth of supply in central stocks for all items except gloves. By 20 July, following a delivery of gloves, there were more than 14 days' of supply for each item and all categories were classified as 'green' on Shared Services' risk rating system.

**Exhibit 4: days of Shared Services stock available for Type IIR masks, face visors and fluid-resistant gowns, May to June 2020**



Note: days of Shared Services stock remaining calculated using an average of previous 28-day issues.

Source: Audit Wales analysis of Shared Services data

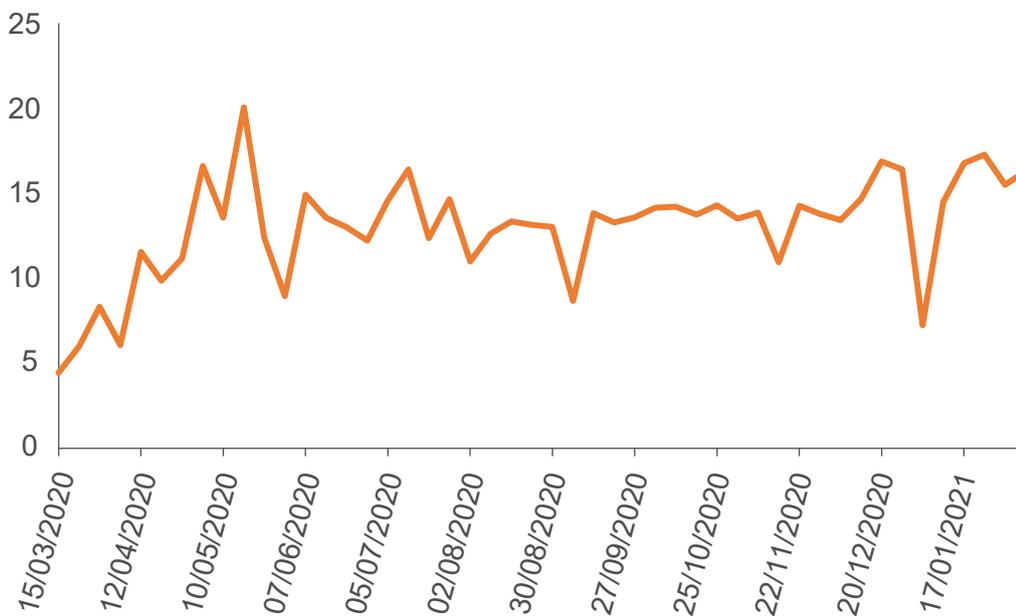
3 Shared Services reports that, since the start of April 2020, it has issued 13.8 million items of mutual aid to other UK nations and received 1.4 million items on request from Scotland and Northern Ireland. In addition, it has received around 3.3 million items from the UK Government to replenish the PIPP stocks. Shared Services also entered into contracts to provide £37.5 million of PPE for other UK nations (**paragraph 2.42**).

- 1.30 Shared Services has gradually shifted to a 'pull' system of supply. Rather than standard packages or deliveries based on available stock, providers can specify what they need. This shift happened relatively quickly for NHS providers, in August for local government and in September for primary care. The 'pull system' means Shared Services has a better understanding of demand and providers are better able to get what they need and avoid having an oversupply that they need to store locally.
- 1.31 Shared Services' stock data shows that it did not run out of stock for any item of PPE during the pandemic. We have not sought to check the levels of local stocks nor whether PPE was reused locally. Shared Services told us that NHS bodies were always kept supplied with sufficient stock to meet the requirements of the guidance. The minutes of the executive leads group (**paragraph 1.8**) showed that no NHS body reported that it had run out of PPE. The minutes reflect the concerns about low stocks detailed above and that at times there was mutual aid between health boards.
- 1.32 The Senedd Health, Social Care and Sport Committee highlighted the significant difficulties that the social care sector faced in meeting PPE requirements in the early stages. Notes from the local government working group on procurement (**paragraph 1.10**) confirm this picture. The group expressed serious concerns about the developing situation in late March 2020 and early April, including concerns about a lack of information on the availability of stock, the clarity of guidance and very low stocks of key items including hand sanitiser and masks.
- 1.33 By 6 April 2020, the group felt that the sector was in a crisis. At this stage, Shared Services was only responsible for supplying social care providers with PPE where they were unable to secure their own. Councils and private care homes were primarily securing PPE for themselves individually or as part of regional arrangements. However, the Welsh Government tasked Shared Services with supplying social care more widely and supplies started to increase. These were essential in maintaining a basic level of supply.

1.34 The situation improved, with the group reporting that by 7 May 2020 around two-thirds of the social care sector’s needs were being met by Shared Services. The WLGA and Shared Services adopted a service level agreement on 1 September 2020 under which Shared Services would make weekly deliveries to local stores based on councils’ estimated requirements. The change from Shared Services acting as a supplier of last resort to supplying most of social care’s needs was not formally communicated to social care until 12 October. However, a shift in policy towards supplying social care providers’ needs on demand occurred much earlier, in April 2020, and was communicated informally to providers through the WLGA and local authorities. While some independent providers preferred to maintain contracts with existing PPE suppliers, it appears that most needs are now being met by Shared Services.

1.35 Between 9 March 2020 and 2 February 2021, Shared Services distributed around 630 million items of PPE to health and social care. **Exhibit 5** shows that the amount distributed ramped up between March and June before becoming more stable. Over the period April 2020 to January 2021 around half of the PPE issued by Shared Services was for social care.

**Exhibit 5: weekly distribution of PPE items by Shared Services, 9 March 2020 to 7 February 2021 (millions of items)**



Source: Welsh Government, [Weekly Personal Protective Equipment issues: up to 7 February 2021](#), released 11 February 2021

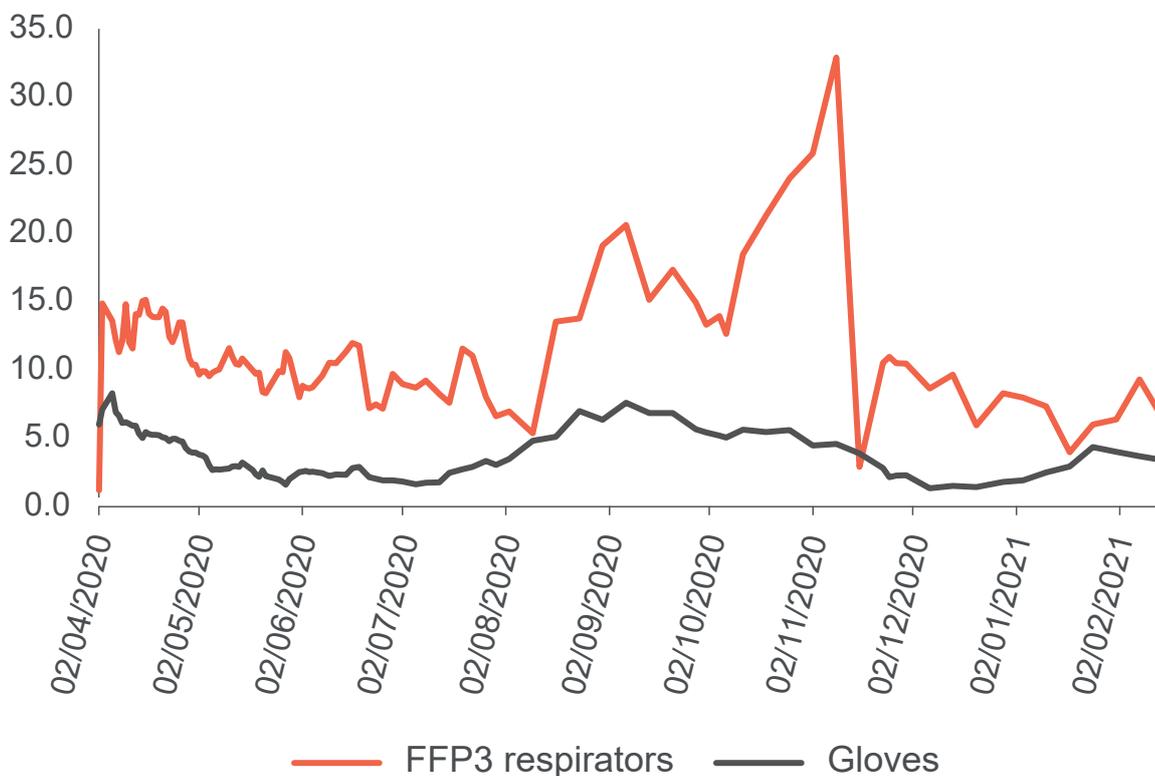
## Shared Services has built up a buffer of PPE stock but the goal of 24-weeks' worth has not been met for all items

- 1.36 In July 2020, the Senedd Health, Social Care and Sport Committee recommended that the Welsh Government publish a strategy for securing a resilient PPE supply, including a plan for stockpiling. The Welsh Government accepted the recommendation. Shared Services' Winter Plan for PPE, agreed by the Welsh Government, involved building up a 24-week buffer of key items. Shared Services and the Welsh Government are in the process of reviewing the Plan and the 24-week target (**paragraph 2.46**).
- 1.37 For most items Shared Services was able to build up a 24-week buffer. For some items Shared Services' data shows several years of stock, although this may reflect the way that future demand is calculated<sup>4</sup>. **Appendix 3** sets out in detail the position on levels of stock issued and held nationally (excluding local stocks).
- 1.38 However, for some items there has never been a 24-week buffer. Through the second wave of the pandemic some stocks have declined significantly – in particular, FFP3 respirators and nitrile gloves (**Exhibit 6**). These two items have proved difficult to source.
- 1.39 In the case of nitrile gloves there are very few manufacturers, mostly located in Malaysia where the rubber needed to make them is grown. Shared Services reported that the state of emergency declared in Malaysia in January 2021 due to COVID-19 has hampered recent supplies. For FFP3 respirators, the issue is with a particular brand of mask which clinicians' favour. Shared Services told us that the manufacturer had refocused its efforts on FFP2 respirators, which had contributed to a global shortage and slippage in expected delivery dates.
- 1.40 At the time of drafting, Shared Services was awaiting delivery of large orders of FFP3 respirators and gloves. Shared Services calculates that these deliveries will take stock levels of these items to over 24 weeks. In the meantime, Shared Services has procured small amounts of these items to keep supply stable. However, the WLGA told us that while gloves are available, there is a shortage of specific sizes.

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4 We have projected how long stock will last based on a combination of modelled and actual draw down over the previous 28 days. For some items, such as body bags, stock is sent out in a batch that lasts for several weeks. By basing the projections on recent supply, it can look like the stock will last longer than is the case and these projections then change when the next batch is sent out.

**Exhibit 6: weeks of Shared Services’ stocks of FFP3 respirators and nitrile gloves held, 2 April 2020 to 8 February 2021**



Note: weeks of Shared Services’ stock remaining calculated using an average of previous 28-day issues. The lowest point for FFP3 respirators was 1.2 weeks on 2 April and for gloves was 1.3 weeks on 7 December.

Source: Audit Wales analysis of Shared Services data

1.41 Systems for monitoring stock have improved over time. Shared Services’ systems came under strain as stocks arrived from the PIPP stockpile, new purchases and as mutual aid, sometimes unexpectedly. The volume of stock and activity was far higher than before the pandemic. In response to the report of the military logistics team (**paragraph 1.25**), Shared Services introduced a StockWatch system for local stores to report weekly on their stock holdings for each item. However, Shared Services told us that local authorities do not always report information on a timely basis.

1.42 The WLGA told us that some councils question the value of StockWatch for social care. Local authorities' joint equipment stores hold minimal stocks of PPE, with most of it being sent to providers as soon as it arrives. StockWatch does not record stocks held by social care providers and is not integrated with local authorities' stock management systems. Notwithstanding these issues, Shared Services considers the information from StockWatch is valuable in helping it supply PPE to social care.

### **Confidence in the supply of PPE seemed to increase following the initial response but there remain concerns about specific items and some equality issues**

#### **Staff and social care providers' views**

- 1.43 The Senedd Health, Social Care and Sport Committee heard evidence from representative groups and noted 'the fears and concerns of frontline staff about the availability of appropriate PPE' during the initial response. We invited organisations that gave evidence to the Committee to provide any updates for us to consider. We received further Wales-only survey evidence from the Royal College of Nursing (RCN), who surveyed nurses working in health and social care, and the British Medical Association (BMA). As the participants were self-selecting, rather than a random sample, we cannot know how representative these experiences are of the whole NHS and social care workforce.
- 1.44 While the overall number of respondents fell significantly, the RCN data suggested some improvement between April and May 2020 in the percentage who said they had sufficient supplies of different types of PPE. However, a significant minority of respondents still identified concerns, particularly in response to questions about FFP3 respirators and gowns in the context of high-risk procedures, such as aerosol generating procedures (**Exhibit 7**). Staff perceptions of PPE may have reflected their experiences of distribution within local sites rather than the national picture on stock levels.

### Exhibit 7: RCN survey respondents who said they had sufficient supplies of each type of PPE, April and May 2020

PPE Type	April	May
Eye protection	52%	85%
Type IIR masks	46%	80%
Apron	90%	96%
Gloves	94%	96%
FFP3 respirators	63%	79%
Long-sleeved gowns	57%	67%

Note: the RCN received 875 and 292 responses from Wales in April and May respectively. The RCN only asked respondents about FFP3 respirators and gowns within the context of high-risk procedures, such as aerosol generating procedures.

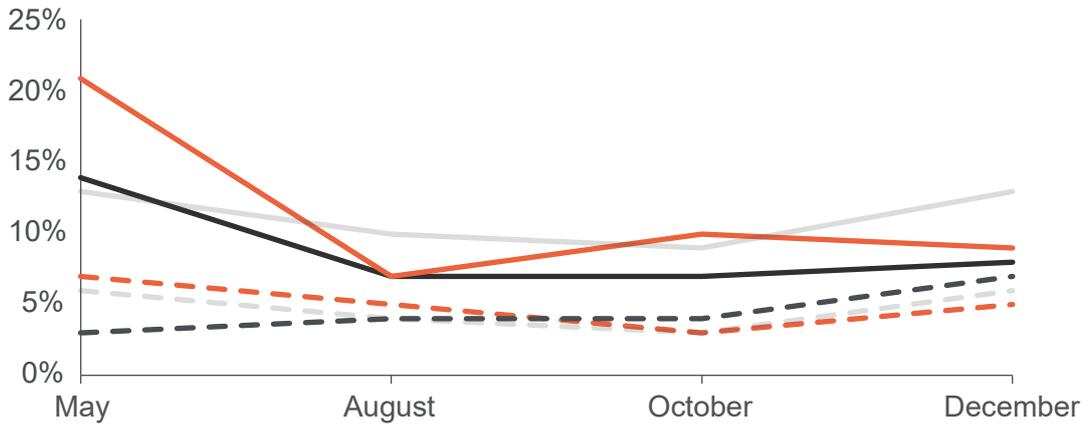
Source: RCN member surveys

- 1.45 The BMA asked its survey respondents to identify areas of concern from a list of different issues. Those identifying PPE shortages as a concern dropped from 38% to 13% between May and December 2020<sup>5</sup>. However, when asked about specific types of PPE, BMA respondents' perceptions of PPE levels is mixed.
- 1.46 For several items, very few or no respondents said there was no supply at all (**Exhibit 8**). However, the proportion highlighting shortages increased for most items in December 2020. Concerns about shortages of gloves in December 2020 may reflect the fact that these have been challenging to source (**paragraph 1.38**). However, it is unclear why there would be an increase in concerns about supply of fluid-repellent (Type IIR) masks, eye protection and aprons given the levels of national stock of these items at the time. In its report (**paragraph 1.25**), the military said that some perceptions of supply could be due to a lack of sight of available stocks.

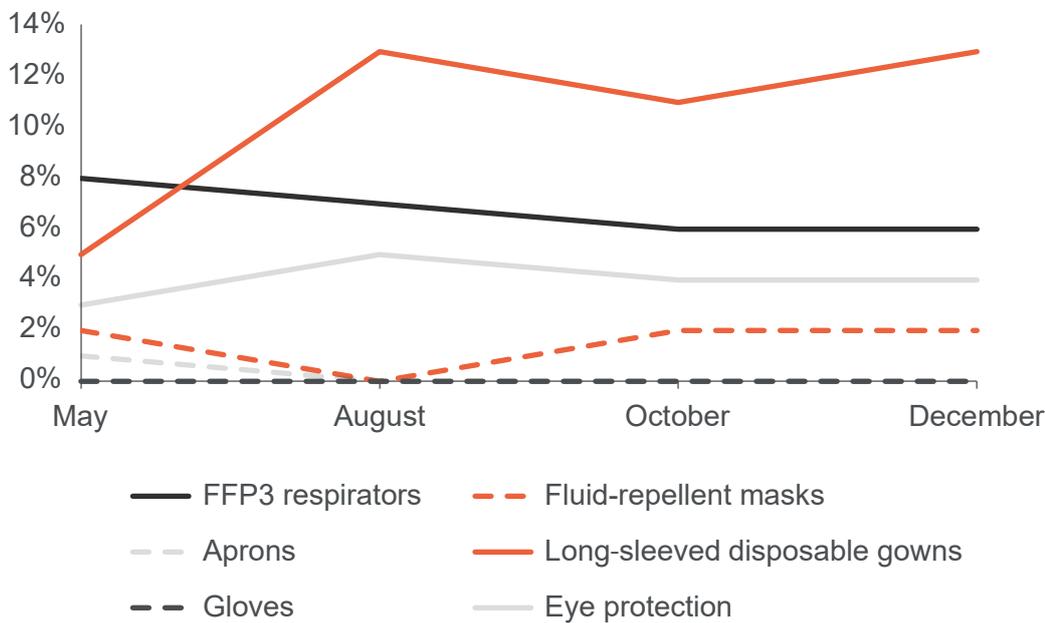
5 The question asked respondents to choose from a list of possible concerns over the next few months. They were able to choose as many options as they wanted, including 'PPE shortages'.

**Exhibit 8: BMA survey respondents who said they had shortages or no supply of each type of PPE, May to December 2020**

**Shortages**



**No supply at all**



Note: response numbers varied between 463 in May, 258 in August, 492 in October, and 505 in December. The survey asked: 'Over the last two weeks, have you had adequate NHS supplies or shortages of the following PPE?'. Respondents could answer 'adequate', 'shortages', 'no supply at all', 'don't know', or 'not relevant'. In some cases, the 'not relevant' response was as high as 27% and was consistently around 25% for those responding to the questions on FFP3 respirators and long-sleeved gowns.

Source: BMA COVID-19 PPE surveys

- 1.47 A key concern of staff reflected in the BMA survey has been the availability of FFP3 respirators and long-sleeved disposable gowns. These items are required by the guidance for higher risk aerosol generating procedures. It is hard to be sure to what extent staff concerns are about a lack of supply of required PPE or the guidance itself. The RCN and BMA survey findings in relation to FFP3 respirators and gowns also reflect wider concerns with the level of PPE required by the guidance. The BMA has expressed concern about revisions to guidance around gowns and FFP3 respirators when COVID-19 was downgraded from a High Consequence Infectious Disease in March 2020 (**paragraphs 1.12-1.13**).
- 1.48 In its February 2021 survey<sup>6</sup>, the BMA found that just 37% (166 of 488) of respondents in Wales said they are currently provided with adequate PPE for non-aerosol generating procedures, while 44% said they did not feel it was adequate. In response to a question about what PPE would help them to feel safe in non-aerosol generating procedures, 88% said FFP3 respirators would help, while 45% said that long-sleeved disposable gowns would help. Neither of these items are required by guidance for non-aerosol generating procedures.
- 1.49 Evidence provided by the WLGA records some deep concerns that social care workers felt their PPE was inadequate. The contemporaneous notes of meetings of heads of procurement (**paragraph 1.10**) in the middle of May 2020 record that social care staff felt unprotected with 'just a flimsy apron over street clothes'. Again, these concerns seem to reflect concerns with the nature of PPE required by guidance rather than the level of supply. Care Inspectorate Wales' surveys show social care providers' views improving during April 2020. In the first two weeks 11% of care home providers and 18% of domiciliary care providers said they had insufficient PPE. By the second half of April those figures fell to 5% and 8% respectively.
- 1.50 We are also aware that some health and care staff had concerns about the quality of some certified PPE. These were few in number relative to the overall volume of PPE supplied by Shared Services. The safety glasses that were held in the PIPP stockpile were unpopular, in part because they needed to be manually assembled, and were subsequently withdrawn for other reasons (see note to **Exhibit 2**). There were also complaints from staff about skin irritation caused by face masks, but these did not indicate non-compliance with product safety standards. There was also an isolated issue with a batch of nitrile gloves that were prone to tearing when putting on. These were mislabelled as nitrile gloves and were a vinyl mix that had not been ordered. Shared Services reported the issue to the Medical and Healthcare products Regulation Authority, and the contractor replaced the batch of 16 million gloves with the correct specification.

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6 The BMA provided us with early sight of part of its February 2021 survey, but we had not seen the full dataset at the time of drafting.

## Equality

- 1.51 Staff and representative groups have raised the issue of feeling inadequately protected due to PPE generally being designed for generic male physiques. This issue has been identified as a concern long before the start of the pandemic. Early in the pandemic, an issue was identified with the fit of a particular type of mask. Cardiff and Vale University Health Board identified a method to improve the fit and reduce fit-test failures. It shared a video across NHS Wales to help improve the fit of the masks for a wider range of healthcare staff. The use of fit test machines also lowered failure rates.
- 1.52 The Welsh Government and Shared Services are aware of these concerns about the fit of PPE for certain groups. They told us that there are several manufacturers, including a manufacturer in Wales, developing products with potential to offer a more bespoke fit for different face and body types. However, as far as they are aware these items are yet to secure full certification.
- 1.53 Equality concerns have also been raised by groups who have identified that being unable to see a carer's face is to the detriment of some care. The use of clear face masks has been suggested. However, the leading design purchased by the UK Government, on behalf of all UK nations, is not yet certified as PPE so can only be used where a user has undertaken a risk assessment and in line with Health Safety Executive guidance.

## Cases and deaths

- 1.54 There have been several COVID-19 outbreaks in Welsh hospitals<sup>7</sup>, but we do not have evidence to establish a casual link between these outbreaks and PPE. Some health boards have reviewed the factors contributing to individual outbreaks, including potential links to staff compliance with PPE. Further work would be needed to fully understand any role that PPE, as part of overall infection prevention and control measures, may have played.

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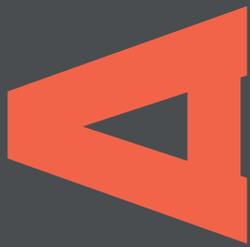
7 Public Health Wales publishes data on the number of 'probably' and 'definite' cases of hospital transmission on its [COVID-19 data website](#).

- 1.55 Many health and care staff have contracted COVID-19, and sadly some of those people have died. There is published Office for National Statistics data<sup>8</sup> on cases and deaths generally and the Health and Safety Executive has provided us with data on notifications it has received<sup>9</sup>. However, there are various limitations noted with the data in both cases and care needs to be taken when interpreting the findings. We do not have hard evidence that any of these cases or deaths were caused by occupational exposure, or more specifically by a shortage of suitable PPE.
- 1.56 We did not examine these issues and any possible root causes in more detail as part of our work. The Welsh Government has emphasised to us that NHS Wales has well-established processes to ensure that staff and patient deaths are appropriately reported, fully investigated and where appropriate referred to the coroner. It is from these processes that it and NHS Wales will gain evidence on any potential systemic failures, including in the supply or use of PPE, that have resulted in work-related deaths from COVID-19. In its February 2021 report, the UK Public Accounts Committee recommended that the UK Government carry out a review into whether there are any links between PPE shortages and staff infections and deaths.

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8 Office for National Statistics data shows that 23 social care workers and 34 NHS workers died of COVID-19 in Wales between 9 March and 28 December 2020. The analysis does not prove conclusively that rates of death involving COVID-19 are necessarily caused by differences in occupational exposure. Office for National Statistics, [Deaths involving the coronavirus \(COVID-19\) among health and social care workers in England and Wales, deaths registered between 9 March and 28 December 2020](#), released 28 January 2021.

9 Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), employers have a duty to report to the Health and Safety Executive (HSE) cases where a worker has been diagnosed as having COVID-19 and there is reasonable evidence to suggest that it was caused by occupational exposure for whatever reason. Of 1,696 notifications for Wales between 10 April 2020 and 9 January 2021, 1,156 related to human health and social work activities. Among the 1,696 were 11 fatal notifications, of which seven related to human health and social work. The HSE has made clear in its [Technical summary of data on Coronavirus \(COVID-19\) disease reports](#) that there are a number of limitations that should be kept in mind when considering this data and its accuracy.



# Procurement of PPE



02

- 2.1 This part of the report examines the work led by Shared Services to procure PPE. In March 2020, the Welsh Government chose to adopt the UK Cabinet Office's Procurement Policy Note 01/20<sup>10</sup>. The Policy Note permits, under regulation 32(2)(c) of the Public Contract Regulations 2015, procurement of goods, services and works without competition or advertising so long as there are genuine reasons for extreme urgency. This meant Welsh public services were able to procure PPE without going through the usual competitive processes. The Welsh Government also adopted Procurement Policy Note 02/20<sup>11</sup>, allowing advance payments where a value for money case is made. Any payments up front exceeding 25% of the contract value require Welsh Government approval.
- 2.2 During March 2020 and through April, Shared Services undertook its own procurement of PPE as did local government bodies for social care. At this point, the procurement was 'at risk' with no guarantee of any UK Government funding cover. In mid-June 2020, the UK Government confirmed to the Welsh Government that it would get funding to procure PPE via the Barnett formula<sup>12</sup>.

### **Public services worked together in an increasingly collaborative way to identify and respond to potential PPE suppliers**

- 2.3 In the early days of the pandemic, many local organisations came forwards with offers to supply PPE. The Welsh Government appointed Life Sciences Hub Wales (LSHW) in a facilitation role to collate all offers of support to health and social care and identify appropriate businesses who could potentially supply items on NHS Wales' critical products list.
- 2.4 LSHW established an online portal for industry to upload offers of support. Using guidance provided by Shared Services' Surgical Materials Testing Laboratory (SMTL) and the National Procurement Service (NPS), LSHW reviewed submissions from suppliers wanting to sell PPE and other products and services. These reviews included ensuring conformity with quality requirements and some standard business checks. Qualified offers of products were forwarded to Shared Services to progress offers into the procurement process.
- 2.5 LSHW also received, and directed to NHS Wales organisations, enquiries relating to donations of other products and services. Enquiries relating to field hospitals, the production of wearable products, and volunteering by healthcare workers and the general public were referred by LSHW to the appropriate bodies.

