NWSSP Audit Committee

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20 October 2020, 14:00 to 16:00
Microsoft Teams

Agenda

1.	**STANDARD BUSINESS**		
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 30 June 2020**		Chair
	📄 1.4 DRAFT Minutes of Audit Cttee Part A 30.06.2020.pdf	(11 pages)	
1.5.	**Matters Arising**		Chair
	📄 1.5 Matters Arising.pdf	(1 pages)	
2.	**EXTERNAL AUDIT**		
2.1.	**Audit Wales Position Statement**		Gillian Gillett
	📄 2.1 Audit Wales Position Statement.pdf	(8 pages)	
2.2.	**Audit Wales Management Letter**		Gillian Gillett
	📄 2.2 Audit Wales NWSSP Management Letter 2019-20.pdf	(10 pages)	
2.3.	**Audit Wales Nationally Hosted NHS IT Systems Report**		Andrew Strong
	📄 2.3 2077A2019-20 Nationally Hosted NHS IT Systems Report NWSSP.pdf	(30 pages)	
3.	**COUNTER FRAUD**		
3.1.	**Raising Our Game - Tackling Fraud in Wales Report (Audit Wales)**		Andy Butler
	📄 3.1 Audit Wales Cover - Raising our Game - Tackling Fraud in Wales.pdf	(4 pages)	
	📄 3.1 Audit Wales Raising Our Game - Tackling Fraud in Wales.pdf	(50 pages)	
3.2.	**Counter Fraud Position Statement**		Craig Greenstock
	📄 3.2 Counter Fraud Position Statement.pdf	(6 pages)	
3.3.	**Counter Fraud Newsletter**		Craig Greenstock
	📄 3.3 Counter Fraud Newsletter October 2020.pdf	(9 pages)	

4. INTERNAL AUDIT

4.1. Internal Audit Position Statement

James Quance

📄 4.1 NWSSP Internal Audit Progress Report October 2020.pdf　　　　(10 pages)

4.2. Credit Card Expenditure Internal Audit Report

James Quance

📄 4.2 2020-21 NWSSP Credit Card Expenditure Report.pdf　　　　(17 pages)

4.3. Declarations of Interest Advisory Report

James Quance

📄 4.3 2020-21 NWSSP Declarations of Interest Advisory Review Report.pdf　　　　(24 pages)

4.4. Covid-19 Financial Governance Advisory Report

James Quance

📄 4.4 2020-21 NWSSP Covid Financial Governance Advisory Report.pdf　　　　(26 pages)

5. GOVERNANCE, ASSURANCE AND RISK

5.1. Governance and Assurance Matters During COVID-19 Pandemic

5.1.1. Verbal Update on NWSSP COVID-19 Matters, Including Business Continuity Planning Report

Andy Butler / Peter Stephenson

📄 5.1.1 COVID-19 BCP Update.pdf　　　　(15 pages)

5.2. Corporate Risk Register

Peter Stephenson

📄 5.2 Corporate Risk Register AC Oct 20.pdf　　　　(3 pages)

📄 5.2 Appendix 1 Corporate Risk Register 20201007.pdf　　　　(3 pages)

5.3. Governance Matters, Including Annual Review of Stores Write-Offs

Andy Butler

5.4. Tracking of Audit Recommendations

Roxann Davies

📄 5.4 Tracking of Audit Recommendations.pdf　　　　(2 pages)

📄 5.4 Appendix A - Tracking of Audit Recommendations.pdf　　　　(1 pages)

📄 5.4 Appendix B - Revised Deadline for the Committee's Attention.pdf　　　　(1 pages)

5.5. Audit Committee Annual Report

Roxann Davies

📄 5.5 Audit Committee Annual Report 2019-20.pdf　　　　(1 pages)

📄 5.5 Appendix 1 NWSSP Audit Committee Annual Report 2019-20.pdf　　　　(11 pages)

5.6. Audit Committee Effectiveness Survey Results

Roxann Davies

📄 5.6 Audit Committee Effectiveness Survey.pdf　　　　(5 pages)