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10 UK Government Cabinet Office, [Procurement Policy Note - Responding to COVID-19, Information Note PPN 01/20](#), March 2020

11 UK Government Cabinet Office, [Procurement Policy Note - Supplier relief due to coronavirus \(COVID-19\), Action Note PPN 02/20](#), March 2020

12 The Barnett Formula determines how decisions to increase or reduce spending in England result in changes to the budgets of the devolved administrations.

2.6 As at 26 October 2020, LSHW had managed 2,285 enquiries, referring 556 to the NHS, Welsh Government and other relevant organisations (**Exhibit 9**). Three-quarters of enquiries triaged but not progressed by LSHW were for reasons such as incomplete documentation received, failure to pass initial due diligence, and products and processes falling out of scope and not on the critical products list.

**Exhibit 9: offers of products and services in response to COVID-19 referred by Life Sciences Hub Wales**

Product type	Organisation receiving referral	Number of referrals
Infection control (including PPE) and medical devices	Shared Services	226
Digital solutions	Welsh Government Digital Health Cell	165
Point of care and testing	Public Health Wales	22
Other	Industry Wales, Welsh Government and others	143
<b>Total</b>		<b>556</b>

Source: Life Sciences Hub Wales

2.7 The Critical Equipment Requirement Engineering Team (CERET), established by the Welsh Government in March 2020, works closely with Welsh manufacturers who indicated that they could potentially expand into manufacturing PPE with some support. CERET worked with Business Wales to invite expressions of interest, with Business Wales reporting the following results:

- over 30 companies have repurposed their production lines to provide hand sanitiser
- 25 companies have repurposed their production lines to make face visors
- there are now 9 companies who have invested in machinery to produce clinical grade face masks and face coverings, five of these companies can now mass produce although they are yet to win contracts to supply the NHS (**paragraph 2.48**)

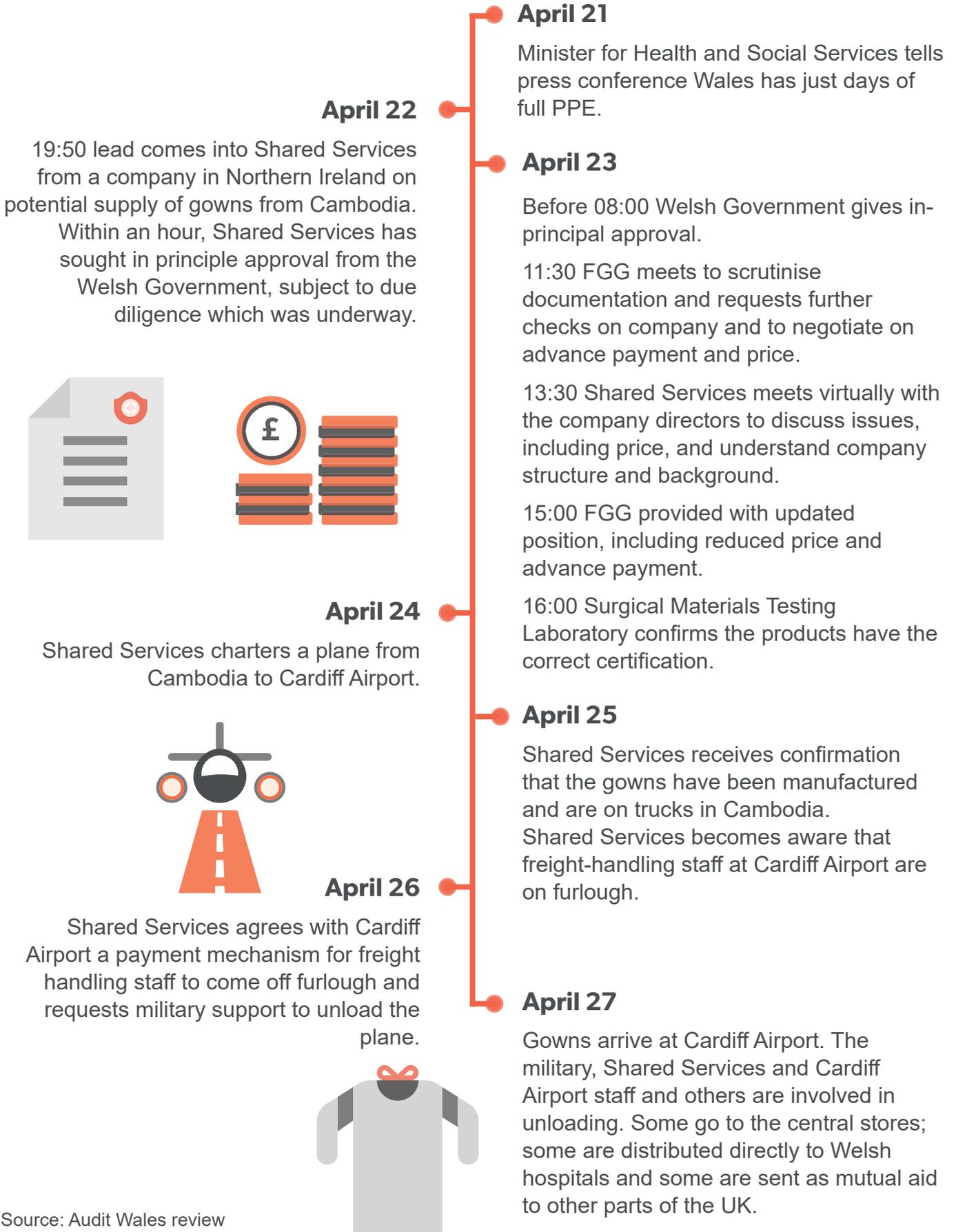
- 2.8 Shared Services faced the challenge of fragmented global supply chains, due to countries imposing export restrictions and huge demand as the pandemic took hold across the world. Many existing suppliers were unable to supply PPE in the volume and at the pace required. Shared Services therefore had to source PPE using their network of contacts, through suppliers getting in touch themselves and through other referrals. In some cases, Shared Services told us they had to work with agents who had the right contacts with the key manufacturers. In at least one case, this meant sourcing products directly from a factory that was supplying the global companies that Shared Services had been unable to source PPE from.
- 2.9 Shared Services and the Welsh Government report that they have never had an equivalent to the twin-track 'high priority lane' approach to identifying potential suppliers described by the NAO in its report on government procurement in England during the COVID-19 pandemic. In our review of procurement documentation, we found no evidence of such an approach or of suppliers getting preferential treatment because of the person referring them.
- 2.10 Shared Services and LSHW told us that referrals from politicians were subject to the same process, scrutiny and prioritisation as any other contacts. In our sample testing we did not see reference to any referrals being from politicians. We found one example where one of the directors of a supplier was known to a member of the group set up by Shared Services to scrutinise requests for orders to be raised. This was appropriately declared in the advice for decision makers.

**Overall, the Welsh Government and Shared Services developed good arrangements to manage the risks involved in procuring PPE in a fragmented market but did not publish details of all contracts on time**

**Timeliness risks**

- 2.11 The challenging situation with stocks, especially in the early weeks of the pandemic (**paragraphs 1.27 to 1.29**), meant that Shared Services was under significant pressure to procure PPE very quickly. While recognising the importance of timely decision making, the Welsh Government set out in a 30 March 2020 letter to NHS bodies that it still expected good governance around spending decisions. The letter recognised the need to adapt arrangements on an interim basis and included guidance on financial management and reporting, including expectations related to being clear on delegating authority for decision making and recording decisions and the supporting rationale.
- 2.12 To speed up decision making, the Board of Velindre University NHS Trust agreed changes to its own and Shared Services' schemes of delegation. On 18 March 2020, these were amended to allow the Chair and Managing Director of Shared Services to authorise expenditure up-to £2 million (up from £100,000), with the limit increased to £5 million on 30 March 2020. All approvals over these limits needed to go through the Board of Velindre University NHS Trust. In addition, the requirement for Welsh Government approval for expenditure over £1 million has stayed in place throughout.
- 2.13 Overall, the arrangements enabled Shared Services to make swift decisions and supply PPE quickly. We understand this was achieved within the pre-existing staff capacity. We recognise that this placed significant pressure on individuals involved, who have been working late at night and in the early hours of the morning to deal with suppliers overseas and to take calls from worried frontline staff. We saw evidence of the Board of Velindre University NHS Trust and the Welsh Government responding promptly to turn around approvals and avoid delays. **Exhibit 10** provides a case study showing the rapid timescales and collaboration involved in procuring PPE.

### Exhibit 10: timeline of procurement and supply of surgical gowns from Cambodia, April 2020



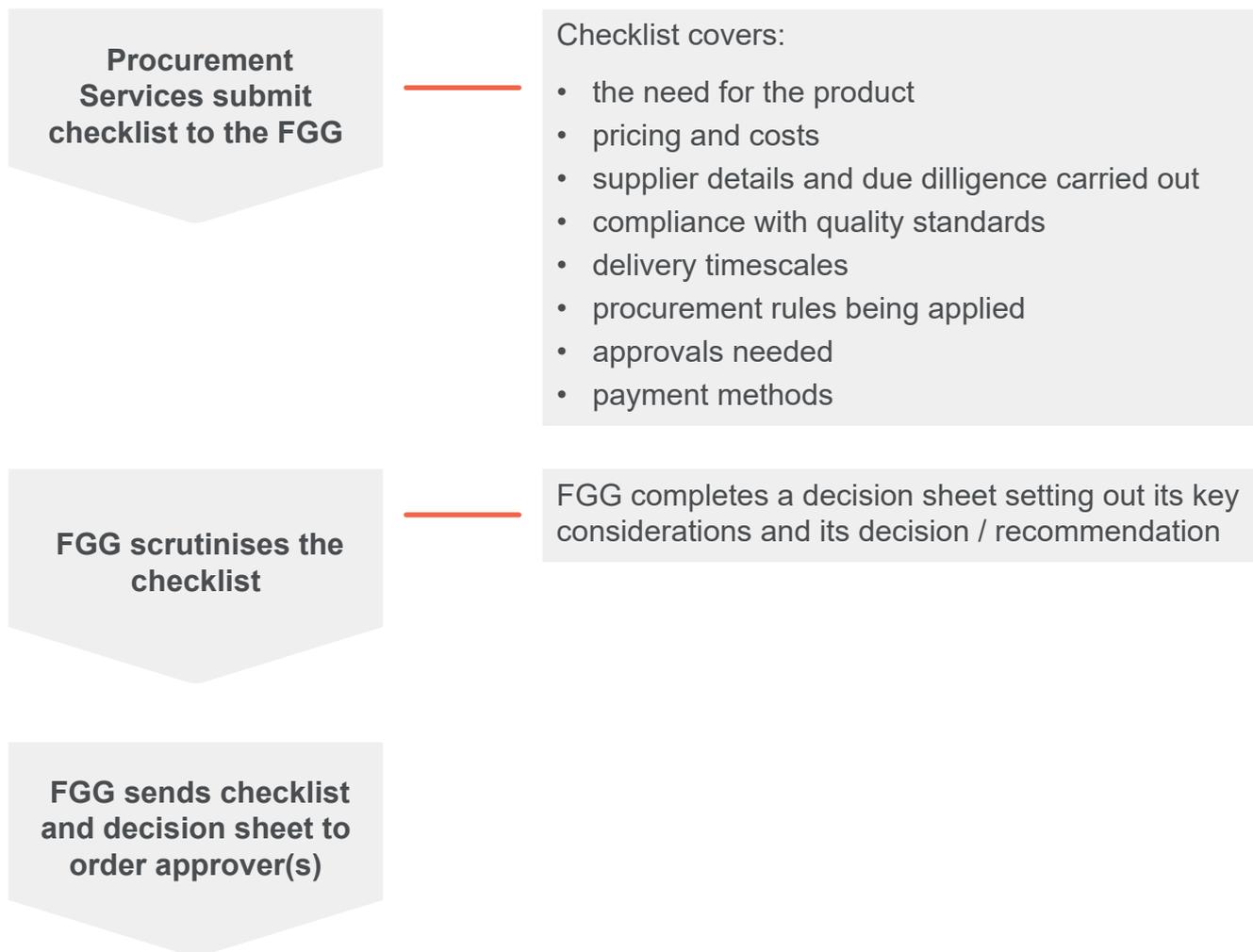
Source: Audit Wales review

## Financial risks

- 2.14 Seeking to urgently procure scarce PPE in a fragmented and highly competitive global market posed significant financial risks. Many of the companies offering PPE were either new or had recently expanded into PPE and had limited track records. There were significant risks of fraudulent activity. And there were novel financial requirements, most notably a requirement from many companies for payment in advance.
- 2.15 Shared Services set up a new cross-profession Finance Governance Group (FGG) in early April 2020 to manage risks while enabling rapid decision making related to COVID-19 procurement. **Appendix 2** sets out the membership of the FGG which also included members of the Board of Velindre University NHS Trust. FGG meetings consider potential contracts for PPE that either or both:
- a need Welsh Government support for the advance payment because it is 25% or more of the value of the contract (**paragraph 2.1**).
  - b need formal approval from the Board of Velindre University NHS Trust.

The group's role is to ensure appropriate scrutiny and checks before requests for orders to be raised are sent for approval (**Exhibit 11**).

## Exhibit 11: role of the Finance Governance Group in the contract approval process



Source: Audit Wales review

2.16 We reviewed the checks put in place on a sample of 16 contracts let by Shared Services. Our sample included the larger/more risky contracts reviewed by the FGG as well as some smaller contracts not covered (**Appendix 1**). We found that in all cases there was a documented evidence trail, picking out the key issues and risks and how they would be managed. All the decisions we reviewed had been made in line with the required processes, and the subsequent approvals of the orders were in line with Shared Services' scheme of delegation and Welsh Government requirements.

- 2.17 The pressure of securing PPE meant due diligence could not always be carried out to the level it would outside of a pandemic in a normal competitive tendering process. However, for each contract we reviewed, we found evidence of key due diligence checks being carried out. These included background checks on the companies involved. In some cases, the companies looked like they were entirely new to the PPE market. However, further exploration showed that they had a sister company or were part of a group with experience in the PPE market. In other cases, the companies were new, but the Directors involved had credible direct access to PPE manufacturers.
- 2.18 Our findings on approvals confirm those of an internal audit review of Shared Services' financial governance, including PPE and other COVID-19 related expenditure, reported in October 2020. It found that the procedures around background checks, approvals and recording of decisions that the Welsh Government and NHS had put in place were complied with in all cases. It also noted that there were improvements to the financial governance arrangements and quality of documentation over the period.
- 2.19 The FGG monitors orders that involve advance payments to ensure the products are received. Nine orders reviewed by the FGG had advance payments made through an 'escrow' account. Shared Services and Welsh Government told us that this approach was used for large volume contracts or with new higher risk suppliers. The arrangements meant that the suppliers could see that the funding was in place but could not draw down the money until the goods were received and checked.
- 2.20 Shared Services cancelled four orders involving advance payments that had been reviewed by the FGG. Two of these advance payments had been made through an 'escrow' account. Refunds were received in full for three orders and for one order the advance payment was transferred to another order with the same supplier.
- 2.21 Despite the urgency, there was not a blanket approach of buying PPE whatever the cost. Inevitably, in what was in effect a seller's market, prices were higher (**paragraph 2.44**). We saw an example where Shared Services recorded that it had prioritised a slightly more expensive provider over a cheaper one, because it could supply more quickly. Nonetheless, we saw examples where Shared Services negotiated down the price. For one order, a unit glove cost negotiated to two-thirds of a unit cost offered by a different supplier avoided expenditure of £6.5 million. Shared Services also avoided costs by negotiating transport of PPE freight by sea and not air for some orders.

- 2.22 Benchmarking data presented to the FGG, including historic data and data from other parts of the UK, set parameters for what Shared Services was willing to pay. Shared Services did not proceed with one contract where it had later been able to source the same PPE at a lower price.
- 2.23 As at the end of December 2020 the FGG had reviewed 43 proposed contracts, nearly all of which related to PPE. There were a further four contracts which were entered into in late March and very early April 2020 before the FGG was established. There were also a further four contracts that should have been, but were not, subject to review by the FGG. Shared Services Internal Audit reported that appropriate authorisation was in place for each contract order. Some of the contracts considered did not proceed or were subsequently cancelled.
- 2.24 As of January 2021, a total of 37 orders related to PPE that had either been through FGG or should have been<sup>13</sup>, had been delivered, or were expected to be delivered. Of those 37 orders, 16 were with existing suppliers and 21 with companies new to Shared Services. Around half of the orders with new suppliers came from companies new to the PPE market, six of which were with the same new supplier.

### Quality risks

- 2.25 There were widespread concerns, particularly at the start of the pandemic, that there were unscrupulous traders offering bogus PPE. PPE must meet strict certification standards. Shared Services Procurement Services worked closely with the SMTL, based in Bridgend, to test the quality of PPE. For some orders, this meant verifying that the certification provided was authentic. We understand that SMTL identified 37 fraudulent certificates being offered by potential suppliers. In some cases, SMTL carried out tests on a sample of the product. SMTL also worked closely with domestic manufacturers to help them secure certification.
- 2.26 As noted in **paragraph 2.19**, Shared Services had protection from losing advance payment where the PPE was not certified as described. There were two examples where proposed orders presented to the FGG were not proceeded with because the PPE did not meet the quality requirements. Other than the isolated example of mislabelled gloves (**paragraph 1.50**), we saw no evidence of examples, like those described by the NAO in England, where PPE was purchased centrally that was not deemed fit for purpose.

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13 These 37 include the four orders let before the FGG started to meet. We chose to analyse this sub-set of 37 orders rather than all orders as they comprise most of the expenditure on PPE and exclude many smaller, lower risk contracts.

2.27 Contemporaneous notes kept by the WLGA record that local government bodies had purchased some PPE with fraudulent certificates in the early stages of the pandemic and that some of this had probably been used by frontline staff. These purchases were outside of the quality checking process put in place by Shared Services. We have not sought to verify the volume and nature of these purchases nor how local government bodies managed the risks.

### Transparency risks

2.28 In the absence of transparent competition, public bodies can maintain public confidence by openly reporting details of contracts let under emergency powers. The Cabinet Office's Procurement Policy Note (**paragraph 2.1**) sets out that a contract award notice should be published within 30 days of a direct contract being awarded. In Wales, contract awards above the relevant thresholds set out in the UK Public Contracts Regulations 2015 are published on the [Welsh Government's Sell2Wales website](#). Before the end of the Brexit Transition Period, Sell2Wales automatically published award notices to the online version of the Official Journal of the European Union (Tenders Electronic Daily). Sell2Wales now publishes them on the Find a Tender Service, the new UK e-notification service.

2.29 All 16 of the contracts covered in our sample testing of expenditure were direct awards due to extreme urgency. Shared Services has published full contract award notices for nine. Of the remaining seven:

- five contracts involved the same intermediary. For four of these, Shared Services published contract award notices covering the fees of the agents for a range of services but not the separate contract for the PPE items. Shared Services told us the contracts were with non-EU manufacturers and therefore it did not need to publish a contract award notice. We could find no such exemption in the relevant regulations or guidance. For one of the contracts, Shared Services published a contract award notice, but it was drafted as though the intermediary had provided the PPE and did not refer to the separate contract Shared Services had agreed with the manufacturer.
- for one contract, Shared Services published a different type of notification - a Voluntary Ex-Ante Transparency Notice (VEAT)<sup>14</sup> - but not a full contract award notification. Shared Services told us that because it published a VEAT, it did not need to publish a full contract award notice. We could find no such exemption in the relevant regulations or guidance.
- the final contract involved air travel sourced through the military and English NHS. Shared Services told us it did not need to publish a notification for this contract.

2.30 Of the nine full contract award notices published in our sample, none were published within 30 days of awarding the contract. On reviewing them, we found several had incorrect dates for the date the contract was awarded. Shared Services is rectifying these errors. For two contracts in our sample, Shared Services published VEATs within 30-days of letting the contract, although this is not a requirement for VEATs which are normally published in advance of letting a contract.

2.31 Shared Services told us that its staff have been stretched and needed to focus on the priority of securing PPE for frontline staff. Shared Services told us it was therefore not able to prioritise publishing contract award notices. Shared Services also told us that publication of contract award notices was delayed for some orders because of difficulties getting suppliers to register on Sell2Wales.

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<sup>14</sup> This was a Voluntary Ex-Ante Transparency Notice (VEAT), which is used to give advance notice of the intention to let a contract. However, the VEAT in this case was published after the contract was let.

2.32 There has been regular reporting and scrutiny of COVID-19 expenditure within Shared Services' governance framework. Shared Services published the Internal Audit report on its website as part of audit committee papers. However, in our view it could build public trust in the procurement process in Wales by making the details of its contracts for PPE easy to access. We think there is merit in maximum transparency and collating information that is not commercially confidential into a single place. It would be very difficult for the public or those interested to get an overview of PPE contracts from the Sell2Wales website without already having in-depth knowledge.

### **Ethical risks**

2.33 All public bodies are expected to observe Welsh Government guidance on ethical supply chains in procurement. The guidance includes reference to ensuring that supply chains do not involve modern human slavery. No change was made to this guidance during the pandemic. The Welsh Government told us that the expectation remained, while recognising that the context of a pandemic may limit what was practically possible.

2.34 The WLGA's notes of the meetings with Welsh Government and Shared Services show that on multiple occasions, local government representatives raised concerns and queries about how to manage the risks of there being slavery and unethical employment practices in the manufacturing of PPE for Wales.

2.35 In our review of Shared Services documentation for PPE to the NHS, we saw no specific references to ethical employment practices in the consideration of risks. The Internal Audit review of Shared Services' financial governance arrangements (**paragraph 2.18**) considered ethical supply. It found that 'there were no issues/ concerns identified with the companies at the time of purchasing, but due to the urgency of the pandemic and the need to secure equipment; this was not a primary consideration when determining which supplier to use'.

### **The Welsh Government expects to spend over £300 million on PPE for health and social care in 2020-21**

2.36 Normally, NHS Wales would expect to spend around £8 million a year on PPE. We do not have figures for social care as much of the spend would have been by private care homes. The arrangements for funding PPE expenditure, especially in social care, have changed during the pandemic (**Box 1**).

## Box 1: arrangements for funding PPE

The Welsh Government currently funds the provision of COVID-related PPE required by national guidance for healthcare and social care settings. This commitment extends to all secondary care and primary care settings including GP surgeries, dentists, optometrists and pharmacies. NHS bodies continue to fund their 'business-as-usual' PPE requirements on the basis that these are broadly in line with previous expenditure.

Initially, Shared Services would only supply social care for staff working with suspected or confirmed cases of COVID-19. Local authorities could claim the additional costs of PPE back from the Welsh Government through the Hardship Fund, set up to support local government during the COVID-19 pandemic. Since mid-April 2020, Shared Services has increasingly been meeting the needs of social care (residential care and domiciliary care) in both the public and independent sectors. Shared Services agreed a service level agreement with the WLGA, which runs from September 2020 to August 2021.

- 2.37 Shared Services expects to spend an additional £286 million on PPE, primarily for health and social care, in 2020-21. Shared Services placed orders of PPE with 18 suppliers in 2019. During the period March 2020 to February 2021, Shared Services has bought PPE from 67 suppliers, of which 51 are new suppliers. The £286 million projected spend on PPE by Shared Services, which is funded by the Welsh Government, includes:
- £186 million for PPE distributed to health and social care bodies; and
  - £99 million for PPE which is held in stock or expected for delivery by the end of March 2021.
- 2.38 At the end of January 2021, Shared Services was expecting to spend an additional £7.8 million on COVID-related operational expenditure in the 2020-21 financial year, with £5.6 million (72%) of this related to PPE. **Exhibit 12** shows that almost £3.2 million of the additional PPE-related spend is on staff costs, and £1.6 million is on transportation costs.

## Exhibit 12: forecast additional PPE-related operational costs being incurred by Shared Services in 2020-21

	£ million
Staff costs	3.2
Transportation costs	1.6
Storage and security costs	0.6
Other PPE related costs	0.2
<b>Total</b>	<b>5.6</b>

Source: Shared Services

- 2.39 The Welsh Government agreed initially to fund local government expenditure on PPE as part of the wider Hardship Fund, set up to support local government through the pandemic. It is difficult to identify exactly how much PPE the Welsh Government has funded through this mechanism. The Welsh Government has provided data for Hardship Fund claims submitted up to October 2020.
- 2.40 Councils have received around £10 million for PPE claims although that may include some non-PPE items such as cleaning product, and around £0.5 million for associated costs such as transporting and storing PPE. The Welsh Government has also provided around £39 million<sup>15</sup> to cover the general increased costs of social care for providers, including the costs of PPE. The Welsh Government is unable to separate out the PPE elements of the general cost pressure expenditure.
- 2.41 Combining the Shared Services spending on PPE for health and care, operational costs and the funding for social care through the Hardship Fund takes the total funded by Welsh Government to over £300 million. We estimate that the Welsh Government has received around £880 million so far through the Barnett formula due to spending on PPE in England, although the Welsh Government is yet to confirm the final figure with HM Treasury.
- 2.42 In addition to the spend on PPE for Wales set out above, as of the end of January 2021 Shared Services had spent £37.5 million on PPE procured on behalf of other parts of the UK (**Exhibit 13**). Shared Services recoup the expenditure by invoicing the relevant administration.

<sup>15</sup> This is in addition to other Hardship Fund support for social care, such as funding additional staff costs.

**Exhibit 13: procurement of PPE on behalf of other UK nations for which expenditure is recouped, to the end of January 2021**

	£ million
England	28.3
Scotland	4.8
Northern Ireland	4.4
<b>Total</b>	<b>37.5</b>

Note: this expenditure is separate from mutual aid that was provided on request to other UK nations to meet urgent requirements (**paragraph 1.29**).

Source: Shared Services

**The cost of PPE items has been significantly higher than before the pandemic but has fallen since the first wave**

- 2.43 Intense global competition for scarce PPE resources drove up prices significantly, to a peak in April 2020. As the market adjusted, the prices paid by Shared Services fell over time. Procurement Services have shared an analysis of prices they paid for Type IIR masks, FFP3 respirators and nitrile gloves at the start of the pandemic and how they fell over time.
- 2.44 **Exhibit 14** shows how the unit cost of Type IIR masks, FFP3 respirators, nitrile gloves and fluid-resistant gowns rose sharply at the beginning of the pandemic before falling back to more normal levels towards the end of 2020. The largest increase was for gloves, which cost 800% of the average pre-pandemic price at the peak. Generally, across the period of the pandemic, Shared Services has procured higher volumes of PPE items at the lower prices. In the case of Type IIR masks, Shared Services' most recent contracts are for a cheaper unit price than before the pandemic.

**Exhibit 14: examples of unit costs paid by Shared Services for Type IIR masks, FFP3 respirators, nitrile gloves and fluid-resistant gowns in November 2019 and during the pandemic in 2020**

Type of PPE	Date	Unit price, £ <sup>1</sup>	Volume purchased (for orders during the pandemic) <sup>2</sup>
Type IIR masks	Nov 2019	Range: 0.14 – 0.24	-
		Average: 0.24	
	Apr 2020	0.73	1,200,000
	Apr 2020	0.60	750,000
	Apr 2020	0.47	40,000,000
	Apr 2020	0.40	44,000,000
	May 2020	0.35	65,000,000
	June 2020	0.20	65,000,000
	Oct 2020	0.05	76,000,000
FFP3 respirators	Nov 2019	Range: 2.42 – 5.38	-
		Average: 4.80	
	Apr 2020	6.49	500,000
	June 2020	4.76	1,800,000
	Oct 2020	5.50	2,000,000
Nitrile gloves	Nov 2019	Range: 0.02 – 0.19	-
		Average: 0.03	
	Apr 2020	0.25	100,000,000
	Apr 2020	0.15	10,000,000
	May 2020	0.135	144,000,000
	Oct 2020	0.095	100,000,000
	Nov 2020	0.08	182,000,000

Type of PPE	Date	Unit price, £ <sup>1</sup>	Volume purchased (for orders during the pandemic) <sup>2</sup>
Fluid-resistant gowns	Nov 2019	Range: 0.42 – 2.23 Average: 1.41	-
	Apr 2020	4.50	400,000
	May 2020	2.50	3,000,000

## Notes:

- 1 Pre-pandemic prices are a weighted average of multiple different types of products which fall under the category. For example, there were 17 different lines under 'nitrile gloves' in November 2019. It is likely that the mix of products purchased during the pandemic differs from the position pre-pandemic.
- 2 The volume of items procured may not reconcile to the data on stocks and issues because some items were due to be delivered in batches, with some batches yet to be received. Also, for some orders, Shared Services was procuring additional items for other UK governments.
- 3 The unit prices and volumes of nitrile gloves are per individual glove.

Source: Shared Services

2.45 There has been significant media attention on the fees associated with intermediaries and agents involved in the procurement of PPE in England. We understand that where Shared Services engaged with agents, the agent's fee was absorbed into the unit price for the items, under an arrangement between the agent and the manufacturer. As such Shared Services does not know how much profit was made by the agent. In one case, the fees for the agents were capped at a specific percentage of the unit price. These fees covered overheads, administration, staffing costs, land transport, due diligence checks, in-country inspections, escrow account fees and profit.

## There are some key decisions to make as part of the future procurement strategy for PPE, including on the involvement of domestic manufacturers

- 2.46 Shared Services' Winter Plan for PPE ran to the end of March 2021. There are some significant issues for the Welsh Government to consider for future procurement, including the size and nature of any future stockpile and the involvement of Welsh manufacturers. Shared Services is working with the Welsh Government to extend the key principles of the Winter PPE Plan (**paragraph 1.36**) into 2021-22. An interim position is being developed which is likely to reduce the 24-week target stock holding for most PPE items to reflect the reducing risk from the end of the EU transition period. A longer-term strategic plan will be developed during summer 2021.
- 2.47 Of the 67 suppliers that we referred to in **paragraph 2.37**, 13 were Welsh manufacturers and there were also several Welsh-based distributors involved in securing PPE. Other Welsh manufacturers have supplied local bodies with donations of PPE, for example of hand sanitiser and visors.
- 2.48 Welsh Government officials involved in the CERET worked closely with manufacturers to help them build capacity and get certification for some of the more complex PPE items. However, the time taken in preparations meant that the potential suppliers could not capitalise on relatively high prices in spring and summer 2020 when Shared Services was ramping up orders for its Winter Plan, and when the Welsh suppliers would have been reasonably price-competitive. In its report, the NAO highlighted the challenge of developing the domestic PPE market given the large amount of PPE stockpiled in England, which limits the potential size of the market for some items.
- 2.49 The Senedd Health, Social Care and Sport Committee's report encouraged the Welsh Government to consider the options for supporting local businesses that wish to continue making PPE. The Welsh Government is re-shaping its overall approach to procurement, with a view to having a greater focus on the local economic benefits and the foundational economy. In our view, the Welsh Government now needs to give a clear steer to public services and manufacturers as to its intentions for the domestic PPE market.

- 2.50 Under the normal approach to procurement, public services can compare the merits of different bidders using a range of criteria to demonstrate 'value' in the round. The more expensive option may offer additional benefits in terms of innovation or and wider policy goals, such as sustainable development in line with the Well-being of Future Generations (Wales) Act 2015. The issues highlighted in **paragraphs 2.33 to 2.35** around ethical supply chains are also relevant in this context.
- 2.51 There are also some decisions to make about the size and nature of the stockpile that will be held in case of a future pandemic. The current goal of a 24-week buffer is significantly larger than the stockpile previously held for a flu pandemic. Holding a stockpile involves costs in warehousing, staff to manage the stock and possible waste as some items may go past their useable date. If there is to be a significant stockpile, there will be questions to resolve about the timing of procurement and whether it can be built up when prices are back to normal rather than at a time of still high international demand.



# Appendices

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- 1 Audit approach and methods**
- 2 Organisations and groups involved in the procurement and supply of PPE**
- 3 Shared Services PPE stocks during the pandemic**

# 1 Audit approach and methods

## Audit approach

The scope of our work took in the procurement and supply of PPE for all public services. However, in practice, our primary focus was on the NHS and social care and the national procurement led by the Welsh Government and NHS Wales Shared Services Partnership (Shared Services). While recognising that there has been local procurement and distribution of PPE, this was not a significant focus of our work.

To inform our work, we reviewed evidence submitted to the Senedd Health, Social Care and Sport Committee in spring/summer 2020. The Committee covered PPE in its July 2020 report, [Inquiry into the impact of the Covid-19 outbreak, and its management, on health and social care in Wales: Report 1](#).

We also reviewed two reports by the NAO that covered the procurement and supply of PPE in England.

- [Investigation into government procurement during the COVID-19 pandemic, November 2020](#),
- [The supply of personal protective equipment \(PPE\) during the COVID-19 pandemic, November 2020](#).

Building on these reports, the UK Parliament's Public Accounts Committee published its own report in February 2021, [COVID-19: Government procurement and supply of Personal Protective Equipment](#).

We have explored similar issues in our work. We have discussed PPE procurement and supply with the NAO and with counterparts at Audit Scotland and the Northern Ireland Audit Office.

## Audit methods

We used a range of methods:

- **Document review:** we reviewed pre-pandemic planning documents, strategic plans, papers considered by NHS boards and committees, guidance documents including on PPE use in different settings and on procurement, and relevant Internal Audit reports including:
  - in October 2020, the NHS Wales Audit and Assurance Services (part of Shared Services) reported on Shared Services' financial governance arrangements during the COVID-19 pandemic. The review covered COVID-19 related expenditure, including but not limited to PPE, between March and July 2020. Part 2 of our report covers some similar issues for PPE specifically.
  - in December 2020, the Welsh Government's Internal Audit Services reported on Welsh Government strategy and governance arrangements for PPE. The auditors recorded a 'reasonable assurance' rating, noting their view that the arrangements were operating effectively for oversight of PPE. The report recommended that officials conduct a 'lessons learned' exercise, collate a timeline of key events and make some minor administrative changes.
- **Semi-structured interviews:** we interviewed officials involved in the planning and procurement of PPE across Shared Services, the Welsh Government, and the Welsh Local Government Association.
- **Data analysis:** we reviewed available data on the distribution of PPE items in Wales, NHS Wales expenditure, the price of items of PPE and the levels of stock held and distributed. The more centralised approach to monitoring and reporting for the NHS means data on healthcare has been more readily available than data on social care.
- **Staff surveys:** we analysed survey data provided by bodies representing medical, and nursing staff (Royal College of Nursing and British Medical Association). As the participants were self-selecting, rather than a random sample, we cannot know how representative these experiences are of the whole NHS and social care workforce.
- **Procurement testing:** we reviewed a sample of 16 PPE-related contracts, checking for compliance against expected procedures and looking for broader consideration of risks to value for money. We selected a mix of larger value and smaller value contracts that were not part of the normal supply chain (**Exhibit 15**). Our sample covered 71% of the value of these contracts let at the end of November 2020, which included purchases on behalf of other UK countries.

- **Site visit:** in November 2020, we visited the warehouse where a significant proportion of the PPE buffer stock is held. We carried out a health and safety risk assessment in advance. Audit Wales and NHS Wales staff wore face coverings and maintained social distancing.
- **Wider engagement:** we wrote to organisations that supplied evidence related to PPE as part of the Senedd Health, Social Care and Sport Committee inquiry in spring/summer 2020. We invited them to share any new evidence or issues of concern. We wrote to 21 organisations and received 6 responses. In some cases, we followed up those responses through further dialogue.

### Exhibit 15: details of contracts covered in our procurement sample testing

Sample number	PPE item procured	Anticipated contract value at end of November 2020
1	Type IIR masks	£23,400,000
2	Type IIR masks	£21,150,000
3	Nitrile gloves	£19,440,000
4	Type IIR masks	£18,000,000
5	Nitrile gloves	£14,497,960
6	Type IIR masks	£14,483,220
7	Type IIR masks	£12,432,205
8	FFP3 respirators	£11,143,934
9	FFP3 respirators	£9,500,000
10	FFP3 respirators	£12,100,000
11	Fluid-resistant gowns	£6,019,355
12	Fluid-resistant gowns	£1,720,000
13	Fluid-resistant gowns	£1,008,000
14	Type IIR masks	£890,000
15	Air freight charges	£655,000
16	Air freight charges	£248,259

## 2 Organisations and groups involved in the procurement and supply of PPE

Beyond the Welsh Government as a whole, we refer in this report to various organisations or groups involved in the national procurement and supply of PPE. **Exhibit 16** provides an overview but is not exhaustive. Other organisations or groups have had input at different times for specific purposes.

### Exhibit 16: organisations and other key groups involved in the national procurement and supply of PPE for health and social care

Organisation	Description
NHS Wales Shared Services Partnership (Shared Services)	<p>Shared Services provides professional, technical and administrative services on behalf of other NHS bodies, which include procurement services and the Surgical Materials Testing Laboratory.</p> <p>The Shared Services Partnership Committee sets the Shared Services policy for NHS Wales, monitors the performance and supports the strategic development of Shared Services and its services.</p>
Public Health Wales	<p>Public Health Wales NHS Trust aims to protect and improve health and well-being and reduce health inequalities. It has worked alongside the public health agencies of the other UK nations to develop and issue infection prevention and control guidance, which includes the use of PPE.</p>
Velindre University NHS Trust	<p>Shared Services is hosted by Velindre University NHS Trust via a formal agreement, signed by each statutory organisation in NHS Wales. As a hosted organisation, Shared Services operates under the legal framework of Velindre University NHS Trust.</p>
Finance Governance Group (FGG)	<p>Shared Services set up the FGG to scrutinise and manage risks related to COVID-19 procurement.</p> <p>The FGG involves different parts of Shared Services along with members of the Velindre University NHS Trust Board. Shared Services representatives are from procurement, audit and assurance, finance and corporate services, legal and risk services and counter fraud.</p>

Organisation	Description
Surgical Materials Testing Laboratory (SMTL)	The Surgical Materials Testing Laboratory is part of Shared Services and provides testing and technical services in support of NHS Wales procurement.
Life Sciences Hub Wales (LSHW)	An organisation formed in 2014 that brings together members in the Life Sciences sector to collaborate on solutions. A framework document between the Welsh Government and LSHW sets out the governance and accountability arrangements, and LSHW receive an annual remit from the Welsh Government.
National Procurement Service (NPS)	Part of the Welsh Government, promoting Welsh public sector procurement collaboration and managing a number of collaborative procurement frameworks for a range of goods and services.
Critical Equipment Requirement Engineering Team (CERET)	Established by the Welsh Government in March 2020, bringing together colleagues from across Welsh Government, the NHS, SMTL, LSHW and Industry Wales to support the procurement of PPE for healthcare settings.
Welsh Local Government Association (WLGA)	The WLGA coordinated social care responses and procurement between the 22 local authorities and liaised with Shared Services, the National Procurement Service and the wider Welsh Government.

### 3 Shared Services PPE stocks during the pandemic

**Exhibit 17: volume and number of weeks of items held in stock at 7 February 2021, highest and lowest points**

PPE item		Weeks of stock at 7 February 2021	Highest number of weeks	Lowest number of weeks
Aprons	Weeks	37.8	47.8	2.4
	Date		30 Nov 2020	5 May 2020
Body bags	Weeks	384.8	5,733.8	2.2
	Date		30 Jul 2020	14 Apr 2020
Eye protector	Weeks	601.9	205.557.3	0.1
	Date		9 Jul 2020	11 May 2020
Face visor	Weeks	19.3	55.6	0.1
	Date		7 Sept 2020	8 Apr 2020
FFP2 respirator	Weeks	97.0	1,496.6	12.3
	Date		12 May 2020	27 Jul 2020
FFP3 respirator	Weeks	9.3	32.9	1.4
	Date		9 Nov 2020	2 Apr 2020
Fit test kits & spares	Weeks	667.6	2,729.4	0.2
	Date		4 Jan 2021	6 Apr 2020
Gloves	Weeks	3.7	7.6	1.3
	Date		7 Sept 2020	7 Dec 2020
Gloves (cuffed)	Weeks	26.8	71.5	0.8
	Date		18 Jan 2021	7 Apr 2020
Gowns (fluid-resistant)	Weeks	116.3	145.9	0.2
	Date		17 Aug 2020	25 Apr 2020

PPE item		Weeks of stock at 7 February 2021	Highest number of weeks	Lowest number of weeks
Gowns (other)	Weeks	3.3	44.8	0.6
	Date		22 Jun 2020	26 Apr 2020
Hand sanitiser	Weeks	79.1	127.1	1.6
	Date		18 Jan 2021	15 Apr 2020
Hand wipes	Weeks	11.4	83.2	5.7
	Date		4 Jan 2021	31 Aug 2020
Type I & type II masks	Weeks	85.3	147.2	0.3
	Date		30 Nov 2020	7 Apr 2020
Type IIR masks	Weeks	50.5	116.0	0.2
	Date		18 Jan 2021	7 Apr 2020
Respirator hoods	Weeks	Analysis not possible due to limited issuing		
	Date			
Respirator filters	Weeks	Analysis not possible due to limited issuing		
	Date			

Note: one unit of gloves are reported as pack, which vary in size, and hand sanitiser as a bottle, varying in volume.

Source: Audit Wales analysis of Shared Services data

**Exhibit 18: total units of PPE issued up to 7 February 2021**

<b>PPE Item</b>	<b>Units</b>
Aprons	113,770,625
Body bags	11,316
Eye protector	1,627,000
Face visor	5,167,736
FFP2 respirator	126,036
FFP3 respirator	2,823,373
Fit test kits and spares	5,965
Gloves	337,469,340
Gloves (cuffed)	1,306,900
Gowns (fluid-resistant)	2,000,584
Gowns (other)	643,990
Hand sanitiser	391,514
Hand wipes	20,135,400
Type I & type II masks	1,174,150
Type IIR masks	143,238,551
Respirator hoods	102
Respirator filters	22,176
<b>Total</b>	<b>629,914,758</b>

Note: one unit of gloves are reported as pack, which vary in size, and hand sanitiser as a bottle, varying in volume.

Source: Welsh Government, [Weekly Personal Protective Equipment issues: up to 7 February 2021](#), released 11 February 2021





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<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>PREPARED BY</b>	Carly Wilce, Corporate Services Manager
<b>PRESENTED BY</b>	Andy Butler, Director of Finance and Corporate Services
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	Governance Matters
<b>PURPOSE</b>	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.

The Directors of Finance have set up a task and finish group to review and update the model standing financial instructions for Health Boards and Trusts. The Group has substantially completed the review and produced an updated versions of the model SFIs for review by the All Wales Directors of Finance Forum and the All Wales Board Secretaries at their October and November meeting.

The Group have also made a number of recommendations one of which relates to the SFIs used by NWSSP. Currently NWSSP operates under a set of standing orders however since 2012, utilises the Velindre SFIs. It has been agreed that a separate set of SFIs should be produced for NWSSP reflecting the All Wales arrangements and hosting arrangements in place with Velindre. These are currently being complied.

### COVID Scheme of delegation

During 2020/21 the scheme of delegation was temporarily amended to provide the Managing Director and Chair with delegated authority to approve up to £5m in respect of COVID expenditure. This arrangement has been extended to 30 June 2021 and the extension was approved by the Velindre University NHS Trust in March 2021

## 2. CONTRACTS FOR NWSSP

The table overleaf summarises contracting activity undertaken during the period **08 January 2021 to 07 April 2021**. A summary of activity for the period is set out in **Appendix A**.

Description	No.
File Note	1
Invitation to competitive quote of value between £5,000 and £25,000 (exclusive of VAT)	7
Invitation to competitive tender of value between £25,000 and the prevailing OJEU threshold (exclusive of VAT)	1
Single Tender Actions	8
Single Quotation Actions	1
Direct Call Off against National Framework Agreement	1
Invitation to competitive tender of value exceeding prevailing OJEU threshold (exclusive of VAT)	0
Contract Extensions	0
<b>Total</b>	<b>19</b>

### **3. NWSSP PROCUREMENT SERVICES ALL WALES CONTRACTING ACTIVITY**

During the period **1 January 2021 to 31 March 2021**, activity against **64 contracts** have been completed. This includes **18** contracts at the **briefing** stage and **35** contracts at the **ratification** stage. In addition to this activity, **11 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 NWSSP Financial Position and Annual Accounts – 2020/21**

2020/21 has been a very challenging year for NWSSP not least for the Finance Department who have dealt with accounting for significant increases in expenditure and very high levels of COVID related stock. Notwithstanding this the Department were able to report the outturn position to Welsh Government within 4 working days of the financial year. The NWSSP financial results will now be incorporated within the Velindre annual accounts and the NWSSP Finance Team are liaising closely with Finance colleagues within Velindre.

The key financial headlines can be summarised as follows:

	2020/21	2019/20
Total Income (before adjusting for notional value of mutual aid received)	586.136m	285.469m
Total Expenditure (before adjusting for notional value of mutual aid received)	586.115m	285.459m
Surplus	0.021m	0.011m
Risk Pool expenditure - DEL	123.835m	120.198m
Cash Distribution to Health Boards & Trusts	£2m	£2m
NWSSP COVID expenditure (revenue only)	162.791m	£0.5m
<b>Capital</b>		
Allocation	4.526m	3.068m
Incurred	4.526m	3.068m
Total Stock	90.938m	8.603m
Provision for Clinical negligence claims	1,138.968	1,133.822
PSPP (%)	96.94%	98.11%

## 6. RECOMMENDATIONS

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

## APPENDIX A - NWSSP Contracting Activity Undertaken (08/01/2021 to 07/04/2021)

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-SMTL	NWSSP-RFQ-746	02/02/2021	Request for Quote	ISO 22609 Synthetic blood penetration tester for medical face masks	Brother Engineering Ltd	£11,498	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
2.	VEL	NWSSP – IP5	VEL-NWSSP-ITT-46578	17/02/2021	Invitation to Tender	Clean room clothing contract IP5 TMU	Micronclean	£103,000	Awarded based on M.E.A.T	Compliant, 2 suppliers viewed the opportunity, 1 response received	No action required
3.	VEL	NWSSP-SMTL	NWSSP-RFQ-744	26/01/2021	Request for Quote	Ambient fan assite incubator and CO2 incubator	Ferguson Scientific Ltd	£11,695	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
4.	VEL	NWSSP – IP5	NWSSP-RFQ-753	11/01/2021	Request for Quote	To supply and install 55 health and safety barriers at IP5	A&E Lewis	£ 9,625	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
5.	VEL	NWSSP – PCS	NWSSP-RFQ-682	05/03/2021	Request for Quote	Annual subscription for use of a IT skills training portal	Pluralsight	£ 10,586.56	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
6.	VEL	NWSSP-Corporate	NWSSP-RFQ-783	18/03/2021	Request for Quote	My compliance cloud cyber security awareness & solution 12 month subscription to metalearning and metaphish solution for 3,000 users	Metacompliance Ltd	£15,000	Awarded based on M.E.A.T	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
7.	VEL	NWSSP-Corporate	NWSSP-RFQ-784	18/03/2021	Request for Quote	Supply and installation of carpet tiles	Haines Painting and Decorating Ltd	£6,395	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response	No action required

										received	
8.	VEL	NWSSP-SES	NWSSP-RFQ-810	31/03/2021	Request for Quote	Independent consultant to carry out a review on the performance of the NHSBFW frameworks against key objectives to deliver major capital projects for the NHS in Wales.	Constructing Excellence In Wales	£8,250	Invitation to Quote – based on lowest cost	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
9.	VEL	NWSSP-PMO	NWSSP-DCO-737	07/01/2021	Direct Call Off	To supply, install, test and commission additional Paxton access control	Chubb Fire and Safety	£5,924	Direct Call Off from ESPO Framework	Endorsed	No action required
10.	VEL	NWSSP-TMU	NWSSP-SQA-751	20/01/2020	Single Quote Action	Annual service of four Medimix automated syringe fillers	Feel Assured UK	£9,600	The Medimix is specialist production equipment service can only be carried by the manufacturer.	Endorsed	No action required
11.	VEL	NWSSP-TMU	NWSSP-STA-741	25/01/2021	Single Tender Action	Temporary cold storage unit at TMU	Dawsons Group	£19,240	Welsh Government providing revenue funding to 31/3/23. Rented equipment already in situ. Avoidance of additional collection and installation costs.	Endorsed	No action required
12.	VEL	NWSSP – IP5	NWSSP-STA-774	05/03/2021	Single Tender Action	Procurement of electric generator	Lorne Stewart	£59,693	There was no emergency power back up for the TMU fridge which holds C19 vaccines, Temperature storing and distributing the COVID vaccines was not initially included in the TMU project at the time, this has developed secondary to the C19 emergency planning	Endorsed	No action required

									response for the IP5 Site.		
13.	VEL	NWSSP-WOD	NWSSP-STA-763	16/11/2020	Single Tender Action	The provision of an AW Digital Workforce Solution	Cohort Software Limited	£296,202	STA awarded awaiting the outcome of an independent review of Occupational Health Services in Wales. A paper was provided to the NWSSP committee and approved in November 2020. Cohort Ltd are the only supplier in the marketplace that can offer all the required services.	Endorsed	Formal procurement to be undertaken
14.	VEL	NWSSP-PCS	NWSSP-STA-769	12/02/2021	Single Tender Action	Software upgrade to SoftTrac Capture Suite for 3 x IBML ImageTrac V document scanners	Kodak Alaris Limited	£76,965	Equipment in situ, software upgrade is essential to continued use. Endorsed on basis of technical continuity and VFM already achieved would be undermined.	Endorsed	No action required
15.	VEL	NWSSP-HCS	NWSSP-STA-798	25/03/2021	Single Tender Action	Capital contribution towards fit out of conversion of new HCS base at Samlet Road	Short Bros (Developments) Ltd	£50,000	Only landlord approved contractors are permitted to undertake works on premises. Evidence of successful tender undertaken by the landlord retained on file.	Endorsed	No action required
16.	VEL	NWSSP-WOD	NWSSP-STA-802	29/03/2021	Single Tender Action	Welsh Government initiative hosted by NWSSP for the Wales National Workforce & Reporting System (WNRWS).	Argyle	£202,000	The absence of a Wales National Workforce & Reporting System would have disrupted the critical business service continuity, Welsh Government and Health Board Primary Care planning and an inability to extend to other professions in the community setting.	Endorsed	Formal procurement to be undertaken

17.	VEL	NWSSP-SES	NWSSP-STA-803	24/03/2021	Single Tender Action	Conditions survey of existing laundry equipment	LTC Worldwide	£7,500	LTC was already engaged as consultant during the previous approved programme business case, has knowledge and understanding of the project and the facilities. The supplier had previously carried out conditional surveys at the facilities since 2017.	Endorsed	No action required
18.	VEL	NWSSP-Corporate	NWSSP-STA-804	16/03/2021	Single Tender Action	NHS summer school and executive short courses: category management and strategic supplier selection	University of South Wales	£72,000	South Wales University has been selected on the basis of essential service and genuine business continuity. The University has extensive experience of working with NWSSP Procurement Services to deliver both the CIPS (sole professional accrediting body for the profession) and MSc in Strategic Procurement.	Endorsed	No action required
19.	VEL	NWSSP-HCS	VEL-NWSSP-089	31/01/2021	Filenote	Fleet to support the response to Covid-19	David Brett Solutions Ltd	£34,500	Additional items have been supplied to expand the fleet to support the response to Covid-19, and to ensure legal compliance when transporting the additional items: <ul style="list-style-type: none"> <li>- Additional pathology (COVID samples)</li> <li>- Additional pharmacy for end of life care/T20</li> <li>- All vaccines for the COVID vaccination programme at specialist temperature ranges</li> </ul>	Endorsed	Formal procurement to be undertaken