6. FOR INFORMATION ONLY

6.1. Audit Committee Forward Plan

📄 6.1 Audit Committee Forward Plan.pdf　　　　(3 pages)

6.2.   **NWSSP Annual Review 2019-20**

      6.2 NWSSP Annual Review 2019-2020.pdf   (1 pages)

6.3.   **NWSSP Freedom of Information Act [2000] Annual Report 2019-20**

      6.3 NWSSP Freedom of Information Act Annual   (5 pages)
Report 2019-20.pdf

7.   **ANY OTHER BUSINESS (Prior Approval Only)**

7.1.   **Meeting Review (Verbal)**

Chair

8.   **DATE OF NEXT MEETING**

8.1.   **Tuesday 26 January 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 30 JUNE 2020
14:00 – 16:30
BY SKYPE / BOARDROOM, NWSSP HQ, NANTGARW
Part A - Public**

ATTENDANCE	DESIGNATION	
INDEPENDENT MEMBERS:		
Martin Veale (Chair)	Chair & Independent Member	
Gareth Jones (GJ)	Independent Member	
Janet Pickles (JP)	Independent Member	
ATTENDANCE	**DESIGNATION**	**ORGANISATION**
ATTENDEES:		
Neil Frow (NF)	Managing Director	NWSSP
Margaret Foster (MF)	NWSSP Chair	NWSSP
Andy Butler (AB)	Director of Finance & Corporate Services	NWSSP
Peter Stephenson (PS)	Head of Finance & Business Improvement	NWSSP
Roxann Davies (RD)	Corporate Services Manager	NWSSP
Simon Cookson (SC)	Director of Audit & Assurance	NWSSP
James Quance (JQ)	Head of Internal Audit	NWSSP
Gareth Price (GP)	Personal Assistant	NWSSP
Linsay Payne (LP)	Head of Financial Management	NWSSP
Laura Price (LP1)	Graduate Management Trainee	NWSSP
Craig Greenstock (CG)	Local Counter Fraud Specialist	Cardiff and Vale UHB
Lauren Fear (LF)	Director of Corporate Governance	Velindre
Mark Osland (MO)	Director of Finance	Velindre
Gillian Gillett (GG)	Audit Representative	Wales Audit Office

Item		Action
1. STANDARD BUSINESS		
1.1	**Welcome and Opening Remarks** The Chair welcomed Committee members to the June 2020 Audit Committee meeting and thanked attendees for joining remotely, in light of the current circumstances.	
1.2	**Apologies** Apologies were received from: • Steve Ham, Chief Executive, Velindre University NHS Trust	

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1.3	**Declarations of Interest** No declarations were received.	
1.4	**Minutes of Meeting held on 28 April 2020** The minutes of the meeting held on the 28 April 2020 were **AGREED** as a true and accurate record of the meeting.	
1.5	**Matters Arising from Meeting on 28 April 2020** It was noted that both Matters Arising were completed.	
	2. GOVERNANCE AND ASSURANCE MATTERS DURING COVID 19 PANDEMIC	
2.1	The Committee received a comprehensive verbal update from the NWSSP Director of Finance and Corporate Services in relation to the handling of COVID-19 matters and the impact on the organisation. This provided an insight into and highlighted the importance of the challenging and complex work undertaken by NWSSP staff, ranging from Procurement going above and beyond to source, acquire and deliver PPE for frontline care, Informatics migrating 1500 staff to Microsoft Office365 and delivery of our business critical services to ensure NHS Wales staff were recruited and paid, as well as continuing payments to suppliers, contractors, GPs and opticians. A number of groups were established to provide oversight and assurance at this time, namely the SMT Planning and Response Group, an IT Update Group and the Building Managers Group. The safeguarding of staff has been the No.1 priority with enhanced measures at all sites to comply with social distancing measures and reduce risk. The Planning and Response Group has been recently stood down, and the Adapt and Future Change Group had been tasked with learning lessons from COVID-19 and looking at how we revolutionise the way we work. We have also formalised an Agile Working Group, with representatives from all services across the organisation. A Staff Peer Support Network has been set up, and development of local Risk Assessments and Site Plans, to include guidance such as Site Information, Managing Remotely and Returning to Work Toolkits, have received positive feedback. The Communications Team have also been keeping staff updated on a daily basis and the SMT and Trade Union Representatives had recorded video messages to staff. In addition, a staff survey had been launched, which received a very high response rate of 87% across the organisation. There were two surveys released; one for those	