## APPENDIX B - All Wales Contracting Activity In Progress (01/01/21 to 31/03/21)

No.	Contract Title	Doc Type	Total Value	J1 approval <£750K	WG approval >£500k	NF approval £750-£1M	Chair Approval £1M+
1.	<a href="#">Printer paper consumables</a> a mixture of original branded, compatible and remanufactured cartridges to meet individual HB/Trust requirements	briefing	£ 6,260,000	04/01/2021	15/01/2021	n/a	n/a
2.	<a href="#">Outsourcing of Radiotherapy services</a> Procurement of additional radiotherapy services capacity from the independent sector to enable additional capacity	ratification	£ 3,493,872	27/12/2020	15/01/2021	22/01/2021	22/01/2021
3.	<a href="#">Taxi Services</a> The service requirements are the conveyance of staff, patients, light goods, and medical/pathological specimens to or from either their place of residence, to locations within these Health Board sites or to other NHS locations.	extension	£ 3,612,235	04/01/2021	original approval applies 5/2/18	22/01/2021	22/01/2021
4.	<a href="#">Cleaning Services</a> to provide domestic cleaning services for Welsh Ambulance Services Trust estate for next 5 years.	briefing	£ 2,125,000	06/01/2021	22/01/2021	n/a	n/a
5.	<a href="#">CVU - Specialist consultancy framework</a> the Health Board sought to appoint a number of suppliers onto a Specialist Consultancy Framework which could be utilised on an ad hoc basis when support is required to fulfill Health Board's projects to underpin the Shaping Our Future Wellbeing (SOFW) 10 year Strategy.	ratification	£ 10,800,000	08/01/2021	19/03/2021	trust gov applies	trust gov applies
6.	<a href="#">CVU - Electronic Prescribing and Medicines Administration (EPMA)</a> is the digitisation of processes for prescribing and recording the administration of medicines and this has been an established aim of NHS Wales for a number of years.	briefing	£ 3,000,000	13/01/2021	sent to WG 13/1	n/a	n/a
7.	<a href="#">Orthopaedic trauma joint replacement framework</a> Orthopaedics is a broad, complex category area, which consists of specialist high value products with significant clinician preference. The existing framework agreement (AW33347) is the second of its kind in Wales and covers a wide range of products across the portfolio of Orthopaedic implants, Trauma and Spinal products.	briefing	£125,150,000	27/01/2021	03/02/2021	n/a	n/a
8.	<a href="#">Patient snacks and hydration</a> Patient and Retail snacks and hydration is for ambient and some chilled pre-packaged goods for the purpose of patient hydration and feeding or Health Board or Trust income generation.	briefing	£ 9,298,053	12/01/2021	10/02/2021	n/a	n/a
9.	<a href="#">Thermometry</a> Products to monitor patient temperature. Tympanic, Multi-use probe, non-contact and single patient use devices.	ratification	£ 1,664,252	21/01/2021	05/02/2021	08/02/2021	08/02/2021
10.	<a href="#">Influenza Vaccine 2021</a> Seasonal Influenza Vaccine 2021 for the occupational health departments in the Hospitals on an all Wales basis.	briefing	£ 1,836,468	21/01/2021	sent to WG 22/1	n/a	n/a
11.	<a href="#">Injectables 3</a> This contract includes high value medicines and there is concern that renewing the contract so close to EU exit gives us a huge potential risk. It is vital that sufficient current contractors hold stock of these medicines over the EU exit period so where lines are still competitive we propose to extend these.	extension	£ 1,037,978	21/01/2021	original approval applies 12/6/19	22/01/2021	22/01/2021

12.	<a href="#">CVU-Hospital capacity</a> Due to the Covid-19 pandemic, the Health Board has an urgent requirement for additional hospital facilities within their geographical boundaries to ensure the safety of their patients should a need arise for patients to be transferred back to UHW and/or UHL if required. This contract will allow for the Health Board to rent facilities from St Joseph's Independent Hospital to ensure green ring fenced operating areas are available for up to the next 12 months allowing the patients on the waiting lists to be treated whilst continuing to care for Covid-19 patients in C&V'S main hospitals.	ratification	£ 7,200,000	21/01/2021	10/03/2021	trust gov applies	trust gov applies
13.	<a href="#">CTM-Provision of a Medical Workforce Resourcing Service</a> This contract managed the supply of medical locums only and generated a direct engagement of 50%.	briefing	£ 969,600	19/02/2021	below £1m not required at this stage		
14.	<a href="#">Patient Temperature Management</a> Effective and continuous patient temperature management assist's in protecting patients from becoming Hypothermic or Hyperthermic, an abnormally low or high core body temperature. Patient temperature management aims to maintain normal levels at all times between 36.5°C and 37.5°C. Following procedures, inadvertent perioperative hypothermia can lead to an increased rate of wound infection, morbid cardiac events, pressure sores, and can lead to longer stays in both recovery and hospital.	briefing	£ 4,004,524	08/02/2021	sent to WG 8/2		
15.	<a href="#">Agency Nurses</a> Supply of Agency Nurses, Midwives, Healthcare Assistants & Operating Department Practitioners to NHS hospitals in Wales. These services are only available from third party specialist agencies that can support NHS Nurse Banks and provide flexibility to ensuring appropriate staff cover at all times.	ratification	£ 352,000,000	05/02/2021	09/02/2021	10/02/2021	11/02/2021
16.	<a href="#">BCU-Vehicle Service, Maintenance &amp; Repair for Welsh Ambulance Services</a> flexible contracting arrangement to support the in house vehicle maintenance team within the Fleet Department.	ratification	£ 7,260,620	08/02/2021	sent to WG 8/2		
17.	<a href="#">CVU-Vaccine Centre security</a> Due to the implementation of the All Wales Immunisation programme, CVUHB have an urgent requirement for the Provision of Security Services at the Immunisation centers. This will ensure the premises are appropriately secured which is required due to the high value stock levels of vaccines held.	ratification	£ 529,392	11/02/2021	12/02/2021	trust gov applies	trust gov applies
18.	<a href="#">BCU-Flow Cytometry Managed Service Contract</a> The Immunophenotyping section in Haematology at Ysbyty Gwynedd offers a regional Flow Cytometry service to Betsi Cadwaladr University Health Board (BCUHB), covering three hospital sites at Ysbyty Gwynedd, Ysbyty Glan Clwyd and Ysbyty Wrexham Maelor as well as, GP practices. The work is highly specialised and includes the diagnosis and follow-up of haematological malignancy, enumeration of stem cells, lymphocyte subset, and the estimation of foetal-maternal haemorrhage. The laboratory offers a comprehensive portfolio of pathology tests, which uses a mixture of fluorochrome-conjugated antibodies for the multiparametric	briefing	£ 1,622,746	12/02/2021	12/03/2021	n/a	n/a

	analysis using flow cytometry. This permits the detection and expression of leucocyte immunological markers to identify and classify haematological diseases such as leukaemia and lymphomas and provide accurate enumeration of specific cell populations in a variety of different sample types.						
19.	<a href="#">Emerg Dept wellbeing and home safe service</a> The emergency department and well-being home safe supports local clinical teams and patients accessing emergency department services. The service offers support for frail older people and vulnerable adults in emergency departments, as well as supporting the resettlement of patients in their homes with follow-up welfare calls or visits and where necessary to connect them to community services to avoid readmission into the emergency department.	ratification	£ 3,305,356	12/02/2021	17/02/2021	24/03/2021	24/03/2021
20.	<a href="#">BCU- WAST Specialist Equipment Service &amp; Repair</a> The Trust aims to appoint suitable suppliers to provide specialist equipment service & repair for its fleet of vehicles through a Framework Agreement. The Agreement will allow Call Offs through the life of the Framework Agreement. Multiple capable suppliers will be awarded to each Lot	ratification	£ 2,160,000	12/02/2021	24/03/2021	trust gov applies	trust gov applies
21.	<a href="#">Women's Health Obs &amp; Gynae Consumables</a> All Wales sole award contract covering the provision of the most commonly used obstetric and gynaecological consumables. The Framework looked to address the wide range of suppliers and items being purchased across Wales and the costs being incurred on delivery and small order surcharges. Framework prices are inclusive of carriage and small order surcharge. The Framework includes 15 Lots providing for single use plastic vaginal speculums, single use steel vaginal speculums, vaginal pessaries, endometrial samplers, umbilical cord clamps, uterine sounds, uterine dilators and thread retrievers. The Framework has effected rationalisation of the Supplier base and standardisation on this range of consumables across NHS Wales. The lotted items were identified for inclusion based on volume purchased, annual expenditure and potential for standardisation.	extension	£ 977,706	12/02/2021	original approval applies 31/01/2018	12/02/2021	15/02/2021
22.	<a href="#">Maint of Sola MRI Scanner</a> Provision of regular servicing, corrective maintenance visits to site and the supply and fitting of replacement parts, including specialist elements (Helium) for the life of the system.	ratification	£ 540,594	29/01/2021	26/02/2021	n/a	n/a
23.	<a href="#">Low &amp; Mid Tech medicines homecare</a> This is an All Wales Framework Agreement for the provision of Low and Mid Tech Medicines Homecare Services to patients in their own homes in Wales. The service is initiated by the hospital prescriber and provides a medicines delivery service & nursing service where required direct to patients' homes. This service optimises patient outcomes and enables patients to enjoy improved lifestyle benefits without the need to attend hospital clinics to obtain their medicines – this has proved to be particularly beneficial during the Covid-19 pandemic	extension	£ 1,847,288	AS 16/2/21	original approval applies 21/3/18	16/02/2021	16/02/2021
24.	<a href="#">BCU-Water Hygiene Services</a> to ensure hot & cold water services across the	ratification	£ 1,582,012	16/02/2021	26/02/2021	trust gov	trust gov

	health board are compliant with the minimum standards					applies	applies
25.	<a href="#">BCU-Waste Collection</a> collection, sorting, segregation and disposal of recyclable domestic waste across the HB	ratification	£ 5,025,361	16/02/2021	26/02/2021	trust gov applies	trust gov applies
26.	<a href="#">NWIS-Forensic software</a> The accounts payable forensic software is a cloud-based solution that securely connects with NWSSP P2P system. This existing software has successfully delivered comprehensive and accurate analysis of payment information to highlight and prevent potential duplicate and erroneous payments prior to payment runs over the previous five years from April 2016	ratification	£ 557,482	16/02/2021	26/02/2021	n/a	n/a
27.	<a href="#">Lymphoedema</a> The contract covers a range of compression garments such as stockings and arm sleeves that are used for the treatment of various types of oedema. NWSSP worked in collaboration with the Lymphoedema Network in Wales and SMTL to establish specifications for the products and agree a strategy for the contract that would put quality at the forefront whilst achieving significant reductions in cost through the rationalisation of brands in use across Wales.	extension	£ 4,839,334	17/02/2021	original approval applies 23/7/18	17/02/2021	18/02/2021
28.	<a href="#">PHW - E&amp;O Antigen Testing</a> Lysis Buffer for Covid-19 to inactivate the virus and break it down for extraction and amplification testing capability.	ratification	£ 1,599,000	AS 19/2/21	sent to WG 22/2		
29.	<a href="#">PHW - Euroimmun testing</a> Provision of a method of determining immunity rather than infection and is part of the Welsh Government Testing Strategy: Anti- SARS-CoV-2 ELISA: 96 W IgG	ratification	£ 1,317,088	AS 19/2/21	sent to WG 22/2		
30.	<a href="#">PHW - Luminex testing</a> Provision Aries Testing Platforms and associated Antigen Test Kits at Swansea, Rhyl and Cardiff Test sites to meet expectations of testing demand and WG expectations.	Ratification	£ 1,088,640	AS 19/2/21	sent to WG 22/2		
31.	<a href="#">PHW - MAST Antigen testing</a> Antigen testing capability and provision of equipment to support.	ratification	£ 6,481,275	AS 19/2/21	sent to WG 22/2		
32.	<a href="#">PHW - Perkin Elmer Antigen testing</a> Test and Associated Extraction Reagents and Consumables to provide adequate testing during Covid-19 pandemic.	ratification	£ 17,990,222	AS 19/2/21	sent to WG 22/2		
33.	<a href="#">Proprietary Drugs 1</a> This contract is for Proprietary Drugs purchased by hospital Pharmacy Departments. Proprietary Drugs are branded lines that are protected by a patent which can be produced only by the patent owner.	extension	£ 15,545,027	04/03/2021	original approval applies 6/3/19	04/03/2021	04/03/2021
34.	<a href="#">BCU - Mobile Voice &amp; Data Services</a> The supply of mobile and data services including the supply of hardware for a contract period of 60 months.	ratification	£ 808,800	AS 22/2/21	12/03/2021	trust gov applies	trust gov applies
35.	<a href="#">IMHA</a> The purpose of the IMHA service is to provide assistance to qualifying patients to ensure that they understand the legal procedures of the Act and the rights and safeguards to which they are entitled.	briefing	£ 10,145,825	AS 22/2/21	19/03/2021	n/a	n/a
36.	<a href="#">general waste &amp; recycling</a> The collection and disposal of non-hazardous waste for Swansea Bay, Cwm Taf Morgannwg, Velindre, and HEIW sites.	ratification	£ 805,000	24/02/2021	12/03/2021	18/03/2021	n/a

37.	<a href="#">Medical chart paper</a> The Medical Chart and Recording Paper contract refers to the use of printable stationary items that are required to record patient results during point of care testing. The items on the current contract are required to enable various point of care testing machines across the hospitals and ambulance services, to record and print patient data to then be filed in their records for a period of time.	briefing	£ 803,883	AS 26/2/21	WG approval not required at briefing		
38.	<a href="#">Fuel Oils</a> The provision of Fuel Oil & ULSD is a volatile hazardous product to manufacture. Specialist bulk delivery vehicles and knowledge of spillage procedures is required in order to deliver safely direct from the manufacturer or distributor to NHS hospital sites in Wales.	briefing	£ 3,326,757	04/03/2021	12/03/2021	n/a	n/a
39.	<a href="#">BCU - Haematology and Coagulation Managed Service Contract</a> Automated Haematology and Coagulation instrumentation is used to facilitate diagnosis and monitoring of a range of conditions in both acute inpatient and outpatient settings and primary care services. These investigations commonly include full blood counts, cell morphology disorders, coagulation disorders and haematological conditions, in addition to a range of routine and specialist coagulation factor assays. The contract will also include equipment to test Erythrocyte Sedimentation Rate (ESR) and Plasma Viscosity (PV) both markers of acute inflammatory response as well as, Platelet Aggregation.	ratification	£ 10,383,025	09/03/2021	sent to WG 9/3		
40.	<a href="#">BCU-Dental services</a> BCUHB is seeking a provider who can deliver a flagship practice in North Wales, which will embrace all the requirements of contract reform. The provider will be expected to adopt a preventive approach to care for all. They will need to increase access to those patients with higher levels of need and provide a full range of high quality, evidenced based care to meet the needs of the population. We would expect the provider to offer services to the population beyond traditional core hours to ensure that all those patients who seek to access dental services are able to do so.	briefing	£ 30,000,000	05/03/2021	19/03/2021	n/a	n/a
41.	<a href="#">Hepatitis C extension</a> This contract is for the provision of antiviral medicines for the treatment of Hepatitis C (HCV). These medicines are designed to stop the virus from multiplying inside the body and thereby preventing liver damage. Current medications have revolutionised the treatment of HCV compared to previous treatments so that HCV is now curable in approximately 9 out of 10 people if treated early. Treatment regimens take between 8 - 24 weeks. In the event that treatment does not clear the virus, it can still slow down inflammation and liver damage. This contract is for supply to hospitals in Wales.	extension	£ 15,632,964	09/03/2021	original approval applies 15/4/19	18/03/2021	19/03/2021
42.	<a href="#">CVU - Digital Intervention &amp; Implementation Platform</a> The Respiratory Health Implementation Group (RHIG) had a requirement for a digital implementation platform/s as an integrated Healthcare professional and patient support tool to deliver large scale programmes across all Wales to achieve established clinical and behavioural outcomes for the population.	ratification	£ 2,000,000	09/03/2021	sent to WG 9/3		

43.	<a href="#">HMR Forms</a> To provide on-going supply of essential standardised NHS Wales Hospital Medical Record Forms through a managed service.	ratification	£ 968,000	10/03/2021	24/03/2021	24/03/21	n/a
44.	<a href="#">HDDA - Haematology and Coagulation Managed service agreement</a> HDUHB pathology service has implemented an integrated Blood Sciences strategy, delivered as a network across the four laboratory sites within the Health Board's (HB) Acute Hospitals. This Managed Service Contract (MSC) procurement is a central requirement to support this strategy and it is essential that the equipment and service requirements are specified to meet service delivery needs.	briefing	£ 5,850,000	10/03/2021	sent to WG 10/3		
45.	<a href="#">NWIS-e-scheduling</a> To secure an E-scheduling system for the District Nursing workforce in Wales to improve efficiency of scheduling patient visits, reduce paperwork, free up nursing hours and improve patient safety by scheduling patient appointments electronically via an internet enabled device. This will enable the nurse to link to a central system, allowing visits to be planned with more efficiency and emergency calls responded to faster.	briefing	£ 1,436,440	12/03/2021	19/03/2021	n/a	n/a
46.	<a href="#">Frozen Meals</a> To provide a variety of frozen and texture modified meals to hospitals for the purposes of patient feeding.	ratification	£ 7,261,732	18/03/2021	25/03/2021	25/03/2021	26/03/2021
47.	<a href="#">NWIS-P675 GPSS</a> or the provision of GP IT Clinical Systems and Services (" <a href="#">GPSS</a> ") and the ongoing development, upgrade and maintenance of GP clinical system software solutions via this Framework Agreement.	briefing	£ 74,100,000	18/03/2021	sent to WG 18/3		
48.	<a href="#">AB-Doctor Dr</a> The system has been designed to provide patients with reminders of their appointments to reduce "Did Not Attend" (DNA) rates, to enable validation of waiting lists, and to provide rapid requests for patients to contact the booking centres to arrange short notice appointments.	ratification	£ 1,223,000	18/03/2021	24/03/2021	trust gov applies	trust gov applies
49.	<a href="#">Provision of Cleaning &amp; Janitorial Materials.</a> Provision of cleaning and janitorial materials across HBs/Trusts in Wales	extension	£ 3,256,000	18/03/2021	original approval applies 22/3/19	19/03/2021	19/03/2021
50.	<a href="#">IV Iron</a> The contract covers the supply of IV Iron to hospitals. Iron is very important in maintaining many body functions, including the production of haemoglobin, the molecule in your blood that carries oxygen. Iron is also necessary to maintain healthy cells, skin, hair, and nails.	extension	£ 7,104,258	18/03/2021	original approval applies 15/4/20	18/03/2021	19/03/2021
51.	<a href="#">ESA</a> The contract covers the supply of Erythropoietin Stimulating Agents (ESA) to hospitals and the supply and associated service to patients being treated within their own homes. Erythropoiesis is the process by which red blood cells are produced. It is stimulated by the decreased oxygen in circulation, which is detected by the kidneys, which then secrete the hormone erythropoietin. Erythropoietin Stimulating Agents (ESA) are agents structurally and biologically similar to naturally occurring protein erythropoietin. Clinicians prescribe ESAs to maintain haemoglobin at the lowest level that both minimises transfusions and best meets individual patient needs.	extension	£ 6,495,852	18/03/2021	original approval applies 17/7/19	18/03/2021	19/03/2021
52.	<a href="#">HDDA-Radiology sets</a> Utilisation of supplier specific software and support for	ratification	£ 570,700	18/03/2021	sent to WG 22/3		

	datasets harvesting and application to the Transformation programme around Winter Planning plus two additional workstreams.						
53.	<a href="#">AB-Ty Lles Support House</a> Ty Lles Support House will provide a high quality support service for Gwent people in a homely and supportive environment, using a social model of recovery. The house will offer a holistic approach with an emphasis on building resilience and long-term recovery, as well as allowing social issues to be addressed as part of a care plan. It will address the immediate crisis but also focus on ongoing recovery, building support networks and maintenance of good mental health on returning home.	ratification	£ 1,624,040	18/03/2021	26/03/2021	trust gov applies	trust gov applies
54.	<a href="#">AB-SFN Platform</a> Analytical software, support and platform for whole system analysis and operational and strategic planning for the Clinical Futures Transformation Programme and the Grange University Hospital (GUH).	ratification	£ 2,370,956	18/03/2021	26/03/2021	trust gov applies	trust gov applies
55.	<a href="#">Sevoflurane</a> This contract consists of Sevoflurane gas and vaporisers that are loaned from the Contractor free of charge. All product is purchased through Pharmacy Departments. Sevoflurane is a rapid acting volatile liquid anaesthetic, used for the induction and maintenance of general anaesthesia. A specially calibrated vaporiser is used for its administration.	extension	£ 1,964,200	22/03/2021	original approval applies 15/8/19	23/03/2021	23/03/2021
56.	<a href="#">HDDA-Haematology</a> HDUHB pathology service has implemented an integrated Blood Sciences strategy, delivered as a network across the four laboratory sites within the Health Board's (HB) Acute Hospitals. This Managed Service Contract (MSC) procurement is a central requirement to support this strategy and it is essential that the equipment and service requirements are specified to meet service delivery needs.	ratification	£ 5,850,000	26/03/2021	sent to WG 26/3		
57.	<a href="#">Examination Gloves</a> Medical examination gloves are defined as disposable gloves used during medical examinations and procedures to help prevent cross-contamination between caregivers and patients. They are manufactured using various different polymers including latex, nitrile rubber, polyvinyl chloride and neoprene. The use of medical gloves is recommended by the World Health Organisation to be used during all patient-care activities that may involve exposure to blood and all other body fluids, during contact precautions and outbreak situations. This is to reduce: the risk of contamination of health-care workers hands with blood and other body fluids; the risk of germ dissemination to the environment; transmission from the health-care worker to the patient (and vice versa); as well as reducing the risk of transmission from one patient to another.	briefing	£ 99,989,351	26/03/2021	sent to WG 26/3		
58.	<a href="#">PHW-Reagent Rental Agreement for Covid-19 Antibody Testing. Retrospective COVID</a> Supporting Testing Capabilities and Capacity across Wales.	ratification	£ 3,800,000	01/04/2021	sent to WG 1/4		
59.	<a href="#">BCU - signalsfromnoise (sfm) Predictive Analytics Platform and Lightfoot Transformation Methodology</a> Healthcare consultancy and specialist technology services. Provision of support services from a key strategic partner who can work alongside the Health Board's management teams, senior clinical and	ratification	£ 990,000	26/03/2021	sent to WG 26/3		

	leadership teams and frontline staff to aid planning and delivery of services.						
60.	<a href="#">Prosthetics</a> The framework will provide a range of Prosthetic items and associated products. These include: Residual Limb Compression Garments, Residual Limb Socks, Lower Limb Structural Components, Next Generation MPK Knees, and Shoulder Joints.	ratification	£ 6,687,704	waiting feedback 26/3			
61.	<a href="#">Maint of CT scanners BCU &amp; CTM</a> To ensure that the CT scanners in question which are located within the following hospital sites are serviced on a regular basis and receive appropriate software updates to function fully, all in accordance with the original equipment manufacturer's recommendations and all applicable guidelines.	ratification	£ 710,246	01/04/2021	sent to WG 1/4		
62.	<a href="#">Home Oxygen Service</a> This contract provides an All Wales Home Oxygen Service to approximately 5,000 patients in their own homes across the country. patients are provided with equipment such as cylinders and concentrators which are installed maintained and replenished by the contractor. The contract aims to improve quality of service for patients in Wales and the service continues to ensure that patients have easy access to assessment procedures carried out by fully qualified healthcare professionals using appropriate diagnostic equipment, working towards an improved outcome for patient care.	ratification	£ 5,665,949	sent to JI 1/4			
63.	<a href="#">NWIS-e-scheduling</a> To secure an E-scheduling system for the District Nursing workforce in Wales to improve efficiency of scheduling patient visits, reduce paperwork, free up nursing hours and improve patient safety by scheduling patient appointments electronically via an internet enabled device. This will enable the nurse to link to a central system, allowing visits to be planned with more efficiency and emergency calls responded to faster.	ratification	£ 920,066	30/03/2021	01/04/2021	sent to NF 6/4	
64.	<a href="#">Enteral feeding</a> Enteral feeding refers to the intake of food via the gastrointestinal (GI) tract. The GI tract is composed of the mouth, esophagus, stomach, and intestines. Enteral feeding may mean nutrition taken through the mouth or through a tube that goes directly to the stomach or small intestine. A person on enteral feeds usually has a condition or injury that prevents eating a regular diet by mouth, but their GI tract is still able to function. Being fed through a tube allows them to receive nutrition and keep their GI tract working.	briefing	£ 4,355,684	sent to JI 1/4			

<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>AGENDA ITEM</b>	5.4
<b>PREPARED BY</b>	Peter Stephenson, Head of Finance and Business Development
<b>PRESENTED BY</b>	Andy Butler, Director of Finance and Corporate Services
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	Draft Annual Governance Statement 2020-21

## **PURPOSE**

To present the Draft Annual Governance Statement (AGS) to the Committee, for assurance purposes.

## 1. BACKGROUND

The Annual Governance Statement is a mandatory requirement. It provides assurance that NWSSP has a generally sound system of internal control that supports the achievement of its policies, aims and objectives, and provides details of any significant internal control issues.

The Statement must be signed off by the Managing Director as the accountable officer and approved by the Shared Services Partnership Committee (SSPC). As a hosted organisation, NWSSP's annual governance statement forms part of the Velindre University NHS Trust's annual report and accounts. The external auditor will report on inconsistencies between information in the Statement and their knowledge of the governance arrangements for NWSSP.

The Head of Internal Audit provides an annual opinion to the accounting officer and the Velindre University NHS Trust Audit Committee for NWSSP on the adequacy and effectiveness of the risk management, control and governance processes to support the Statement.

The draft Annual Governance Statement for 2020-21 is presented at Appendix 1. Much of the information contained in the Statement remains unchanged from year-to-year. In addition, the timing of the Committee

means that not all required elements of the Statement can yet be updated – these have been highlighted in amber text. The main changes to the Statement are highlighted in yellow. The final Statement will be brought back to the Committee for formal sign-off at the end of June.

## 2. TIMELINE FOR APPROVAL

The timeline for approving the statement is as follows:

<b>Version</b>	<b>Approved</b>
<b>1</b>	<b>SLT 25 March 2021 draft for endorsement</b>
<b>2</b>	<b>Velindre Integrated Governance Group 15 April 2021</b>
<b>3</b>	<b>Audit Committee 20 April 2021 for review</b>
<b>4</b>	<b>SMT 29 April 2021 final for formal adoption</b>
<b>5</b>	<b>SSPC 20 May 2021 final for endorsement</b>
<b>6</b>	<b>Audit Committee 29 June 2021 for final approval</b>

## 1. GOVERNANCE & RISK

The Managing Director of NWSSP, as head of the Senior Management Team, reports to the Chair and is responsible for the overall performance of NWSSP. The Managing Director is the designated Accountable Officer for NWSSP and is accountable through the leadership of the Senior Management Team.

The Managing Director is accountable to the Shared Services Partnership Committee (SSPC) in relation to those functions delegated to him by the SSPC. The Managing Director is also accountable to the Chief Executive of Velindre NHS Trust in respect of the hosting arrangements supporting the operation of NWSSP.

Section 4 of the SSPC Standing Orders states that:

*"With regard to its role in providing advice to both Velindre Trust Board and the SSPC, the Audit Committee will comment specifically upon:*

*The adequacy of the organisation's strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control across the*

*whole of the organisation's activities designed to support the public disclosure statements that flow*

- *from the assurance processes, including the Annual Governance Statement .....*

## **2. RECOMMENDATION**

The Audit Committee are asked to:

- **REVIEW** the Draft Annual Governance Statement;
- **DISCUSS** if the Draft Annual Governance Statement accurately reflects the Committee's view of NWSSP's Assurance Framework; and
- **FEEDBACK** any comments to [Peter.Stephenson2@wales.nhs.uk](mailto:Peter.Stephenson2@wales.nhs.uk).



**GIG**  
CYMRU  
**NHS**  
WALES

Partneriaeth  
Cydwasaethau  
Shared Services  
Partnership

# Annual Governance Statement 2020/2021

<b>Version</b>	<b>Approved</b>
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# ANNUAL GOVERNANCE STATEMENT 2020/2021

## 1. SCOPE OF RESPONSIBILITY

Throughout the 2020/21 financial year, NWSSP and NHS Wales faced unprecedented and increasing pressure in planning and providing services to meet the needs of those affected by COVID-19, whilst also maintaining its core activities and functions. NWSSP staff responded fantastically to the challenge, such that not only were no services stood down, but that a number of new services, including some well outside our traditional finance and transactional base, have been established.

One example of this is the Temporary Medicines Unit (TMU). The NWSSP TMU was inspected by the MHRA regulator in December 2020. After minor adjustments to meet the regulator's recommendations, the service opened on 25 January 2021. Since that date it has supplied Medicines to all the Health Boards with Acute Hospitals in Wales, meeting pressures and allowing other resources to be redeployed locally to best effect. The service acts as a wholesaler, purchasing bulk medicines and consumables, preparing them into ready to administer form under Aseptic conditions, and selling them onto the Health Boards for use, principally in their Critical Care Units. The service also continues to contribute towards the COVID-19 vaccine programme by supervising the packing and distribution of consumables packs to vaccination centres.

The required response has meant the whole organisation has had to work very differently both internally and with our staff, partners and stakeholders and it has been necessary to revise the way the governance and operational framework is discharged. In recognition of this, Dr Andrew Goodall, Director General Health and Social Services/NHS Wales Chief Executive wrote to all NHS Chief Executives in Wales, with regard to "COVID-19- Decision Making and Financial Guidance". The letter recognised that organisations would be likely to make potentially difficult decisions at pace and without a firm evidence base or the support of key individuals which under normal operating circumstances would be available. Nevertheless, the organisation is still required to demonstrate that decision-making has been efficient and will stand the test of scrutiny with respect to compliance with Managing Welsh Public Money and demonstrating Value for Money after the COVID-19 crisis has abated and the organisation returns to more normal operating conditions.

To demonstrate this, NWSSP records how the effects of COVID-19 have impacted on any changes to normal decision-making processes. Where relevant these, and other actions taken have been explained within this Annual Governance Statement.

As Accounting Officer, the Managing Director has responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Wales Shared Services Partnership's (NWSSP), and the host's (Velindre University NHS Trust) policies, aims and

objectives. The Managing Director also safeguards the public funds and departmental assets for which he is personally responsible, in accordance with the responsibilities assigned to him. The Managing Director is responsible for ensuring that NWSSP is administered prudently and economically and that resources are applied efficiently and effectively.

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. Effective governance is paramount to the successful and safe operation of NWSSP's services. This is achieved through a combination of "hard" systems and processes including standing orders, policies, protocols and processes; and "soft" characteristics of effective leadership and high standards of behaviour (Nolan principles).

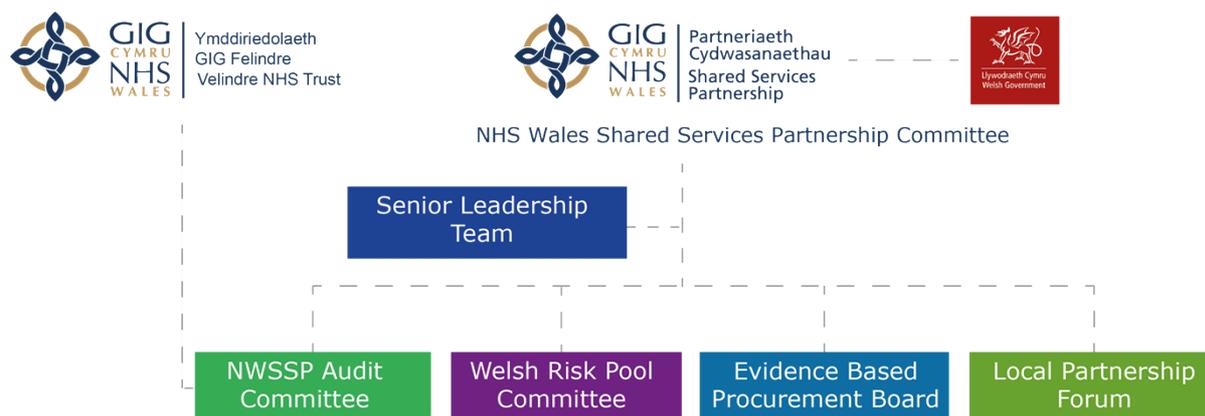
The NWSSP Managing Director is accountable to the Shared Services Partnership Committee (Partnership Committee) in relation to those functions delegated to it. The Managing Director is also accountable to the Chief Executive of Velindre University NHS Trust (the Trust) in respect of the hosting arrangements supporting the operation of NWSSP.

The Chief Executive of the Trust is responsible for the overall performance of the executive functions of the Trust and is the designated Accountable Officer for the Trust. As the host organisation, the Chief Executive (and the Trust Board) has a legitimate interest in the activities of the Shared Services Partnership and has certain statutory responsibilities as the legal entity hosting NWSSP.

The Managing Director (as the Accountable Officer for NWSSP) and the Chief Executive of the Trust (as the Accountable Officer for the Trust) shall be responsible for meeting all the responsibilities of their roles, as set out in their respective Accountable Officer Memoranda. Both Accountable Officers co-operate with each other to ensure that full accountability for the activities of NWSSP and the Trust is afforded to the Welsh Government Ministers/Cabinet Secretary whilst minimising duplication.

The Governance Structure for NWSSP is presented in Figure 1 below:

**Figure 1 –NWSSP's Governance Structure**



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

During the year the Partnership Committee approved the establishment of a Quality & Safety Committee. The terms of reference for this Committee were approved by the Partnership Committee at its September 2020 meeting, and the new Committee will commence with effect from 1 April 2021.

## **2. GOVERNANCE FRAMEWORK**

NWSSP currently has two main Committees that have key roles in relation to the Governance and Assurance Framework. Both Committees are chaired by Independent Members and undertake scrutiny, development discussions, and assess current risks and monitor performance in relation to the diverse number of services provided by NWSSP to NHS Wales.

### **2.1 Shared Services Partnership Committee**

The Shared Services Partnership Committee (Partnership Committee) was established in accordance with the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 and the functions of managing and providing shared services (professional, technical and administrative services) to the health service in Wales is included within the Velindre National Health Service Trust (Establishment) (Amendment) Order 2012.

The composition of the Partnership Committee includes an Independent Chair, the Managing Director of Shared Services, and either the Chief Executive of each partner organisation in NHS Wales or a nominated executive representative who acts on behalf of the respective Health Board or Trust.

On 23 March 2020 the Welsh Government suspended all Ministerial Public Appointment campaigns with immediate effect. The tenure of the current Chair had been due to expire on 30 November 2020. Ordinarily, there is no mechanism to extend the tenure of the Chair beyond eight years; however, to avoid operational and governance pressures Welsh Government progressed temporary amendments to the legislation to allow for an extended tenure. The term of office of the current Chair was therefore extended by 12 months to 30 November 2021, and this was approved at the May 2020 Partnership Committee.

At a local level, Health Boards and NHS Trusts in Wales must agree Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out within the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009, into day to day operating practice, and, together with the adoption of a scheme of matters reserved to the Board; a scheme of delegations to officers and others; and Standing Financial Instructions, they

provide the regulatory framework for the business conduct of NWSSP and define its way of working. These documents, accompanied by relevant Trust policies and NWSSP's corporate protocols, approved by the SMT, provide NWSSP's Governance Framework.

Health Boards, NHS Trusts and Health Education and Improvement Wales (HEIW) have collaborated over the operational arrangements for the provision of shared services and have an agreed Memorandum of Co-operation to ensure that the arrangements operate effectively through collective decision making in accordance with the policy and strategy set out above, determined by the Partnership Committee.

Whilst the Partnership Committee acts on behalf of all NHS organisations in undertaking its functions, the responsibility for the exercise of NWSSP functions is a shared responsibility of all NHS bodies in Wales.

NWSSP's governance arrangements are summarised below.

Figure 2: Summary of Governance Arrangements



The Partnership Committee has in place a robust Governance and Accountability Framework for NWSSP including:

- Standing Orders;
- Hosting Agreement;
- Interface Agreement between the Chief Executive Velindre University NHS Trust and Managing Director of NWSSP; and
- Accountability Agreement between the Partnership Committee and the Managing Director of NWSSP.

These documents, together with the Memorandum of Co-operation form the basis upon which the Partnership Committee's Governance and Accountability Framework is developed. Together with the Trust Values and Standards of Behaviour framework, this is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

The Membership of the Committee during the year ended 31 March 2021 is outlined in Figure 3 below. Membership was originally designed to be the Chief Executives of each Health Board and Trust but nominated deputies are allowed to attend and vote, provided they are an Executive Director of their own organisation.

Figure 3: Table of Members of the NHS Wales Shared Services Partnership Committee during 2020/2021

<b>Name</b>	<b>Position</b>	<b>Organisation</b>	<b>Full/Part Year</b>
Margaret Foster (Chair)	<i>Independent Member</i>	<i>NHS Wales Shared Services Partnership</i>	<i>Full Year</i>
Huw Thomas (Vice Chair )	<i>Director of Finance</i>	<i>Hywel Dda UHB</i>	<i>Full Year</i>
Neil Frow	<i>Managing Director of NWSSP</i>	<i>NHS Wales Shared Services Partnership</i>	<i>Full Year</i>
Kathryn Jones*	<i>Director of Workforce and OD</i>	<i>Swansea Bay UHB</i>	<i>Part Year</i>
Geraint Evans	<i>Director of Workforce and OD</i>	<i>Aneurin Bevan UHB</i>	<i>Full Year</i>
Sue Hill	<i>Director of Finance</i>	<i>Betsi Cadwaladr UHB</i>	<i>Full Year</i>
Catherine Phillips**	<i>Director of Finance</i>	<i>Cardiff and Vale UHB</i>	<i>Part Year</i>
Hywel Daniel	<i>Director of Workforce &amp; OD</i>	<i>Cwm Taf Morgannwg UHB</i>	<i>Full Year</i>
Pete Hopgood	<i>Director of Finance</i>	<i>Powys THB</i>	<i>Part Year</i>
Helen Bushell ***	<i>Director of People</i>	<i>Public Health Wales NHS Trust</i>	<i>Part Year</i>
Steve Ham	<i>Chief Executive</i>	<i>Velindre University NHS Trust</i>	<i>Full Year</i>
Chris Turley	<i>Director of Finance</i>	<i>Welsh Ambulance Services NHS Trust</i>	<i>Full Year</i>
<b>Non-Voting Members</b>			
Eifion Williams	<i>Director of Finance</i>	<i>HEIW</i>	<i>Full Year</i>

\*Replaced Hazel Robinson, Director of Workforce & OD wef September 2020

\*\*Replaced Chris Lewis, Interim Director of Finance wef March 2021 who had replaced Bob Chadwick, Director of Finance wef September 2020

\*\*\* Replaced Phil Bushby, Director of People. Neither Phil Bushby or Helen Bushell are an Executive Director of PHW so they are unable to vote and don't count towards meeting quorum.

The composition of the Committee also requires the attendance of the following: Deputy Director of Finance, Welsh Government, Director of

Finance & Corporate Services, NWSSP, Director of Workforce & Organisational Development, and Board Secretary NWSSP as governance support. Trade Unions are also invited to the meetings.

Figure 4 – Attendance at the Meetings of the NHS Wales Shared Services Partnership Committee during 2020/2021

<b>Organisation</b>	<b>21/05/ 2020</b>	<b>23/07/ 2020</b>	<b>17/09/ 2020</b>	<b>19/11/ 2020</b>	<b>21/01/ 2021</b>	<b>18/03/ 2021</b>
Aneurin Bevan UHB	✓	✓	x	x	✓	✓
Betsi Cadwaladr UHB	✓	✓**	✓*	✓	✓**	x
Cardiff and Vale UHB	✓	x	✓	✓	✓*	✓
Cwm Taf UHB	✓	x	✓	x	✓**	x
HEIW	x	x	✓**	✓**	✓**	✓**
Hywel Dda LHB	✓	✓	✓	✓	✓	✓
Powys Teaching Health Board	✓	✓	✓	✓	✓	✓
Public Health Wales Trust	✓***	x	✓***	x	x	✓***
Swansea Bay UHB	✓	✓	✓**	✓	✓*	✓**
Velindre NHS Trust	✓	x	✓	✓*	x	✓**
Welsh Ambulance Service Trust	✓	✓	✓	x	✓	✓
Welsh Government	✓	✓	✓	✓	x	✓
Trade Union	x	✓	x	✓	✓	✓
Chair	✓	✓	✓	✓	✓	✓
Accountable Officer	✓	✓	✓	✓	✓	✓

✓ Denotes the nominated member was present

✓\*Denotes the nominated member was not present and that an alternative Executive Director attended on their behalf

✓\*\* Denotes that the nominated member was not present and that while a deputy did attend, they were not an Executive Member of their Board.

✓\*\*\* The nominated member for PHW is not an Executive Member of their Board.

X Denotes Health Body not represented

No meetings of the Partnership Committee were cancelled during 2020/21 due to the pandemic but all meetings were held virtually. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic there have been limitations on public gatherings and has not therefore been possible to allow the public to attend meetings of our board and committees during the year. We did not receive any requests from the public to attend the Partnership Committee but to ensure business was conducted in as open and transparent manner as possible during this time the following actions were taken:

- The dates of all Committee meetings are published on the NWSSP website prior to the start of the financial year;
- The agenda is published in English and Welsh at least seven days prior to the Committee meeting;
- All Committee papers are published in English on the website, and minutes are also provided in Welsh, shortly after the meeting has taken place.

The purpose of the Partnership Committee is set out below:

- To set the policy and strategy for NWSSP;
- To monitor the delivery of shared services through the Managing Director of NWSSP;
- To seek to improve the approach to delivering shared services which are effective, efficient and provide value for money for NHS Wales and Welsh Government;
- To ensure the efficient and effective leadership, direction, and control of NWSSP; and
- To ensure a strong focus on delivering savings that can be re-invested in direct patient care.

The Partnership Committee monitors performance monthly against key performance indicators. For any indicators assessed as being below target, reasons for current performance are identified and included in the report along with any remedial actions to improve performance. These are presented to the Partnership Committee by the relevant Director. Deep Dive sessions are a standing item on the agenda to learn more about the risks and issues of directorates within NWSSP.

The Partnership Committee ensures that NWSSP consistently followed the principles of good governance applicable to NHS organisations, including the oversight and development of systems and processes for financial control, organisational control, governance and risk management. The Partnership Committee assesses strategic and corporate risks through the Corporate Risk Register.

## 2.2 Partnership Committee Performance

During 2020/2021, the Partnership Committee approved an annual forward plan of business, including:

- Regular assessment and review of:
  - Finance, Workforce and Performance information;
  - Corporate Risk Register;
  - Welsh Risk Pool;
  - Programme Management office updates.
- Annual review and/or approval of:
  - Integrated Medium Term Plan;
  - Annual Governance Statement;
  - Audit Wales Management Letter;
  - Annual Review;
  - Standing Orders and Standing Financial Instructions;
  - Health & Care Standards; and
  - Service Level Agreements.
- Deep Dives into:
  - COVID-19 response;
  - PPE Winter Plan;
  - BREXIT;
  - Scrutiny of Welsh Risk Pool Claims;
  - Medical Examiner Service;
  - Welsh Language;
  - Health Courier Services; and
  - Cyber Security

## 2.3 Velindre Audit Committee for NWSSP

The primary role of the Velindre University NHS Trust Audit Committee for Shared Services (Audit Committee) has been to review and report upon the adequacy and effective operation of NWSSP's overall governance and internal control system. This includes risk management, operational and compliance controls, together with the related assurances that underpin the delivery of NWSSP's objectives. This role is set out clearly in the Audit Committee's terms of reference, which were revised in October 2020 to ensure these key functions were embedded within the standing orders and governance arrangements.

The Audit Committee reviews the effective local operation of internal and external audit, as well as the Counter Fraud Service. In addition, it ensures that a professional relationship is maintained between the external and internal auditors so that assurance resource is effectively used.

The Audit Committee supports the Partnership Committee 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 Committee attendees during 2020/2021 comprised of three Independent Members of Velindre University NHS Trust supported by representatives of both Internal and External Audit and Senior Officers of NWSSP and Velindre University NHS Trust.

Figure 5 - Composition of the Velindre University NHS Trust Audit Committee for NWSSP during 2020/21

<b>In Attendance</b>	<b>April 2020</b>	<b>June 2020</b>	<b>October 2020</b>	<b>January 2021</b>	<b>Total</b>
<b>Committee Members</b>					
Martin Veale, Chair & Independent Member	✓	✓	✓	✓	<b>4/4</b>
Gareth Jones, Independent Member	✓	✓	✓	✓	<b>4/4</b>
Janet Pickles, Independent Member	✓	✓	✓	x	<b>3/4</b>
<b>Audit Wales</b>					
Audit Team Representative	✓	✓	✓	✓	<b>4/4</b>
<b>NWSSP Audit Service</b>					
Director of Audit & Assurance	✓	✓	✓	✓	<b>4/4</b>
Head of Internal Audit	✓	✓	✓	✓	<b>4/4</b>
Audit Manager	x	X	x	✓	<b>1/4</b>
<b>Counter Fraud Services</b>					
Local Counter Fraud Specialist	x	✓	✓	✓	<b>3/4</b>
<b>NWSSP</b>					
Margaret Foster, Chair NWSSP	✓	✓	✓	✓	<b>4/4</b>
Neil Frow, Managing Director	✓	✓	✓	✓	<b>4/4</b>
Andy Butler, Director of Finance & Corporate Services	✓	✓	✓	✓	<b>4/4</b>
Peter Stephenson, Head of Finance & Business Development	✓	✓	✓	✓	<b>4/4</b>
Roxann Davies, Corporate Services Manager	✓	✓	✓		<b>3/3</b>
Carly Wilce Interim Corporate Services Manager				✓	<b>1/1</b>
NWSSP Secretariat	✓	✓	✓	✓	<b>4/4</b>
<b>Velindre University NHS Trust</b>					
Mark Osland, Director of Finance	✓	✓	✓	✓	<b>4/4</b>
Lauren Fear Director of Corporate Governance	✓	✓	✓	✓	<b>4/4</b>

The Audit Committee met formally on four occasions during the year with the majority of members attending regularly and all meetings were

quorate. An Audit Committee Highlight Report is reported to the Partnership Committee, after each Audit Committee meeting.

## **2.4 Reviewing Effectiveness of Audit Committee**

The Audit Committee completes an annual committee effectiveness survey evaluating the performance and effectiveness of:

- the Audit Committee members and Chair;
- the quality of the reports presented to Committee; and
- the effectiveness of the Committee secretariat.

The survey questionnaire comprises self-assessment questions intended to assist the Committee in assessing their effectiveness with a view to identifying potential areas for development going forward. A survey undertaken during July 2020, had an 86% response rate (13 responses received) and identified the following:

- Very positive responses received from participants in regard to the Chairing of the Committee;
- 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;
- 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; and
- The vast majority of responses indicated that the reports received by the Audit Committee are timely and have the right format and content, which enables the Committee to enhance its internal control and risk management responsibilities.

## **2.5 Sub-Groups and Advisory Groups**

The Partnership Committee is supported by three advisory groups:

- **Welsh Risk Pool Committee**
  - Reimburse losses over £25,000 incurred by Welsh NHS bodies arising out of negligence;
  - Provide oversight of the GP Indemnity Scheme;
  - Funded through the NHS Wales Healthcare budget;
  - Oversees the work and expenditure of the Welsh Risk Pool; and
  - Helps promote best clinical practice and lessons learnt from clinical incidents.

- **Evidence-Based Procurement Board (this did not meet regularly during the year as the focus was on PPE)**
  - Advisory group to promote wider liaison across NHS Wales;
  - Includes representatives of various disciplines across NHS Wales and relevant research bodies;
  - Helps inform and develop a value and evidence-based procurement process for medical consumables and devices for NHS Wales.
  
- **Local Partnership Forum (LPF)**
  - Formal mechanism for consultation and engagement between NWSSP and the relevant Trade Unions. The LPF facilitates an open forum in which parties can engage with each other to inform debate and seek to agree local priorities on workforce and health service issues.

## 2.6 Senior Leadership Team (SLT)

The Managing Director leads the SLT and reports to the Chair of the Partnership Committee on the overall performance of NWSSP. The Managing Director is the designated Accountable Officer for Shared Services and is accountable, through the leadership of the Senior Leadership Team, for:

- The performance and delivery of NWSSP through the preparation of the annually updated Integrated Medium-Term Plan (IMTP) based on the policies and strategy set by the Committee and the preparation of Service Improvement plans;
- Leading the SLT to deliver the IMTP and Service Improvement Plans;
- Establishing an appropriate Scheme of Delegation for the SLT; and
- Ensuring that adequate internal controls and procedures are in place to ensure that delegated functions are exercised properly and prudently.

The SLT is responsible for determining NWSSP policy, setting the strategic direction and aims to ensure that there is effective internal control, and ensuring high standards of governance and behaviour. In addition, the SLT is responsible for ensuring that NWSSP is responsive to the needs of Health Boards and Trusts.

The SLT comprises:

Figure 7 – Composition of the SLT at NWSSP during 2020/2021

Name	Designation
Neil Frow	Managing Director
Andy Butler	Director of Finance and Corporate Services
Gareth Hardacre	Director of Workforce, Organisational Development and Employment Services

Jonathan Irvine	Director of Procurement Services
<i>Paul Thomas**</i>	<i>Director of Employment Services</i>
Simon Cookson	Director of Audit and Assurance
Mark Harris*	Director of Legal and Risk Services
Andrew Evans*	Director of Primary Care Services
Neil Davies	Director of Specialist Estates
Professor Malcolm Lewis OBE	Medical Director
Alison Ramsey***	Director of Planning, Performance & Informatics
Alwyn Hockin	Trade Union Representative

- *Mark Harris, Director of Legal & Risk Services, and Andrew Evans, Director of Primary Care Services, both commenced in post on 1 April 2020.*
- *Paul Thomas, Director of Employment Services, formally retired at the end of October 2020. Gareth Hardacre, Director of Workforce and Organisational Development, took on the additional responsibility for Employment Services at this point.*
- *Alison Ramsey was formally appointed as NWSSP's first Director of Planning, Performance and Informatics in November 2020.*

Since the start of March 2020, the SLT has been supported by a Planning and Response Group to meet the challenges arising from the COVID-19 outbreak. In addition to the core members of the SLT, the Planning and Response Group includes representation from Trade Unions, Communications, the Surgical Materials Testing Laboratory, and a number of Deputy Directors to provide an operational perspective. All decisions taken by the Group are recorded on an Issues and Decisions Log, and the Group meets regularly over TEAMS. The Group was temporarily stood down in June 2020, as the initial impact of COVID-19 declined, but was stood back up in November as the effects of the 2<sup>nd</sup> wave of the disease became more evident.

### **3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to the achievement of the policies, aims and objectives of NWSSP. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks, evaluate the likelihood of those risks being realised and the impact they would have, and to manage them efficiently, effectively and economically. The system of internal control has been in place in NWSSP for the year ending 31 March 2021 and up to the date of approval of the Trust Annual Report and Accounts.

#### **3.1 External Audit**

NWSSP's external auditors are Audit Wales. The Audit Committee has worked constructively with Audit Wales and the areas examined in the 2020/21 financial year included:

- Position Statements (to every meeting);

- NWSSP Nationally Hosted NHS IT Systems Assurance Report 2019-20;
- Management Letter 2019/20;
- Review of PPE procurement; and
- Assurance Arrangements 2020/21.

The work of external audit is monitored by the Audit Committee through regular progress reports. Their work is considered timely and professional. The recommendations made are relevant and helpful in our overall assurance and governance arrangements and in minimising risk. There are clear and open relationships with officers and the reports produced are comprehensive and well presented.

In addition to internal NWSSP issues, the Audit Committee has been kept apprised by our external auditors of developments across NHS Wales and elsewhere in the public sector. These discussions have been helpful in extending the Audit Committee's awareness of the wider context of our work.

### **3.2 Internal Audit**

The Audit Committee regularly reviewed and considered the work and findings of the internal audit team. The Director of Audit and Assurance and the relevant Heads of Internal Audit attend meetings to discuss their work and present their findings. The Audit Committee are satisfied with the liaison and coordination between the external and internal auditors.

Quarterly returns providing assurance on any audit areas assessed as having "no assurance" or "limited assurance" were issued to Welsh Government in accordance with the instruction received from Dr Andrew Goodall, Chief Executive NHS Wales/Director General in July 2016. **During 2020/21 no internal audit reports were rated as limited or no assurance.**

For both internal and external audit, the Audit Committee have ensured that management actions agreed in response to reported weaknesses were implemented in a timely manner. Any planned revisions to agreed timescales for implementation of action plans requires Audit Committee approval. A separate report on the position with implementation of audit recommendations is monitored at each Audit Committee and is also taken for action at each monthly meeting of the SLT.

Reports were timely and enabled the Audit Committee to understand operational and financial risks. In addition, the internal auditors have provided valuable benchmarking information relating to best practice across NHS Wales.

### **3.3 Counter Fraud**

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 Audit Committee to monitor progress against the agreed Counter Fraud Plan, including the following reports:

- Progress Update at each meeting
- Annual Report 2019-20
- Counter Fraud Work Plan 2020-21
- Counter Fraud Self Review Tool Submission 2019-20

During 2020/21, \*\* new investigations into possible fraudulent or corrupt activity were instigated together with the \*\* cases that were brought forward from 2019/20. Of the \*\* new cases, .....

As part of its work, Counter Fraud has a regular annual programme of raising fraud awareness for which a number of days are then allocated and included as part of an agreed Work-Plan which is signed off by the Director of Finance and Corporate Services annually.

As part of that planned area of work, regular fraud awareness sessions are arranged and then held with various staff groups at which details on how and to who fraud can be reported are outlined. During 2020/21, these sessions have been provided virtually.

In addition to this and in an attempt to promote an Anti-Fraud Culture within NWSSP, a quarterly newsletter is produced which is available to all staff on the intranet and all successful prosecutions are publicised in order to obtain the maximum deterrent effect.

### **3.4 Integrated Governance**

The Audit Committee is responsible for the maintenance and effective system of integrated governance. It has maintained oversight of the whole process by seeking specific reports on assurance, which include:

- The Quality Assurance and Improvement Plan arising from the 2019-20 Internal Audit self-assessment;
- Tracking of Audit Recommendations;
- Corporate Risk Register;
- Directorate Assurance Maps; and
- Governance Matters report on single tender actions, declarations of interest, gifts and hospitality received and declined.