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	working at home and one for those working on site. The outcomes of the survey were very positive. Going forward, it was highlighted that a big challenge would be availability of capital due to COVID-19. The Committee formally noted and recognised how helpful and flexible the Velindre Trust Board have been in adapting to the exceptional circumstances and turning around NWSSP requests rapidly, in order to assist in obtaining vital equipment.	
2.1.1	**COVID-19 Expenditure and Governance Arrangements** LP presented a report in relation to NWSSP financial expenditure that highlighted the changes to governance arrangements, as a result of COVID-19, including the changes made to the delegated limits for urgent COVID-19 expenditure and the establishment of a Finance and Governance Committee to monitor the overarching contracts and ensure due diligence for robust and complex arrangements, chaired by the Director of Audit and Assurance Services. Further, the NWSSP COVID-19 advance payment log for purchases and checklist was tabled at the Committee, which included a detailed breakdown of updates on goods received, to include planned delivery schedules, as informed by Procurement. LP reported that the value to date of orders for non-stock personal protective equipment (PPE) was £176m, with a net position of £139m, after the recharges to other Nations had been actioned. We would continue to maintain a log of all advance payments and tracking through the system, to ensure robust governance and due diligence had been followed. Operational expenditure reported for 2 months of the financial year, at £1.2m, with a forecast £3m for whole year, although that figure was currently being reviewed. JP highlighted the need for a process evaluation of the journey taken by the staff and the wider organisation, to ensure this is captured and that we learn lessons. JP praised the day-to-day pace of the work undertaken and this was seconded by the Committee, who encouraged the need for case studies to be written to tell the story, especially for exceptional challenges faced, such as procurement of PPE. NF asked that the Committee note the fantastic job completed behind the scenes, in maintaining records of accounts by LP and	

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	the Finance Team, which has enabled us to have assurance and confidence of the position. MF noted that whilst as an organisation we had risen to the challenge of the emergency procurement of PPE, for not only NHS Wales, but wider, she also wanted to emphasise that many items may not be used in the intended timeframe, but would be useful should another peak arise.	
2.1.2	**COVID-19 Risk Register** PS presented the COVID-19 Risk Register for the Committee's attention. There was one red risk relating to total quantum for funding and addressing COVID-19 and seven amber risks, which were related to areas such as procurement of PPE, staff safety and well-being, business continuity for essential services and strategic plans for field hospital sites. The Register would now be integrated into the Corporate Risk Register and continue to be monitored at formal SMT meetings.	
3. GOVERNANCE, ASSURANCE AND RISK		
3.1	**Governance Matters** RD presented the Governance Matters paper, which provided the Committee with the contracting activity from January 2020, to date and highlighted that there had been no departure from Standing Orders. In relation to contracting activity, there had been 21 contracts let for NWSSP, and 62 contracts let for NHS Wales, of which 8 were at briefing stage, 42 at ratification and 12 were extensions. Full details of these contracts were provided in the appendices. RD 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. AB confirmed that where contracting activity related to the procurement of goods for COVID-19, these had been recorded centrally and each had been subject to robust governance and due diligence processes, which required a separate file note to be held.	
3.2	**Tracking of Audit Recommendations** RD advised that NWSSP had not received any Internal Audit Reports with limited or no assurance rating and that of 202 recommendations, 187 were implemented, 14 were not yet due and one has a proposed a revised deadline of 30/09/2020, for Committee approval, which was detailed at Appendix B (cyber	