During 2020/21, the Audit Committee reported any areas of concern to the Partnership Committee and played a proactive role in communicating suggested amendments to governance procedures and the Corporate Risk Register.

### **3.5 Quality**

During 2020/21, the Partnership Committee has given attention to assuring the quality of services by including a section on "Quality, Safety and Patient Experience" as one of the core considerations on the committee report

template when drafting reports for Partnership Committee meetings. As mentioned earlier in this report, the Partnership Committee approved the establishment of a NWSSP Quality and Safety Committee at its September 2020 meeting, and this is due to meet for the first time in 2021/22.

In addition, quality of service provision is a core feature of the discussions undertaken between NWSSP and the Health Boards and Trusts during quarterly review meetings with the relevant Directors.

Procurement Services maintains certification to a number of international and national standards including ISO 9001 Quality Management, BS ISO 45001 Occupational Health & Safety and Customer Service Excellence. The Regional Stores are also accredited to the food hygiene STS Code of Practice & Technical Standard for the Public Sector. In January 2021 our certifications were extended to include our new IP5 Newport Store with a successful audit against the ISO 9001 Quality Management Standard and BS ISO 45001 Occupational Health & Safety Standard. Also achieving transition from OHSAS 18001 to the international standard ISO 45001.

In January 2021 our independent audit against the Customer Service Excellence standard confirmed ongoing compliance and identified 5 areas of exceptional 'Compliance Plus'. Our Quality Plan includes objectives that will see us utilise these recognised Standards to standardise practice across our logistics and materials management functions, building on the foundations already created and supporting our plans for service development and modernisation.'

### **3.6 Looking Ahead**

As a result of its work during the year the Audit Committee is satisfied that NWSSP has appropriate and robust internal controls in place and that the systems of governance incorporated in the Standing Orders are fully embedded within the Organisation.

Looking forward to 2021-22 the Audit Committee will continue to explore the financial, management, governance and quality issues that are an essential component of the success of NWSSP.

Specifically, the Audit Committee will:

- Continue to examine the governance and internal controls of NWSSP;
- Monitor closely risks faced by NWSSP and also by its major providers;
- Work closely with the Chairs of Audit Committee group on issues arising from financial governance matters affecting NHS Wales and the broader public sector community;
- Work closely with external and internal auditors on issues arising from both the current and future agenda for NWSSP;
- Ensure the Partnership Committee is kept aware of its work including both positive and adverse developments; and

- Request and review a number of deep dives into specific areas to ensure that it provides adequate assurance to both the Audit Committee and the Partnership Committee.

#### **4. CAPACITY TO HANDLE RISK**

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Group. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer-term delivery of services by the organisation, although I am confident that all appropriate action is being taken, and all services have been sustained thus far.

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

The identified risks are recorded in a separate COVID-19 Risk Register which has been reported primarily to the Planning and Response Group, but also each and every meeting of the Senior Leadership Team, the Shared Services Partnership Committee, and the Audit Committee. There are currently no red-rated COVID risks.

In addition to the risks arising as a result of the COVID-19 pandemic there are other risks facing the organisation. The organisations risk profile relating to non-COVID-19 risks has included three red-rated risks in the 2020/21 financial year as follows:

- Plans for the replacement of the NHAIS system to allow payments to be made to GPs;
- The need to develop an in-house system for the payment of Opticians; and
- The risks arising from a no-deal BREXIT which has been replaced by the implications, particularly on the supply chain, of the deal agreed between the UK and the EU in December 2020.

As at March 2021, only the first of the above risks is still classified as a red-rated risk and this should disappear from the Corporate Risk Register when the replacement system goes live in July 2021.

The Shared Services Partnership Committee has overall responsibility and authority for NWSSP's Risk Management programme through the receipt and evaluation of reports indicating the status and progress of risk management activities.

The Lead Director for risk is the Director of Finance and Corporate Services who is responsible for establishing the policy framework and systems and processes needed for the management of risks within the organisation.

The Trust has an approved strategy for risk management and NWSSP has a risk management protocol in line with its host's strategy providing a clear systematic approach to the management of risk within NWSSP. The Risk Protocol was re-approved by the SLT in January 2020, and the Audit Committee in April 2020.

NWSSP seeks to integrate risk management processes so that it is not seen as a separate function but rather an integral part of the day-to-day management activities of the organisation including financial, health and safety and environmental functions.

The Corporate Risk Register is reviewed monthly by the SLT who ensure that key risks are aligned to delivery and are considered and scrutinised by the SLT as a whole. The register is divided into two sections as follows:

- Risks for Action – this includes all risks where further action is required to achieve the target score. The focus of attention for these risks should be on ensuring timely completion of required actions; and
- Risks for Monitoring – this is for risks that have achieved their target score, but which need to remain on the Corporate Risk Register due to their potential impact on the organisation as a whole. For these risks the focus is on monitoring both any changes in the nature of the risk (e.g. due to external environmental changes) and on ensuring that existing controls and actions remain effective (e.g. through assurance mapping).

It is the responsibility of each Director and Head of Service to ensure that risk is addressed within each of the locations relevant to their Directorates. It is also important that an effective feedback mechanism operates across NWSSP so that frontline risks are escalated to the attention of Directors.

Each Director is required to provide a regular update on the status of their directorate specific risk registers during quarterly review meetings with the Managing Director. All risks categorised as being red within individual directorate registers trigger an automatic referral for review by the SLT, and if deemed appropriate the risk is added to the NWSSP Corporate Risk Register.

Assurance maps are updated at least annually for each of the directorates to provide a view on how the key operational, or business-as-usual risks

are being mitigated. The Audit Committee review all assurance maps annually.

A Risk Appetite statement has also been documented and approved by the Audit Committee. This covers nine specific aspects of NWSSP activity with a separate appetite score for each. The operationalisation of the risk appetite is through the target scores in the corporate and directorate risk registers. The Risk Appetite was reviewed again by the SLT in January 2020 to ensure that it remains appropriate and was also presented to the Audit Committee in April 2020.

NWSSP's approach to risk management therefore ensures that:

- Leadership is given to the risk management process;
- Staff are trained on how to identify and manage risk;
- Risks are identified, assessed, and prioritised ensuring that appropriate mitigating actions are outlined on the risk register;
- The effectiveness of key controls is regularly assured; and
- There is full compliance with the Orange Book on Management of Risk.

## **5. THE RISK AND CONTROL FRAMEWORK**

NWSSP's commitment to the principle that risk is managed effectively means a continued focus to ensure that:

- There is compliance with legislative requirements where non-compliance would pose a serious risk;
- All sources and consequences of risk are identified, and risks are assessed and either eliminated or minimised; information concerning risk is shared with staff across NWSSP and with Partner organisations through the Partnership Committee and the Audit Committee;
- Damage and injuries are minimised, and people health and wellbeing is optimised; and
- Lessons are learnt from compliments, incidents, and claims in order to share best practice and reduce the likelihood of reoccurrence.

### **5.1 Corporate Risk Framework**

The detailed procedures for the management of corporate risk have been outlined above. Generally, to mitigate against potential risks concerning governance, NWSSP is proactive in reviewing its governance procedures and ensuring that risk management is embedded throughout its activities, including:

- NWSSP is governed by Standing Orders and Standing Financial Instructions which are reviewed on an annual basis;
- The Partnership Committee and Audit Committee both have forward work plans for committee business which provide an assurance

framework for compliance with legislative and regulatory requirements;

- The effectiveness of governance structures is regularly reviewed including through Committee self-effectiveness surveys;
- The front cover pro-forma for reports for Committees includes a summary impact analysis section to be completed prior to submission. This provides a summary of potential implications relating to equality and diversity, legal implications, quality, safety and patient experience, risks and assurance, Wellbeing of Future Generations, Health and Care Standards and workforce;
- The Service Level Agreements in place with the Health Boards and NHS Trusts set out the operational arrangements for NWSSP's services to them and are reviewed on an annual basis;
- NWSSP are proactive in completing the Welsh Government's Health and Care Standards framework and ensure that Theme 2 Safe Care provides a clear picture of NWSSP's approach to health, safety and risk management; and
- The responsibilities of Directors are reviewed at annual Performance and Development Reviews (PADRs).

## 5.2 Policies and Procedures

NWSSP follows the policies and procedures of the Trust as the host organisation. In addition, a number of workforce policies have been developed and promulgated on a consistent all-Wales basis through the Welsh Partnership Forum and these apply to all staff within NWSSP.

All staff are aware of and have access to the internal Intranet where the policies and procedures are available. In a number of instances supplementary guidance has been provided. The Trust ensures that NWSSP have access to all of the Trust's policies and procedures and that any amendments to the policies are made known as they are agreed. NWSSP participate in the development and revision of workforce policies and procedures with the host organisation and has established procedures for staff consultation.

The Partnership Committee will where appropriate develop its own protocols or amend policies if applicable to the business functions of NWSSP. The Managing Director and other designated officers of NWSSP are included on the Trust Scheme of Delegation.

During the year, the need to respond urgently to meet the unprecedented demand for Personal Protective Equipment (PPE) and other medical devices and consumables, required significant amendment to the existing Scheme of Delegation that forms part of the Standing Orders for NWSSP. It was initially agreed on 18 March 2020 to increase the delegated authorisation limits for the Chair and Managing Director for COVID 19 expenditure to £2M. This was subsequently increased to £5M from 30 March 2020. However, contracts and orders for COVID expenditure more than £5M still require approval of the Velindre Trust Board, which for expedience may need to be through the existing mechanism of Chair's action. Welsh Government approval is still required on all orders over £1m or advanced

payments worth 25% or more of the contract value. The Trust Board agreed to extend these limits to 31 March 2021 at its September meeting. A further request to extend the limit to 30 June 2021 is due to be considered by the March Trust Board.

Most contracts awarded for PPE during the year were covered by the current Public Contracts Regulations 2015, which provides an option to direct award contracts to companies due to extreme urgency under regulation 32(2)(c). COVID-19 falls under this clause exception, and use was therefore made of this to procure PPE.

Audit Wales has recently undertaken a review of the procurement and supply of PPE during the pandemic. The report is currently still in draft but includes the finding that "Shared Services did not meet legal requirements under emergency procurement rules to publish details of all contracts within 30 days. The High Court found the UK Government had acted unlawfully by similarly not publishing details of its contracts for PPE." This matter is currently being investigated.

### **5.3 Information Governance**

NWSSP has established arrangements for Information Governance to ensure that information is managed in line with the relevant ethical law and legislation, applicable regulations and takes guidance, when required from the Information Commissioner's Office (ICO). This includes established laws including Data Protection Legislation, Common Law Duty of Confidentiality, the Human Rights Act, the Caldicott Report and specific Records Management Principles. The implementation of the General Data Protection Regulations in May 2018 increased the responsibilities to ensure that the data that NWSSP collects, and its subsequent processing, is for compatible purposes, and it remains secure and confidential whilst in its custody.

The Director of Finance and Corporate Services is the designated Senior Information Risk Owner (SIRO) in relation to Information Governance for NWSSP. NWSSP has an Information Governance Manager who has the objective of facilitating the effective use of controls and mechanisms to ensure that staff comply with Information Governance fundamental principles and procedures. This work includes awareness by delivery of an online core skills training framework eLearning module on Information Governance, classroom based training (when possible) for identified high risk staff groups, developing and reviewing policies and protocols to safeguard information, and advising on and investigating Information Governance breaches reported on the Datix incident reporting system.

The Information Governance Manager is responsible for the continuing delivery of an enhanced culture of confidentiality. This includes the presence of a relevant section on the intranet and a dedicated contact point (via ActionPoint) for any requests for advice, training or work.

NWSSP has an Information Governance Steering Group (IGSG) that comprises representatives from each directorate who undertake the role of

Information Asset Administrators for NWSSP. The IGSG discusses quarterly issues such as GDPR and Data Protection Legislation, the Freedom of Information Act, Information Asset Ownership, Information Governance Breaches, Records Management, training compliance, new guidance documentation and training materials, areas of concern and latest new information and law.

NWSSP has a suite of protocols and guidance documents used in training and awareness for all staff on the importance of confidentiality and to ensure that all areas are accounted for. These include email and password good practice guides, summarised protocols and general guidance for staff. There is also a documented Privacy Impact Assessment (or "Privacy by Design") process in place to ensure consideration of Information Governance principles during the early stages of new projects, processes or work streams proposing to use identifiable information in some form.

NWSSP has developed an Integrated Impact Assessment process to include broader legislative and regulatory assurance requirements, and the pro-forma includes the need to consider the impact of the protected characteristics (including race, gender and religion) on the various types of Information Governance protocols.

The Information Governance Manager attends various meetings including the Trust IG and IM&T Committee and the NHS Wales Information Governance Management Advisory Group (IGMAG) hosted by NHS Wales Informatics, attended by all NHS Wales Health Bodies.

An annual report is produced on Information Governance within NWSSP. This was submitted to the SLT in June 2020.

## **5.4 Counter Fraud**

Counter Fraud support is incorporated within the hosting agreement with the Trust. Under this agreement, local Counter Fraud Services are provided to NWSSP by Cardiff and Vale UHB. The impact of the pandemic and the specific redeployment and later sickness absence of the Local Counter Fraud Specialist for NWSSP has resulted in a reduction in service provision during the year.

In addition, NWSSP lead the NHS Wales Counter Fraud Steering Group (CFSG), facilitated by Welsh Government, which works in collaboration with the NHS Counter Fraud Authority in NHS England to develop and strengthen counter fraud services across NHS Wales. The Director of Finance and Corporate Services chairs the group.

The Group has a documented NHS Fighting Fraud Strategy for Wales with an accompanying action plan which is reviewed at the quarterly meetings of the CFSG. Work has also been undertaken to improve and enhance the quarterly reporting of both the Local Counter Fraud Specialists, and the Counter Fraud Services Wales Team. Reports are submitted to the meetings of the CFSG and are then shared with both Welsh Government and the Directors of Finance Group for NHS Wales.

During 2020/21 the Group received and considered a report "Raising our Game" which was produced by Audit Wales and which assessed the counter-fraud arrangements in place across NHS Wales and both local and central government. While the findings of the review were largely positive, there were some recommendations for all sectors, and actions to respond to these recommendations have been incorporated into a combined action plan which also includes the required actions from the Fighting Fraud Strategy.

## **5.5 Internal Audit**

The NWSSP hosting agreement provides that the Partnership Committee will establish an effective internal audit as a key source of its internal assurance arrangements, in accordance with the Public Internal Auditing Standards.

Accordingly for NWSSP, an internal audit strategy has been approved by the Audit Committee which provides coverage across NWSSP functions and processes sufficient to assure the Managing Director of Shared Services and in turn the Partnership Committee and the Trust as host organisation, on the framework of internal control operating within NWSSP.

The delivery of the audit plan for NWSSP culminates in the provision of a Head of Internal Audit opinion on the governance, risk and control processes operating within NWSSP. The opinion forms a key source of assurance for the Managing Director when reporting to the Partnership Committee and partner organisations.

## **5.6 Integrated Medium-Term Plan (IMTP)**

The pandemic has resulted in revised guidance from Welsh Government which has required NHS organisations to focus on an annual plan rather than an Integrated Medium-Term Plan covering three years. NWSSP has complied with this requirement but has also maintained a longer-term approach with a plan for 2021/22 that includes a forward look to 2022/24.

The Plan is approved by the Partnership Committee and performance against the plan is monitored throughout the year. Significant work has been undertaken to revise the performance framework to ensure that it is fully integrated with the key priorities in the plan. The creation of a new post of Director of Planning, Performance and Informatics in November 2020 provides added and strategic impetus to this agenda and also ensures that the planning and performance work streams are effectively co-ordinated. The vast majority of performance targets for 2020/21 were achieved and progress against each of these is reported to the Senior Leadership Team and the Partnership Committee. It is anticipated there will be a regular reporting to Welsh Government requirement on progress against the plan as there was during 2019/20.

The planning process includes substantial engagement with key stakeholders, both internally and across NHS Wales and the wider public sector, in both virtual team events and on a one-to-one basis. The plan has been discussed with Welsh Government colleagues in early March 2021 and they were extremely complimentary on both the content and presentation, and particularly the plan on a page section.

## 5.7 Health and Care Standards for NHS Wales

The Standards for Health Service in Wales provide a framework for consistent standards of practice and delivery across the NHS in Wales, and for continuous improvement. In accordance with the programme of internal audits, the process is tested and is an integral part of the organisation’s assurance framework process.

The Health and Care Standards Framework comprises seven main themes and sub criteria against which NHS bodies need to demonstrate compliance.



The process for undertaking the annual self-assessments is:

- The Corporate Services Manager undertakes an initial evaluation;
- A draft self-assessment is then presented to the SLT for discussion and further consultation is undertaken at Directorate level;
- Feedback from each Directorate is reviewed and incorporated into the self-assessment pro-forma and is then re-presented to SLT for final approval
- Once approved, it is presented to the Partnership Committee, Audit Committee and the Trust Quality and Safety Committee.

Each theme is assessed and given an overall self-assessment rating of between 1 and 5. As a largely non-clinical service provider, not all of the sub-criteria are applicable.

A summary of the self-assessment ratings is outlined below:

Figure 9 – Self- Assessments Rating Against the Health and Care Standards 2020/2021

Theme	Executive Lead	2020/21 Self-Assessment Rating	2019/20 Self-Assessment Rating
<b>Governance, Leadership and Accountability</b>	Senior Management Team		4

Theme	Executive Lead	2020/21 Self-Assessment Rating	2019/20 Self-Assessment Rating
Staying Healthy	Director of Workforce and Organisational Development		4
Safe Care	Director of Finance and Corporate Services Director of Specialist Estates		4
Effective Care	Senior Management Team		4
Dignified Care	Not applicable	Not applicable	Not applicable
Timely Care	Not applicable	Not applicable	Not applicable
Individual Care	Senior Management Team		4
Staff and Resources	Director of Workforce and Organisational Development		4

The overall rating against the mandatory Governance, Leadership and accountability module and the seven themes within the Health and Care Standards reflects NWSSP's overall compliance against the standards and has been rated as a 4 as outlined below:

Figure 10 – NWSSP's Overall Self-Assessment Score Health and Care Standards 2020/2021

Assessment Level	1 We do not yet have a clear, agreed understanding of where we are (or how we are doing) and what / where we need to improve	2 We are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action	3 We are developing plans and processes and can demonstrate progress with some of our key areas for improvement	4 We have well developed plans and processes can demonstrate sustainable improvement throughout the organisation / business	5 We can demonstrate sustained good practice and innovation that is shared throughout the organisations / business, and which others can learn from
Rating				✓	

## 6. MANDATORY DISCLOSURES

In addition to the need to report against delivery of the Standards for Health Services in Wales, NWSSP is also required to report that arrangements are in place to manage and respond to the following governance issues:

### 6.1 Equality, Diversity and Human Rights

NWSSP is committed to eliminating discrimination, valuing diversity and promoting inclusion and equality of opportunity in everything it does. NWSSP's priority is to develop a culture that values each person for the contribution they can make to the services provided for NHS Wales. As a non-statutory hosted organisation within the Trust, NWSSP is required to adhere to the Trust Equality and Diversity Policy, Strategic Equality Plan and Objectives, which set out the Trust's commitment and legislative requirements to promote inclusion.

NWSSP's Corporate Services Manager chairs the NHS Wales Equality Leadership Group (ELG), who work in partnership with colleagues across NHS Wales and the wider public sector, to collaborate on events, facilitate workshops, deliver and undertake training sessions, issue communications and articles relating to equality, diversity and inclusion, together with the promotion of dignity and respect for all. NWSSP is proactive in supporting NHS Wales organisations with completion of their submission for all-Wales services, such as Procurement and Recruitment.

The process for undertaking Equality Integrated Impact Assessments (EQIIA) has matured, and considers the needs of the protected characteristics identified under the Equality Act 2010, the Public Sector Equality Duty in Wales and the Human Rights Act 1998, whilst recognising the potential impacts from key enablers such as Well-being of Future Generations (Wales) Act 2015, incorporating Environmental Sustainability, Modern Slavery Act 2015 incorporating Ethical Employment in Supply Chains Code of Practice 2017, Welsh Language, Information Governance and Health and Safety.

With effect from March 31<sup>st</sup>, 2021, the Socio-Economic Duty places a legal responsibility on NHS bodies when they are taking strategic decisions to have due regard to the need to reduce the inequalities of outcome resulting from socio-economic disadvantage. A presentation on this topic is to be given by two lawyers from our Legal & Risk Directorate to the April 2021 Informal Senior Leadership Team.

Personal data in relation to equality and diversity is captured on the Electronic Staff Record (ESR) system and staff are responsible for updating their own personal records using the Electronic Staff Record Self-Service. This includes ethnicity; nationality, country of birth, religious belief, sexual orientation and Welsh language competencies. The NHS Jobs All-Wales

recruitment service, run by NWSSP adheres to all of the practices and principles in accordance with the Equality Act and quality checks the adverts and supporting information to ensure no discriminatory elements are present.

NWSSP has a statutory and mandatory induction programme for its workforce, including the NHS Wales "Treat Me Fairly" e-learning module, which forms part of a national training package and the statistical data captured for NWSSP completion contributes to the overall figure for NHS Wales. A Core Skills for Managers Training Programme is provided, and the Managing Conflict module includes an awareness session on Dignity at Work.

## **6.2 Welsh Language**

NWSSP is committed to ensuring that the Welsh and English languages are treated equally in the services provided to the public and NHS partner organisations in Wales. This is in accordance with the current Trust Welsh Language Scheme, Welsh Language Act 1993, the Welsh Language Measure (Wales) 2011 and the Welsh Language Standards [No7.] Regulations 2018.

The work of NWSSP in relation to Welsh language delivery and performance is reported to the Welsh Government and the Welsh Language Commissioner within the Annual Performance Report. This work is largely undertaken by the Welsh Language Officer and a team of Translators.

These posts enable compliance with the current obligations under the Welsh Language Scheme and in meeting the requirements of the Welsh Language Standards. This has significantly increased the demand for translation services in the following areas:

- Service Delivery Standards;
- Policy Making Standards;
- Operational Standards;
- Record Keeping Standards; and
- Supplementary Standards.

NWSSP has made significant progress in developing and growing its Welsh language services by successfully offering all staff the opportunity to learn Welsh at work. The NWSSP website is bilingual and there has been investment in the development of a candidate interface on the TRAC recruitment system. NWSSP also offer language services to other organisations and have delivered translation and other language services to Public Health Wales, HEIW, and NWIS over recent years.

An annual report on performance with Welsh Language services is also produced and was submitted to the SMT in October 2020 and to the SSPC in January 2021.

## **6.3 Handling Complaints and Concerns**

NWSSP is committed to the delivery of high-quality services to its customers. The NWSSP Issues and Complaints Management Protocol is reviewed annually. The Protocol aligns with the Velindre University NHS Trust Handling Concerns Policy, the Concerns, Complaints and Redress Arrangements (Wales) Regulations 2011 and Putting Things Right Guidance.

During 2020-21, \*\* complaints were received, of which:

- \*\* complaints responded to within 30 working days (%);
- \*\* complaints responded to outside of 30 working days (%);
- \*\* complaint withdrawn (3%); and
- \*\* complaints which were ongoing at the time of writing (10%).

As detailed above, only \*\*% of the complaints received were responded to within the 30-working day target, which is a decrease in performance compared to 40% compliance during 2019-20, based on 30 complaints received.

Where responses were issued outside of the target, cases were particularly complex in nature and delays arose related to staff absence, specifically within Employment Services. However, in all instances holding letters were issued and/or telephone calls were made to the complainants explaining that NWSSP were still in the process of investigating the matters raised and that they would be provided with a substantive response as soon as the investigation had been concluded.

#### 6.4 Freedom of Information Requests

The Freedom of Information Act (FOIA) 2000 gives the UK public the right of access to a variety of information held by public bodies and provides commitment to greater openness and transparency in the public sector, especially for those who are accountable for decisions made on behalf of patients and service users.

#### **Figure 12 – Freedom of Information Requests 2020-21**

There were \*\* requests received within NWSSP during 2020/21, some of these were redirected to other bodies for response but those received were mostly handled within the prescribed 20-day time limit for requests. \*\* requests were answered slightly over the deadline for compliance, but this was due to the complexity of the information requested within those requests and the far-ranging input required by other parties to agree the information to be supplied.

FOI Breakdown
** answered within the 20-day target
** transferred out to another NHS body
** responded to outside of the deadline

## 6.5 Data Security and Governance

In 2020/21, there were \*\* information governance breaches reported within NWSSP; these included issues with mis-sending of email and records management. The majority of these were down to human error and despite education effectively provided to ensure awareness of confidentiality and effective breach reporting, unfortunately errors can happen.

Staff are encouraged to report all manner of confidentiality breaches regardless of whether they originate within the organisation or not as a concern. In 2020/21, \*\* breaches were reported, of those \*\* were incidents occurring outside NWSSP's control.

All breaches are recorded in the Datix risk management software, which was upgraded and relaunched as RLDatix in January 2020, and investigated in accordance with the Information Governance and Confidentiality Breach Reporting protocols, which comply with the General Data Protection Regulation (GDPR). The protocols encourage staff to report those breaches that originate outside the organisation for recording purposes.

From this, the Information Governance Manager writes quarterly reports including relevant recommendations and any areas for improvement to minimise the possibility of further breaches. Members of the Information Governance Steering Group are required to report on any incidents in their areas to include lessons learned and any changes that have been made since an incident was reported.

There were no Information Governance breaches reported in 2020/21 that were assessed as being of a category serious enough to report to the Information Commissioner's Office (ICO) for further investigation.

## 6.6 ISO14001 – Environmental Management and Carbon Reduction

NWSSP is committed to managing its environmental impact, reducing its carbon footprint and integrating the sustainable development principle into day-to-day business. NWSSP successfully implemented ISO14001 as its Environmental Management System (EMS), in accordance with Welsh Government requirements and have successfully maintained certification since August 2014, through the operation of the Plan, Do, Check, Act model of continuous improvement.

Annual surveillance audits are undertaken to assess continued compliance with the Standard. The last external assessment was undertaken in August 2019. The ISO14001:2015 Standard, places greater emphasis on protection of the environment, continuous improvement through a risk process based approach and commitment to top-down leadership, whilst managing the needs and expectations of interested parties and demonstrating sound environmental performance, through controlling the impact of activities, products or services on the environment. NWSSP is committed to environmental improvement and operates a comprehensive EMS in order to facilitate and achieve the Environmental Policy.

## Carbon Footprint

We committed to reducing our carbon footprint by implementing various environmental initiatives and efficiencies at our sites within the scope of our ISO14001:2015 certification. As part of our commitment to reduce our contribution to climate change, a target of 3% reduction in our carbon emissions (year on year, from a baseline of carbon footprint established in 2016-17), was agreed and this was reflected within our Environmental Sustainability Objectives.

During 2020-21, we achieved our target and obtained a \*\*% reduction overall in CO2 emissions and where we did not meet our gas consumption targets, this was due to baseline reporting for additional sites, which is detailed in the narrative in our Sustainable Development Statement and Annual Review, which explore performance, achievements and highlights in further detail.

During 2020/21 NWSSP will develop its decarbonisation delivery plan in line with the national programme of work, which our Specialist Estates team is leading on.

Area	2016/17	2017/18	2018/19	2019/20	Target	Target Achieved
Electricity CO2e	11% reduction	18% reduction	11.5% reduction	6% reduction	3% reduction	✓
Gas CO2e	13% increase	7% reduction	38% reduction	31.% increase	3% reduction	X
Water M3	51% increase	9% reduction	6% increase	50% reduction	3% reduction	✓
Waste CO2e	62% recycled/recovered	95% recycled/recovered	89% recycled/recovered	94.68% recycled/recovered	70% recycled/recovered	✓
Business Mileage Expenditure	6% reduction	15% reduction	11% increase	14% reduction	15% reduction by 2021	✓
Business Mileage	7% reduction	11% reduction	10% increase	19% reduction	15% reduction by 2021	✓
<b>Overall Carbon Footprint</b>	<b>5.37% Increase</b>	<b>3.78% Reduction</b>	<b>11.32% Reduction</b>	<b>4.39% Reduction</b>		

## 6.7 Business Continuity Planning/Emergency Preparedness

When the likely impact of COVID-19 became apparent, NWSSP Business Continuity processes were immediately implemented. This included the establishment of a Planning and Response Group, comprising the Senior Leadership Team plus representatives from the Trade Unions, Surgical and Materials Testing Laboratory, Deputy Directors, and Communications. The Group met several times a week at the outset of the pandemic and decisions taken by the Group to strengthen business resilience included:

- Requiring all directorates to update their own business continuity plans and/or BCP action cards;
- Establishing sub-groups to focus on IT and on the safety and accessibility of our buildings;

- Ensuring that as many staff as possible were provided with laptops and VPNs to enable them to work remotely – over 450 of each were issued to staff in the first few weeks of the pandemic;
- Increasing the number of softphones available so that staff were able to make and receive external calls from their laptops;
- Instructing NWIS to migrate all staff to Office365 which again increased the capacity of NWSSP staff to work remotely – over 1500 staff were migrated in a three-week period;
- Ensuring that social distancing measures were put into place including appropriate floor and wall signage, Perspex screens for reception areas, and a review of work settings using expert input from Specialist Estates;
- Increasing approval limits for senior staff to provide more flexibility in procuring critical equipment in very competitive and time-pressured markets;
- Extending the opening hours of all NWSSP sites so that staff could work more flexibly and maintain social distancing;
- Discouraging staff from travelling to face-to-face meetings by moving all meetings on to Skype (and later Teams);
- Establishing the Finance Governance Committee to provide a speedy and comprehensive approval process for urgent procurement requests (and particularly PPE);
- Employing significant numbers of additional staff in Supply Chain and HCS to cope with the increased demand for PPE and the need to provide equipment to Primary Care Contractors and in Social Care settings;
- Overseeing the transfer of agency-contracted staff to bank contracts to maintain flexible capacity but with better value-for-money; and
- Introducing personal health risk assessments for all staff.

Documentation has been introduced and enhanced to ensure that staff are able to work safely and productively, whether working remotely from home or continuing to work in NWSSP and other NHS Wales locations.

In order to further safeguard and sustain staff welfare, a number of measures have been implemented. This has included the training of 23 Mental Health First Aiders across NWSSP who provide a point of contact for employees who are experiencing a mental health issue or emotional distress. In addition, the NWSSP Mental Health Support Group is a virtual online group open to all colleagues with a friendly, no pressure environment and provides a supporting community where other individuals facing similar struggles can come together to find support, resources, and self-help tools. During the year NWSSP signed an employer pledge with Time to Change Wales; the first national campaign to end stigma and discrimination faced by people with mental health problems, which is delivered by two of Wales' leading mental health charities, Hafal and Mind Cymru.

The business continuity arrangements instigated to respond to COVID were reviewed by Internal Audit in the third quarter of 2020/21. This was an advisory review which therefore included no formal audit opinion. The

review focused on how directorates had engaged and complied with the corporate approach to business continuity and found that:

*"NWSSP was able to adapt and build upon existing corporate and divisional business continuity arrangements to develop its COVID-19 pandemic response. This produced a number of positive outcomes. Good progress had been made across the board in terms of future preparedness and resilience. Management recognises that some key challenges remain and is taking action to address these."*

Notwithstanding COVID-19, NWSSP is proactive in reviewing the capability of the organisation to continue to deliver products or services at acceptable predefined levels following a disruptive incident. NWSSP recognise its contribution in supporting NHS Wales to be able to plan for and respond to a wide range of incidents and emergencies that could affect health or patient care, in accordance with requirement for NHS bodies to be classed as a Category 1 responders deemed as being at the core of the response to most emergencies under the Civil Contingencies Act (2004).

As a hosted organisation under the Trust, NWSSP is required to take note of their Business Continuity Management Policy and ensure that NWSSP has effective strategies in place for:

- People – the loss of personnel due to sickness or pandemic;
- Premises – denial of access to normal places of work;
- Information Management and Technology and communications/ICT equipment issues; and
- Suppliers internal and external to the organisation.

NWSSP is committed to ensuring that it meets all legal and regulatory requirements and has processes in place to identify, assess, and implement applicable legislation and regulation requirements related to the continuity of operations and the interests of key stakeholders.

NWSSP continues to work towards implementing the Cyber Security Framework in order to address the specific needs of the service. This is an ongoing plan covering the areas of Identify, Protect, Detect, Respond and Recover. NWSSP have already started a number of work streams including Information Workflows and Governance, Awareness and Training, Procurement of Professional Incident Response Capability, Protective Technology through the SIEM Procurement Project and Business Continuity Planning workshops across the whole of the whole of Shared Services. NWSSP have also recently implemented a robust new virtualised infrastructure based on the tenets of the framework in order to provide a safe and secure environment for NWSSP business systems.

## **6.8 UK Corporate Governance Code**

NWSSP operates within the scope of the Trust governance arrangements. The Trust undertook an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector

organisation in Wales. This assessment was informed by the Trust's assessment against the "Governance, Leadership and Accountability" theme of the Health and Care Standards undertaken by the Board. The Trust is clear that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Trust's wider Annual Report. NWSSP have also completed the self-assessment on the "Governance, Leadership and Accountability" theme of the Health and Care Standards with a positive maturity rating of 4.

## **6.9 NHS Pension Scheme**

As an employer hosted by the Trust and as the Payroll function for NHS Wales, there are robust control measures in place to ensure that all employer obligations contained within the Scheme regulations for staff entitled to membership of the NHS Pension Scheme are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

## **7. MANAGING DIRECTOR'S OVERALL REVIEW OF EFFECTIVENESS**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors, and the Directors and Heads of Service within NWSSP who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.

As Accountable Officer I have overall responsibility for risk management and report to the NHS Wales Shared Services Partnership Committee regarding the effectiveness of risk management across NWSSP. My advice to the Partnership Committee is informed by reports on internal controls received from all its committees and in particular the Audit Committee.

Each of the Committees have considered a range of reports relating to their areas of business during the last year, which have included a comprehensive range of internal audit and external audit reports and reports on professional standards from other regulatory bodies. The Committees have also considered and advised on areas for local and national strategic developments and a potential expansion of the services provided by NWSSP. Each Committee develops an annual report of its business and the areas that it has covered during the last year and these are reported in public to the Trust and Health Boards.

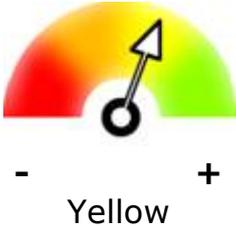
### **Internal Audit Opinion**

Internal audit provide me and the Partnership Committee through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with Public Sector Internal Audit Standards by the Audit and Assurance function within NWSSP.

The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities. The overall opinion of the Head of Internal Audit on governance, risk management and control is a function of this risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The programme has been impacted by the need to respond to the COVID-19 pandemic with some audits deferred, cancelled or curtailed as the organisation responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion, the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

The Head of Internal Audit opinion for 2020/2021 was that the Partnership Committee can take **Reasonable Assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, were suitably designed and applied effectively:

RATING	INDICATOR	DEFINITION
Reasonable assurance		The Committee can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved.

In reaching this overarching opinion the Head of Internal Audit has identified that the assurance domains relevant to NWSSP have all been assessed as providing reasonable assurance. During the year, no internal audit reports were issued with a rating of limited or no assurance.

## Financial Control

NWSSP was established by Welsh Government to provide a range of support services to the NHS in Wales. As Managing Director and Accountable Officer, I retain overall accountability in relation to the financial management of NWSSP and report to the Chair of the Partnership Committee.

## NWSSP Financial Control Overview

There are four key elements to the Financial Control environment for NWSSP as follows:

- **Governance Procedures** – As a hosted organisation NWSSP operates under the Governance Framework of the Trust. These procedures include the Standing Orders for the regulation of proceedings and business. The statutory requirements have been translated into day-to-day operating practice, and, together with the Scheme of Reservation and Delegation of Powers and Standing Financial Instructions (SFIs), provide the regulatory framework for the business conduct of the Trust. These arrangements are supported by detailed financial operating procedures covering the whole of the Trust and also local procedures specific to NWSSP. During the current COVID-19 crisis the governance arrangements have been enhanced through the establishment of a Finance Governance Committee. This meets as and when required to consider and approve large scale and urgent requisitions. Membership of the Committee includes senior finance staff from NWSSP, the Velindre Director of Finance and an independent member of the Board, representatives from Counter Fraud, Accounts Payable and Legal and Risk Services. The Committee is chaired by the Director of Audit and Assurance Services, and Procurement colleagues attend the Committee to give background and context to specific requisitions.
- **Budgets and Plan Objectives** – Clarity is provided to operational functions through approved objectives and annual budgets. Performance is measured against these during the year.
- **Service Level Agreements (SLAs)** – NWSSP has SLAs in place with all customer organisations and with certain key suppliers. This ensures clarity of expectations in terms of service delivery, mutual obligations and an understanding of the key performance indicators. Annual review of the SLAs ensures that they remain current and take account of service developments.
- **Reporting** – NWSSP has a broad range of financial and performance reports in place to ensure that the effectiveness of service provision and associated controls can be monitored, and remedial action taken as and when required.

Through this structure NWSSP has maintained effective financial control which has been reviewed and accepted as appropriate by both the Internal and External Auditors.

## CONCLUSION

This Governance Statement indicates that NWSSP has continued to make progress and mature as an organisation during 2020/21 and that it is further developing and embedding good governance and appropriate controls throughout the organisation. NWSSP has received positive

feedback from Internal Audit on the assurance framework and this, in conjunction with other sources of assurance, leads me to conclude that it has a robust system of control. However, there were two specific instances where controls have not operated as intended. These were:

- An overpayment of £900k to a former employee of a Health Board as part of an agreed settlement. Whilst the overpayment has been received in full, we immediately requested Internal Audit to undertake a review of the circumstances behind this error. They found that input accuracy checks were not currently being completed due to remote working and the absence of physical invoice batches for checking. This has been immediately rectified and additional checks implemented for all payments > £100k. The matter was fully reported to the Audit Committee.
- Audit Wales has recently undertaken a review of the procurement and supply of PPE during the pandemic. The report is currently still in draft but includes the finding that "Shared Services did not meet legal requirements under emergency procurement rules to publish details of all contracts within 30 days. The High Court found the UK Government had acted unlawfully by similarly not publishing details of its contracts for PPE." This matter is currently being investigated.

As indicated throughout this statement, the need to plan and respond to the COVID-19 has had a significant impact on the organisation, wider NHS, and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society as we enter 2021/22, and it is unlikely, and indeed undesirable, to go back to fully replicating the pre-pandemic ways of working. To this end, an Adapt and Future Change Group, chaired by the Director of Planning, Performance and Informatics, is tasked with setting out a roadmap to exit the pandemic which incorporates the lessons learned from it. The Adapt and Future Change Group is supported by the Building Managers' Group whose task has been to ensure the safety of all premises where NWSSP staff are employed, both during the pandemic and as we hopefully exit from it. As this work progresses, I will ensure our Governance Framework considers and responds to this need.

### **Looking forward – for the period 2021/22:**

I confirm that I am aware of my on-going responsibilities and accountability to you, to ensure compliance in all areas as outlined in the above statements continues to be discharged for the financial year 2021/22.

Signed by:

Managing Director – NHS Wales Shared Services Partnership

Date:

<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>PREPARED BY</b>	Peter Stephenson, Head of Finance and Business Development
<b>PRESENTED BY</b>	Peter Stephenson, Head of Finance and Business Development
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	NWSSP Corporate Risk Register – April 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:

<b>Current Risk Rating</b>	<b>April 2021</b>
Red Risk	1
Amber Risk	8
Yellow Risk	3
Green Risk	0
<b>Total</b>	<b>12</b>

### **2.1 Red-rated Risks**

#### ***Risk A1 - Demise of the Exeter Software System***

The replacement of the GMS systems continues to be on track and we are now undertaking the checking process for validation of the new system. A period of dual running is due to commence shortly to ensure the accuracy of the new system. Full go-live for all Health Boards will complete by the end of July. The planned implementation of the Capita system in NHS

England was also due to go-live on 1 April but Capita have asked NHS Digital for six months of continued contingency cover.

## **2.2 Changes to Risk Profile**

One risk has been added since the last meeting of the Audit Committee. This relates to the shortage of storage space across NWSSP as a result of COVID and the specific requests received to utilise IP5.

Following a detailed review of the register at the March Senior Leadership Team meeting a number of risks have either been removed from the register or down-graded to risks for monitoring. The detail of the risks and the reasons for their amendment is given below:

<b>Ref</b>	<b>Risk</b>	<b>Reason</b>
<b>Removed Risks</b>		
A2	NHS Digital are withdrawing the Ophthalmics Payment service from the end of September 2020.	The system is now in place and operational with all seven health boards.
A3	NWSSP's lack of capacity to develop our services to deliver further efficiency savings and introduce innovative solutions for NHS Wales and the broader public sector.	Services have been developed over the course of the last year (e.g. Medical Examiner, SLE, Laundry, TMU, TRAMs etc)
CV6	Current uncertainty over the specific requirements for Field Hospitals is impacting on storage facilities within NWSSP impacting current and future plans for their strategic use.	Risk has largely gone away. Although this specific risk has now been removed from the register, it was replaced with a new risk over general storage facilities.
CV7	The impact of the pandemic on workload and also travel restrictions has meant that staff have largely not taken annual leave in the first few months of the year and may be equally less inclined to do so over the summer. This stores up the potential for large numbers of staff to be looking to take high volumes of annual leave in relatively short timeframes towards the end of the year, impacting on	At year-end and hadn't become a major issue.

	service delivery.	
CV8	Lack of clarity regarding the requirements of HCS, and the timescale for delivery, of assisting with distributing vaccines leads to an inability to plan effectively for this service.	Has become business-as-usual.
<b>Down-graded Risks</b>		
CV1	The total quantum for funding for addressing Covid-19 across Wales remains fluid and uncertain. There is a risk that the organisation's operational cost of addressing the pandemic cannot be contained within available funding resulting in a potential breach of the planned outturn for 2020-21.	Funding for the financial year has been received.
M2	There is an increased fire risk with a consequence for protection of buildings at Alder House, Brecon House and Matrix House due to a lack of compartmentation in the roof space	All required actions have been completed and the risk to life is considered extremely low.

### 3. RISKS FOR MONITORING

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

<b>Current Risk Rating</b>	<b>April 2021</b>
Red Risk	0
Amber Risk	0
Yellow Risk	3
Green Risk	0
<b>Total</b>	<b>3</b>

### 4. RECOMMENDATION

The Audit Committee is asked to:

NWSSP Audit Committee  
20 April 2021

- **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				
<b>Risks for Action</b>												
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) <b>Escalated Directorate Risk</b>	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. Sign off contract extension with NHS Digital.	Work is on-going with Northern Ireland to implement the new system to allow 3 months parallel running with a go-live date in July. Roll-out of the Capita system in England has again been delayed with the existing service being available until at least September 2021. <b>Risk Lead: Director of Primary Care Services</b>	➔	30-jun.-21
A2	Risks to continuity of supplies and services to NHS Wales resulting from a no-deal Brexit (added Apr 2019) <b>Strategic Objective - Customers</b>	5	5	25	Storage facility in place (IP5) that has been adequately stocked to cope with a no-deal Brexit. BREXIT Mobilisation Team BREXIT Group which includes WG representation.	2	5	10	Review of Critical Care Items being undertaken. Review of NSDR arrangements. Clinical Decision making arrangements to be raised with Medical Directors.	Situation regarding paperwork is much improved and risk may well be able to be removed shortly. <b>Risk Lead: Director of Procurement Services</b>	⬇️	30-jun.-21
A3	Lack of storage space across NWSSP due to increased demands on space linked to COVID and specific requirements for IP5. <b>Strategic Objective - Service Development</b>	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. <b>Risk Lead: Director of Procurement Services</b>	✳️	30-jun.-21
A4	Suppliers, Staff or the general public committing fraud against NWSSP. (added April 2019) <b>Strategic Objective - Value For Money</b>	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 31/03/21) 2. Produce Action Plan from Audit Wales "Raising ourGame" report (PS Complete) 3. Strengthen controls to prevent bank mandate fraud (AB/PS Complete)	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 - being taken through DoFs. March 21 has seen a number of actual and potential frauds around bank mandates. <b>Risk Lead: Director of Finance &amp; Corporate Services</b>	⬆️	30-jun.-21
A5	Risk of cyber attack exacerbated if NWSSP, or other NHS Wales organisations, run unsupported versions of software. (added Apr 2019) <b>Strategic Objective - Service Development</b>	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)	2	5	10	Follow up progress with Cyber Security Plan (PS On-going) Move all desktop devices to Windows 10 by the Windows 7 end of support (PS 31/03/21) NL to further update the SLT in the light of the recent Audit Wales report (NL Complete) Undertake phishing training exercises with NWSSP staff (NL 30/06/21)	Nick Lewis presenting update to April 2021 Audit Committee and January 2021 SLT. E-learn introduced during 2020. Windows 10 migration delayed by COVID but almost complete as at Feb 21 See Risk A4 for increased activity around fraudulent bank mandate requests <b>Risk Lead: Director of Planning, Performance &amp; Informatics</b>	➔	30-jun.-21
A6	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. <b>Strategic Objective - Service Development</b>	4	4	16	In-house H&S and Fire Safety Expertise Role of PMO	3	4	12	PMO to ensure that Project Officers consult appropriately at outset of project. Programme Director to be appointed.	All organisations contributing towards a Fire & Evacuation Strategy for IP5. <b>Risk Lead: Director of Workforce and OD</b>	➔	30-jun.-21
A7	The transfer of approximately 250 laundry staff to NWSSP under TUPE arrangements many not proceed smoothly impacting the reputation of NWSSP in NHS Wales, and leading to further delays with the implementation of the Laundry Programme <b>Strategic Objective - Service Development</b>	4	4	16	All-Wales Programme Business Case Programme Board Regular updates to SLT.	3	4	12	Workforce workstream to oversee the TUPE arrangements.	PBC approved by WG in November 2020. Update provided to SSPC in November 2020. <b>Risk Lead: Director of Workforce and OD</b>	➔	31-mar.-21

**COVID-19 Risks**

<b>CV1</b>	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	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 More flexible building opening times	2	4	8	Continue to monitor effectiveness of current measures through Site Leads and the weekly Site Leads meeting. Monitor progress with Vaccination programme	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 fall. The regular meetings of the Site Leads provide on the ground information in real time and the Site Leads Meeting includes direct representation from the COVID-19 Planning and Response Group 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.	↓	30-jun.-21
<b>CV2</b>	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. This risk may be exacerbated due to the potential need to supply Social Care, Primary Contractors, Carers and even retailers and train passengers. The continuing global difficulties with China also increases this risk.	5	5	25	PPE Winter Plan Finance Governance Committee Streamlined arrangements for Trust Board and WG approvals Increased limits approved for Scheme of Delegation. Regular meetings with UK and Welsh Government. Active involvement in UK Mutual Aid Schemes. Deloitte undertook consultancy work on behalf of WG to assist in this area. <del>Internal Audit Review (Sept 2020)</del>	1	5	5	Review being undertaken by Audit Wales (AB 31 Jan 21) - draft report received for comment 19 Feb 2021.	The PPE plan has been developed in consultation with key stakeholders, and includes the arrangements to distribute PPE to the wider Family Care Practitioners and Social Care sectors. As services across Wales start to open back up, demand for such equipment is increasing in line with our expectations. The Welsh Local Government Association have been a key partner in helping us to take this agenda forward with Local Authorities	↓	30-jun.-21
<b>CV3</b>	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.	↓	30-jun.-21
<b>CV4</b>	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 falling linked to COVID-19 symptoms. Communications are being issued on a regular basis 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.	↓	30-jun.-21
<b>CV5</b>	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.	→	30-jun.-21

**Risks for Monitoring**

<b>M1</b>	Disruption to services and threats to staff due to unauthorised access to NWSSP sites. (Added May 2018)	5	4	20	Manned Security at Matrix CCTV Locked Gates installed at Matrix. Security Review Undertaken (reported Dec 18) Increased Security Patrols at Matrix.	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.	→	
	<b>Strategic Objective - Staff</b>									<b>Risk Lead; Director Specialist Estates Services/Director of Finance and Corporate Services</b>		

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
	<b>Critical</b>	Urgent action by senior management to reduce risk				
	<b>Significant</b>	Management action within 6 months				
	<b>Moderate</b>	Monitoring of risks with reduction within 12 months				
	<b>Low</b>	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					

	New Risk
	Escalated Risk
	Downgraded Risk
	No Trend Change



<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>PREPARED BY</b>	Carly Wilce, Corporate Services
<b>PRESENTED BY</b>	Peter Stephenson, Head of Finance & Business Development
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	Update on the Implementation of Audit Recommendations
<b>PURPOSE</b>	<p>This report provides an update to the Audit Committee on the progress of tracking audit recommendations within NWSSP. In this report, the base position has been taken from the previous report presented to the Audit Committee. Therefore, please note that this report does not include figures and assurance ratings for the audit reports listed on the present Audit Committee agenda.</p>

## 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 detailed tracking database. A copy of the summary extract is attached at **Appendix A**, for your information.

There are **51** reports covered in this review; **13** reports have achieved **Substantial** assurance; **25** reports have achieved **Reasonable** assurance, **0** reports have been awarded **Limited** assurance or **No Assurance**; and **13** reports were generated with **Assurance Not Applicable**. The reports include **206** recommendations for action.

**Table 1 - Summary of Audit Recommendations**

As at 12/04/2021					
Recommendations		Implemented	Not Yet Due	Overdue	Not NWSSP Action
<b>Internal Audit</b>	<b>150</b>	<b>145</b>	<b>2</b>	2	1
High	14	14	0	0	0
Medium	72	67	2	2	1
Low	64	64	0	0	0
Not Applicable	0	0	0	0	0
<b>External Audit</b>	<b>25</b>	<b>25</b>	<b>0</b>	0	0
High	0	0	0	0	0
Medium	23	23	0	0	0
Low	2	2	0	0	0
Not Applicable	0	0	0	0	0
<b>Other Audit</b>	<b>31</b>	<b>31</b>	<b>0</b>	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
<b>TOTALS:</b>	<b>206</b>	<b>201</b>	<b>2</b>	<b>2</b>	<b>1</b>

### 3. Outstanding Recommendations

There are currently two recommendations that have not been implemented within their target completion date. Both of these were approved for extension at the January Audit Committee, but the revised date has also passed meaning that these will now show as outstanding.

The detail of each is as follows:

Finding	Update as of April 2021
Overpayment registers are maintained for each of the 11 organisations. However, there is a lack of a coherent approach between each team. There has been an improvement, particularly with the Payroll teams based at Companies House, where there is a combined approach for the Cardiff based teams.	The overpayment review for a Standardised All Wales Overpayment Process commenced in early March 2020, however due to Covid-19 this project was placed on hold. The review resumed in January 2021 but progress has been impacted by the early move to the Grange Hospital and the establishment of the Multi-Vaccination Centre (MVC) team. There was a meeting on 6 April to progress collation of an all-Wales Policy/Procedure which will then need to go to WODs by the end of May for approval. The procedure will include the need for a Root Cause Analysis to be completed. The anticipated date for this to be completed is 31 July but this is dependent on the approval of Workforce Directors.

NWSSP Audit Committee  
20 April 2021

Finding	Update as of April 2021
<p>Within each team there are various processes for generating checking reports. These reports serve as an additional control for ensuring starters, leavers, changes and other actions are processed correctly. However, we found that some teams do not evidence their review of the checking reports, when completed. In particular:</p> <ul style="list-style-type: none"> <li>- PTHB generate the reports, but do not evidence any of their reviews of the reports; and</li> <li>- for a sample of two months selected for review, the reports utilised for checking had been generated for CTUHB, CVUHB, HEIW, PHW and VNHST, but had not been evidenced as review in some instances.</li> </ul> <p>Finally, the Payroll Exception Report compares current period pay to the previous period and there were variations between the way that teams produce and check these reports. Risk: Inappropriate or erroneous payments, resulting in financial loss to the customer organisation.</p>	<p>All staff have been reminded of the need to both undertake and evidence their checking procedures.</p> <p>The Deputy Payroll Managers reviewed and agreed a Checking Process to be utilised including use of macros by all Payroll Teams. Payroll checking reports have been produced and are currently being tested in all Payroll Teams across Wales. This is demonstrating that there may be a need to prioritise checking to ensure that it is proportionate to the respective level of risk. However, there is also an issue of incompatibility between the macro-enabled forms in use and Office365. A solution for this is being worked on but is proving difficult and expensive to resolve. The anticipated date for resolution of this issue is 31 July 2021.</p>

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
<b>NOT YET DUE RECOMMENDATIONS</b>										
<b>FINANCE AND CORPORATE SERVICES</b>										
<b>Cyber Security 2019-20</b>										
1.	NWSSP-1920-15 5 CORP/19-20/4 Corporate Services NWSSP Cyber Security 2019-20	NOT YET DUE	The switch cabinet in SES (Companies House) has fallen from the wall and is left open. This leads to a risk of unauthorised access. Risk of loss of IT services as a result of attack from entities external to the organisation, exploiting common vulnerabilities.	Medium	The cabinet should be locked to prevent individuals from accessing the switches.	Head of Finance and Business Development - Peter Stephenson	The cabinet will be repaired and re-located.	30/09/2020	30/09/2021	Director of Finance & Corporate Services gave authority for this work to proceed. No progress to date mainly due to other pressures but also because of the embargo against bringing external contractors on site at Companies House whilst lockdown restrictions are in place. This issue will be resolved when other priorities allow and contractors are able to access the site.  <b>Approved at Audit Committee 20/10/2020.</b>
2.	NWSSP-2021-18 CORP/20-21/3 Corporate Services Covid-19 Divisional preparedness and resilience. 2020-2021	NOT YET DUE	The longer term intention is to fully integrate the Covid-19 response and learning into the corporate BC arrangements once the pandemic is over. We identified some areas for development to further strengthen BC arrangements within the divisions: varying levels of detail in, and differing approaches to, BC documentation; and new services need to be incorporated into the NWSSP BC approach. Potential risks: learning from the Covid-19 response is not incorporated into future business continuity planning; and lack of preparedness for future business continuity events. After the Covid-19 pandemic is over, the Senior Leadership Team and divisional management will The Senior Leadership Team will provide clear direction as to the level of documentation required within each division.	Low	1.1 take stock of learning from the Covid-19 pandemic and incorporate this into their Business continuity plans; 1.2 revisit existing corporate and divisional documentation to ensure risk assessments, prioritisations and dependencies remain appropriate; and 1.3 ensure all new services / divisions are incorporated into the corporate BIA and that divisional arrangements are in alignment with the corporate business continuity approach.		Business continuity plans will be further updated to learn the lessons from Covid-19.	30/06/2021		This action is on-going and will be complete by the required due date.
<b>EMPLOYMENT SERVICES</b>										

## APPENDIX A - PROGRESS OF AUDIT RECOMMENDATIONS

3.	NWSSP-1920-02 3 EMP/19-20/2 Employment Services All Wales Payroll Services 2019-20	OUTSTANDING	Overpayment registers are maintained for each of the 11 organisations. However, there is a lack of a coherent approach between each team. There has been an improvement, particularly with the Payroll teams based at Companies House, where there is a combined approach for the Cardiff based teams. Risk: Overpayments are not recovered, resulting in financial loss to the customer organisation.	Medium	As previously recommended, an all-Wales approach to the management of overpayments should be agreed and adopted across all Payroll teams.	1. Janet Carsley 2. Janet Carsley 3. J Janet Carsley / Enablement Team 4. Janet Carsley	The Overpayments Teams in Companies House has been combined to form the South East Wales Overpayments Team where processes have been reviewed and standardised. Work is continuing on an on-going basis to develop the team including working with organisations in respect of high overpayment areas. The NWSSP Overpayment review has commenced a review of overpayments which is a project that will be included on an all Wales basis. The overpayment process will be discussed on an all Wales basis including the development of a single All-Wales Overpayment Policy.	1. 30/09/2019 - Complete 2. 31/12/2020 - Complete 3. 31/12/2020 4. 31/12/2020	31/03/2021	Overpayment review for Standardised All Wales Overpayment Process commenced in early March 2020, however due to Covid-19 this project was placed on hold. The Overpayment Project resumed in January 2021 with a focus on an All-Wales Standard Process. Progress has however been impacted by the early move to the Grange Hospital and the establishment of the Multi-Vaccination Centre (MVC) team. There is a meeting on 6 April to progress collation of an all-Wales Policy/Procedure which will then need to go to WODs by the end of May for approval. The procedure will include the need for a Root Cause Analysis to be completed. The anticipated date for this to be completed is 31 July but this is dependent on the approval of Workforce Directors.
4.	NWSSP-1920-02 4 EMP/19-20/2 Employment Services All Wales Payroll Services 2019-20	OUTSTANDING	Within each team there are various processes for generating checking reports. These reports serve as an additional control for ensuring starters, leavers, changes and other actions are processed correctly. However, we found that some teams do not evidence their review of the checking reports, when completed. In particular: - PTHB generate the reports, but do not evidence any of their reviews of the reports; and - for a sample of two months selected for review, the reports utilised for checking had been generated for CTUHB, CVUHB, HEIW, PHW and VNHST, but had not been evidenced as review in some instances. Finally, the Payroll Exception Report compares current period pay to the previous period and there were variations between the way that teams produce and check these reports. Risk: Inappropriate or erroneous payments, resulting in financial loss to the customer organisation.	Medium	1. As recommended last year an all-Wales approach to the payroll checking process should be agreed and adopted across all 11 Payroll Teams. 2. Management should note the risk associated with the macro-filtered reports used by the Cardiff teams for payroll checking and exception reporting. The source documents produced from ESR should be retained, and consideration given to the feasibility and benefit of checking the completeness of the macro-filtered reports against the source documents, to ensure that all transactions that require checking are included. 3. A report of changes to payroll data should be produced and checked by the North Wales, Swansea and Carmarthen payroll teams. 4. Checking reports should be signed to confirm a review of the checking process.	1. Christine Richards, Janet Carsley, Neil Evans, Beverley Cokeley 2. Christine Richards 3. Christine Richards, Janet Carsley, Neil Evans, Beverley Cokeley 4. Christine Richards	1 Shared approach in place at Companies House. On-going discussions on a Wales wide basis for standard process. 2 The source documents are retained and used to verify checking prior to filing. There is an automatic field on the report for the supervisor to confirm report checked. However, this has not always been completed. Supervisors reminded of the importance of this. Whilst the process has already been agreed by Audit prior to rollout, additional work will be undertaken in respect of comments. 3 Process has been shared with North Wales, Swansea and Carmarthen in 2019. As per point 2, on-going discussions as to All Wales agreed process. 4 Payroll checking already as system to support sign off documents, however due to resource issues, this had not been followed completely for CTUHB, CVUHB, HEIW, PHW and VNHST. Supervisors have been reminded of the importance of sign off checking processes.	1. 31/03/2021 2. 31/03/2020 - Complete 3. 31/12/2020 4. 30/04/2020 - Complete	31/03/2021	Actions 2 & 4 Complete.  Actions 1 & 3  Deputy Payroll Managers reviewed and agreed Checking Process to be utilised including use of macros by all Payroll Teams. Payroll checking reports produced and currently being tested in all Payroll Teams across Wales. This is demonstrating that there may be a need to prioritise checking to ensure that it is proportionate to the respective level of risk. However, there is an issue of incompatibility between the macro-enabled forms in use and Office365. A solution for this is being worked on but is proving difficult and very expensive to resolve. The anticipated date for resolution of this issue is 31 July 2021.

<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>PREPARED BY</b>	Carly Wilce, Corporate Services Manager
<b>PRESENTED BY</b>	Andy Butler, Director of Finance and Corporate Services
<b>RESPONSIBLE HEAD OF SERVICE</b>	Andy Butler, Director of Finance and Corporate Services
<b>TITLE OF REPORT</b>	Annual Review of Audit Committee Terms Of Reference
<b>PURPOSE</b>	
<p>The Audit Committee is required to review its Terms of Reference annually. These are attached below, no significant changes have been made since it was last reviewed by the committee.</p>	

## 1. RECOMMENDATIONS

The Committee is asked to **NOTE** and APPROVE the Terms of Reference.



**GIG**  
CYMRU  
**NHS**  
WALES

Partneriaeth  
Cydwasanaethau  
Shared Services  
Partnership

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

## **Terms of Reference & Operating Arrangements**

**April 2021**

## 1. BACKGROUND

1.1 In May 2012, all Health Boards and Trusts approved the Standing Orders for Shared Services Partnership Committee. Section 4.0.3 of the Standing Orders (as amended 1 March 2019) states:

*“The SSPC shall establish a Sub-Committee structure that meets its own advisory and assurance needs and/or utilise Velindre’s Committee arrangements to assist in discharging its governance responsibilities.”*

These Terms of Reference set out the arrangements for utilising the Velindre University NHS Trust Audit Committee to support the discharge of those relevant functions in relation to NHS Wales Shared Services Partnership (NWSSP).

### ORGANISATIONAL STRUCTURE

Velindre University NHS Trust has an interest in NWSSP on two levels:

- a) The internal governance of NWSSP in relation to the host relationship; and
- b) As a member of NWSSP Committee in relation to the running of national systems and services.

The governance and issues relating to the hosting of NWSSP dealt with in **(a)** will be incorporated into the standard business of the existing Velindre University NHS Trust Audit Committee, with a specific focus on alternating Trust Audit Committee business. The assurance for the business dealt with in **(a)** will be to the Velindre University NHS Trust Board. The Chair of NWSSP Audit Committee should receive copies of the meeting papers and will be invited to attend, should there be anything on the agenda which has implications for the Shared Services Partnership Committee (SSPC).

Issues relating to NWSSP nationally run systems and services **(b)** will be fed into a separate Velindre University NHS Trust Audit Committee for NWSSP operating within its own work cycle. The assurance for the business dealt with in **(b)** will be to NWSSP Chair and the NWSSP Audit Committee, via the communication routes, detailed below.

The arrangements for **(a)** above, will not be considered further within these Terms of Reference, as it is for Velindre University NHS Trust Audit Committee to determine the relevant assurance required in relation to the host relationship.

## 2. INTRODUCTION

2.1 Velindre University NHS Trust’s Standing Orders provide that *“The Board may and, where directed by the Welsh Government must, appoint Committees of the Trust either to undertake specific functions on the Board’s behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board’s commitment to openness and transparency in the conduct of all its business extends equally to the work*

*carried out on its behalf by Committees”.*

- 2.2 In line with Standing Orders and NWSSP’s scheme of delegation, the SSPC shall nominate, annually, a Committee to be known as the Velindre University NHS Trust Audit Committee for NWSSP. The detailed Terms of Reference and Operating Arrangements in respect of this Committee are set out below.
- 2.3 These Terms of Reference and Operating Arrangements are based on the model Terms of Reference, as detailed in the NHS Wales Audit Committee Handbook, June 2012.

### **3 PURPOSE**

- 3.1 The purpose of the Audit Committee (“the Committee”) is to:
  - **Advise** and **assure** the SSPC and the Accountable Officer on whether effective arrangements are in place - through the design and operation of NWSSP’s **system of assurance** - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the organisation’s objectives, in accordance with the standards of good governance determined for the NHS in Wales.

Where appropriate, the Committee will advise the Velindre University NHS Trust Board and SSPC as to where and how its system of assurance may be strengthened and developed further.

### **4 DELEGATED POWERS AND AUTHORITY**

- 4.1 With regard to its role in providing advice to both Velindre University NHS Trust Board and the SSPC, the Audit Committee will comment specifically upon:
  - The adequacy of NWSSP’s strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control across the whole of the organisation’s activities, designed to support the public disclosure statements that flow from the assurance processes (including the Annual Governance Statement) and providing reasonable assurance on:
    - NWSSP’s ability to achieve its objectives;
    - Compliance with relevant regulatory requirements, standards, quality and service delivery requirements, other directions and requirements set by the Welsh Government and others;

- The reliability, integrity, safety and security of the information collected and used by the organisation;
- The efficiency, effectiveness and economic use of resources; and
- The extent to which NWSSP safeguards and protects all of its assets, including its people.

- NWSSP's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- The planned activity and results of Internal Audit, External Audit and the Local Counter Fraud Specialist (including Strategies, Annual Work Plans and Annual Reports);
- The adequacy of executive and management's response to issues identified by audit, inspection and other assurance activity, via monitoring of NWSSP's Audit Action Plan;
- Proposals for accessing Internal Audit service (where appropriate);
- Anti-fraud policies, whistle-blowing processes and arrangements for special investigations as appropriate; and
- Any particular matter or issue upon which the SSPC or the Accountable Officer may seek advice.

4.2 The Audit Committee will support the SSPC with regard to its responsibilities for governance (including risk and control) by reviewing:

- All risk and control related disclosure statements (in particular the Annual Governance Statement together with any accompanying Head of Internal Audit Statement, External Audit Opinion or other appropriate independent assurances), prior to endorsement by the SSPC;
- The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements; and
- The policies and procedures for all work related to fraud and corruption as set out in Welsh Government Directions and as required by NHS Protect.

4.3 In carrying out this work, the Audit Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of good governance, risk management and internal control, together with indicators of their effectiveness.

4.4 This will be evidenced through the Audit Committee's use of effective

governance and assurance arrangements to guide its work and that of the audit and assurance functions that report to it, and enable the Audit Committee to review and form an opinion on:

- The **comprehensiveness** of assurances in meeting the SSPC and the Accountable Officer's assurance needs across the whole of the organisation's activities; and
- The **reliability and integrity** of these assurances.

4.5 To achieve this, the Audit Committee's programme of work will be designed to provide assurance that:

- There is an effective internal audit function that meets the standards set for the provision of internal audit in the NHS in Wales and provides appropriate independent assurance to the SSPC and the Accountable Officer through the Audit Committee;
- There is an effective Counter Fraud service that meets the standards set for the provision of counter fraud in the NHS in Wales and provides appropriate assurance to the SSPC and the Accountable Officer through the Audit Committee;
- There are effective arrangements in place to secure active, ongoing assurance from management with regard to their responsibilities and accountabilities, whether directly to the SSPC and the Accountable Officer or through the effective completion of Audit Recommendations and the Audit Committee's review of the development and drafting of the Annual Governance Statement;
- The work carried out by key sources of external assurance, in particular, but not limited to the SSPC's external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace);
- internal assurance activity;
- The work carried out by the whole range of external review bodies is brought to the attention of the SSPC and that the organisation is aware of the need to comply with related standards and recommendations of these review bodies, together with the risks of failing to comply;
- The systems for financial reporting to the SSPC, including those of budgetary control, are effective; and
- The results of audit and assurance work specific to the organisation and the implications of the findings of wider audit and assurance activity relevant to the SSPC's operations, are appropriately considered and acted upon to secure the ongoing development and improvement of the organisation's governance arrangements.

In carrying out this work, the Audit Committee will follow and implement the Audit Committee for Shared Services Annual Work Plan and will be evidenced through meeting papers, formal minutes, and highlight reports to the SSPC, Velindre Trust Board and annually, via the Annual Governance Statement, to the Velindre University NHS Trust's Chief Executive.

## **Authority**

- 4.6 The Audit Committee is authorised by the SSPC to investigate or to have investigated any activity within its Terms of Reference. In doing so, the Audit Committee shall have the right to inspect any books, records or documents of NWSSP, relevant to the Audit Committee's remit and ensuring patient/client and staff confidentiality, as appropriate. It may seek relevant information from any:
- Employee (and all employees are directed to co-operate with any reasonable request made by the Audit Committee); and
  - Any other Committee, Sub Committee or Group set up by the SSPC to assist it in the delivery of its functions.
- 4.7 The Audit Committee is authorised by the SSPC to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the SSPC's procurement, budgetary and other requirements.

## **Access**

- 4.8 The Head of Internal Audit and the Audit Manager of External Audit shall have unrestricted and confidential access to the Chair of the Audit Committee at any time and the Chair of the Audit Committee will seek to gain reciprocal access as necessary.
- 4.9 The Audit Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist, without the presence of officials, on at least one occasion each year.
- 4.10 The Chair of Audit Committee shall have reasonable access to Executive Directors and other relevant senior staff.

## **Sub Committees**

- 4.11 The Audit Committee may, subject to the approval of the SSPC, establish Sub Committees or Task and Finish Groups to carry out on its behalf specific aspects of Committee business. Currently, there is an established Welsh Risk Pool Committee which is a Sub Committee of the SSPC, however, there are no Sub Committees of the Audit Committee.

# **5 MEMBERSHIP**

## **Members**

- 5.1 A minimum of 3 members, comprising:

Chair	Independent member of the Board
Members	Two other independent members of the Velindre Trust Board.

The Audit Committee may also co-opt additional independent 'external' members from outside the organisation to provide specialist skills, knowledge and expertise.

The Chair of the organisation shall not be a member of the Audit Committee.

## Attendees

### 5.2 In attendance:

NWSSP Managing Director, as Accountable Officer  
 NWSSP Chair  
 NWSSP Director of Finance & Corporate Services  
 NWSSP Director of Audit & Assurance  
 NWSSP Head of Internal Audit  
 NWSSP Audit Manager  
 NWSSP Head of Finance and Business Development  
 NWSSP Corporate Services Manager  
 Representative of Velindre University NHS Trust  
 Local Counter Fraud Specialist  
 Representative of the Auditor General for Wales  
 Other Executive Directors will attend as required by the Committee Chair

By invitation The Committee Chair may invite:

- any other Partnership officials; and/or
- any others from within or outside the organisation

to attend all or part of a meeting to assist it with its discussions on any particular matter.

The Velindre Chief Executive Officer should be invited to attend, where appropriate, to discuss with the Audit Committee the process for assurance that supports the Annual Governance Statement.

## Secretariat

Secretary As determined by the Accountable Officer

## **Member Appointments**

- 5.3 The membership of the Audit Committee shall be determined by the Velindre Trust Board, based on the recommendation of the Trust Chair; taking account of the balance of skills and expertise necessary to deliver the Audit Committee's remit and subject to any specific requirements or directions made by Welsh Government.
- 5.4 Members shall be appointed to hold office for a period of four years. Members may be re-appointed, up to a maximum of their term of office. During this time a member may resign or be removed by the Velindre Trust Board.
- 5.5 Audit Committee members' Terms and Conditions of Appointment, (including any remuneration and reimbursement) are determined on appointment by the Minister for Health and Social Services.

## **Support to Audit Committee Members**

- 5.6 The NWSSP Head of Finance and Business Development and NWSSP Corporate Services Manager, on behalf of the Audit Committee Chair, shall:
- Arrange the provision of advice and support to Audit Committee members on any aspect related to the conduct of their role;
  - Ensure that Committee agenda and supporting papers are issued 5 working days in advance of the meeting taking place; and
  - Ensure the provision of a programme of organisational development for Audit Committee members as part of the Trust's overall Organisational Development programme developed by the Velindre Executive Director of Workforce & Organisational Development.

## **6 AUDIT COMMITTEE MEETINGS**

### **Quorum**

- 6.1 At least two members must be present to ensure the quorum of the Audit Committee, one of whom should be the Audit Committee Chair or Vice Chair.

### **Frequency of Meetings**

- 6.2 Meetings shall be held no less than quarterly and otherwise as the Chair of the Audit Committee deems necessary, consistent with NWSSP's Annual Plan of Business. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

## **Withdrawal of Individuals in Attendance**

- 6.3 The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

## **7 RELATIONSHIP & ACCOUNTABILITIES WITH THE TRUST BOARD & SSPC DELEGATED TO THE AUDIT COMMITTEE**

- 7.1 Although the Velindre Trust Board, with the SSPC and its Sub Committees, including the Welsh Risk Pool Sub Committee, has delegated authority to the Audit Committee for the exercise of certain functions as set out within these Terms of Reference, it retains overall responsibility and accountability for ensuring the quality and safety of healthcare for its citizens through the effective governance of the organisation.
- 7.2 The Audit Committee is directly accountable to the Velindre Trust Board for its performance in exercising the functions set out in these Terms of Reference.
- 7.3 The Audit Committee, through its Chair and members, shall work closely with NWSSP and its other Sub Committees to provide advice and assurance to the SSPC by taking into account:
- Joint planning and co-ordination of the SSPC business; and
  - Sharing of information

in doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into NWSSP's overall risk and assurance arrangements. This will primarily be achieved through the discussions held at the SSPC, annually, at the end of the financial year.

- 7.4 The Audit Committee will consider the assurance provided through the work of the SSPC's other Committees and Sub Committees to meet its responsibilities for advising the SSPC on the adequacy of the organisation's overall system of assurance by receipt of their annual work plans.
- 7.5 The Audit Committee shall embed the SSPC's and Trust's corporate standards, priorities and requirements, e.g. equality and human rights, through the conduct of its business.

## **8 REPORTING AND ASSURANCE ARRANGEMENTS**

8.1 The Audit Committee Chair shall:

- Report formally, regularly and on a timely basis to the Board, SSPC and the Accountable Officer on the Audit Committee's activities. This includes verbal updates on activity and the submission of committee minutes, and written highlight reports throughout the year;
- Bring to the Velindre University NHS Trust Board, SSPC and the Accountable Officer's specific attention any significant matters under consideration by the Audit Committee; and
- Ensure appropriate escalation arrangements are in place to alert the SSPC Chair, Managing Director (and Accountable Officer) or Chairs of other relevant Committees, of any urgent/critical matters that may affect the operation and/or reputation of the organisation.

8.2 The Audit Committee shall provide a written Annual Report to the SSPC and the Accountable Officer on its work in support of the Annual Governance Statement, specifically commenting on the adequacy of the assurance arrangements, the extent to which risk management is comprehensively embedded throughout the organisation, the integration of governance arrangements and the appropriateness of self-assessment activity against relevant standards. The report will also record the results of the Audit Committee's self-assessment and evaluation.

8.3 The Velindre Trust Board and SSPC may also require the Audit Committee Chair to report upon the Audit Committee's activities at public meetings or to community partners and other stakeholders, where this is considered appropriate, e.g. where the Audit Committee's assurance role relates to a joint or shared responsibility.

8.4 The NWSSP Head of Finance and Business Development and Corporate Services Manager, on behalf of the Partnership, shall oversee a process of regular and rigorous self-assessment and evaluation of the Audit Committee's performance and operation, including that of any Sub Committees established. In doing so, account will be taken of the requirements set out in the NHS Wales Audit Committee Handbook.

## **9 APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS**

1.1 The requirements for the conduct of business as set out in the NWSSP's Standing Orders are equally applicable to the operation of the Audit Committee, except in the following areas:

- Quorum (*as per section on Committee meetings*)
- Notice of meetings
- Notifying the public of meetings
- Admission of the public, the press and other observers

## **10 REVIEW**

- 10.1 These Terms of Reference and operating arrangements shall be reviewed annually by the Audit Committee with reference to the SSPC and Velindre Trust Board.

<b>MEETING</b>	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
<b>DATE</b>	20 April 2021
<b>AGENDA ITEM</b>	5.8
<b>PREPARED BY</b>	Alison Ramsey, Director of Planning, Performance, and Informatics
<b>PRESENTED BY</b>	Andy Butler, Director of Finance and Corporate Services
<b>RESPONSIBLE HEAD OF SERVICE</b>	Alison Ramsey, Director of Planning, Performance, and Informatics
<b>TITLE OF REPORT</b>	Plan On a Page

## **PURPOSE**

To present the Annual Plan to the Committee for assurance purposes.

## **1. BACKGROUND**

The pandemic has resulted in revised guidance from Welsh Government which has required NHS organisations to focus on an annual plan rather than an Integrated Medium-Term Plan covering three years. NWSSP has complied with this requirement but has also maintained a longer-term approach with a plan for 2021/22 that includes a forward look to 2022/24.

The Plan is approved by the Partnership Committee and performance against the plan is monitored throughout the year. Significant work has been undertaken to revise the performance framework to ensure that it is fully integrated with the key priorities in the plan. The creation of a new post of Director of Planning, Performance and Informatics in November 2020 provides added and strategic impetus to this agenda and also ensures that the planning and performance work streams are effectively co-ordinated. The vast majority of performance targets for 2020/21 were achieved and progress against each of these is reported to the Senior Leadership Team and the Partnership Committee. It is anticipated there will be a regular reporting to Welsh Government requirement on progress against the plan as there was during 2019/20.

The planning process includes substantial engagement with key stakeholders, both internally and across NHS Wales and the wider public sector, in both virtual team events and on a one-to-one basis. The plan has been discussed with Welsh

Government colleagues in early March 2021 and they were extremely complimentary on both the content and presentation.

## **2. RECOMMENDATION**

The Audit Committee are asked to:

- **NOTE** the Plan On a Page.

### Our Strategic Objectives

Value for Money	Excellence	Service Development	Customers & Partners	Staff
<ul style="list-style-type: none"> <li>Highly efficient and effective organisation.</li> <li>Deliver real term savings and service quality benefits to its customers.</li> </ul>	<ul style="list-style-type: none"> <li>An organisation that delivers process excellence.</li> <li>Focus on continuous service improvement, automation and the use of technology.</li> </ul>	<ul style="list-style-type: none"> <li>Extend the range of high quality services provided to NHS Wales and Welsh public sector.</li> </ul>	<ul style="list-style-type: none"> <li>Open and transparent customer-focused culture.</li> <li>That supports the delivery of high quality services.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriately skilled, productive, engaged and healthy workforce.</li> </ul>

### 2021-22 Key Deliverables

Achieve national and local savings through value based procurement.	Introduction of Scan4Safety inventory management system to improve traceability of healthcare products.	Play an essential role in shaping Welsh Government's Decarbonisation Delivery Plan.	Review our contact centre arrangements; a streamlining approach to assist in improving customer and end user experience.	Be the employer of choice through THIS IS OUR NWSSP: Our People, Our Organisation, Our Plan.
Extend our work with the foundational economy in Wales.	Implement Oracle financials upgrade to strengthen security and benefit from new functionality.	Tailor our services to support health boards as they restart planned care.	Expand the Single Lead Employer model providing a consistent employment arrangement for duration of training when in NHS Wales.	Adopt agile working as a permanent feature of our work culture.
Develop an all Wales Laundry Service transferring in five existing laundry production units.	Additional accreditation of our SMTL service to reduce reliance on third parties.	Develop further the General Medical Indemnity Service, providing advice and guidance to primary care.	Further support to the establishment of Digital Health and Care Wales.	Embed health and wellbeing into our culture, systems and processes. Seek Corporate Health Standard accreditation.
Reconfigure Pharmacy Technical services into a single national shared service.	Identify further automation opportunities and deploy RPA solutions.	Fully implement the Temporary Medicines Unit to supply pre-filled syringes to Critical Care units and support the distribution of vaccination supplies.	Modernisation of our transport and logistics operations, with the development of a national warehousing and distribution model.	Ensure a smooth transition of support for laundry staff joining NWSSP.
Continued provision of high quality and comprehensive legal services to our clients.	Continued support to cascade learn from adverse clinical events through the Welsh Risk Pool.	Maximise the investment in Locum Hub Wales, a tool to support workforce planning within primary care.	Growth and development of new and existing services to Primary Care and Social Care.	Take action in response to our Time To Change pledge to change the way we think about Mental Health.

### Our Core Values



Listening & Learning



Working Together



Taking Responsibility



Innovating