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	security high recommendation around the share point website, which work is ongoing and the request has been submitted, however, delayed due to impact of COVID-19, agreement to extension would bring recommendations 1 and 2 in line to 30/09/2020). The Committee were content to approve the revised deadline proposed. RD confirmed that the SMT receive a monthly breakdown of all unimplemented recommendations and that the tracker was due to be updated following the Audit Committee meeting with the finalised Internal Audit Reports within this agenda.	
3.3	**Corporate Risk Register** PS introduced the Corporate Risk Register and confirmed that the Register was presented at each meeting to the Shared Services Partnership Committee (SSPC), Audit Committee and Formal SMT. PS advised that there were two existing red risks, summarised as follows: • 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; and • NHS Digital were withdrawing the Ophthalmic Payment service from the end of March 2020 (since pushed back to September 2020). PS advised that he anticipated these risks coming off the Register in the coming months and the Chair confirmed he was pleased to see progress against these long-standing risks. The report also highlighted six amber risks, three yellow risks in the Risks for Action section of the Register. There remained one yellow risk in the Risks for Monitoring section of the Register. PS confirmed that the Risk Register would benefit from an in-depth review at a future informal SMT session and would bring the output back to the Committee.	
3.4	**Assurance Mapping** PS presented the Assurance Mapping exercise and confirmed that this was last presented to the Committee in October 2018, and was subject to an Internal Audit review in March 2019 and would continue to be reviewed on an annual basis. PS highlighted that each service area had been reviewed and refreshed and was brought to Committee's attention for assurance that major risks at corporate and directorate level have processes in place for these	

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	to be managed effectively. PS confirmed that the aim of the exercise was to consider the inherent business as usual risk, and to consider the assurances and controls in place to be able to confirm whether those risks are being effectively mitigated. The maps were based on the HM Treasury three lines of defence model.	
	PS highlighted that HCS had made good progress in reviewing their maps and that WIBSS had improved as the governance processes in place have matured. Otherwise the maps demonstrated that sufficient assurances were in place to provide an early warning system for inherent risks.	
	JP praised the exercise, its presentation and enquired as to the extent of "required assurance" and the subjectivity involved in the process. PS stated that it is the proportionality of the risk and the assurance provided around it, as its very subjective and most cases have a default position of a high level of detailed assurance, considering required and current levels. The lower level of current assurance required, the more needs to be done to increase the level of assurance provided. PS gave reassurance that the key risks were highlighted and that work would continue to be undertaken to align the map with the risk appetite and Risk Register, where appropriate to do so.	
	The Chair thanked PS for the helpful document and asked that this be brought back to the Committee on an annual basis. **PS and JP agreed to liaise outside of the meeting on the detail behind Assurance Mapping matters.**	**PS/JP**
3.5	**Annual Governance Statement 2019-20** PS presented the Annual Governance Statement for 2019-20, which was in its final format, for Committee approval. PS highlighted the only change since the April meeting had been a slight difference in wording recommended by Welsh Government, as regards COVID-19 and noted that it paints a positive picture overall, with nothing contentious to report to the Committee. The Committee were content to approve the Annual Governance Statement for 2019-20. PS confirmed that the document would be translated and published on the NWSSP website.	
3.6	**Audit Committee Effectiveness Survey (ACES)** RD presented the Audit Committee Effectiveness Survey and provided a short update as to the process for the 2020 review, stating that it was an annual requirement conduct an effectiveness review and that it would be launched electronically, via Surveyi	

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	during the w/c 06/07/2020, for completion by 24/07/2020. Those asked to complete the survey were detailed in the paper and would receive a link directly to complete. For the purposes of a comprehensive review, we have invited previous Independent Members of the Committee, Phil Roberts and Judge Ray Singh, to share their experiences. There were 50 questions, which were set out against 6 themes, being composition, establishment and duty, compliance with law and regulations governing NHS Wales, counter fraud, internal audit, external audit, and internal control and risk management. The questions were devised last year in collaboration with Velindre colleagues and last year's comprehensive review provides a baseline for assessing effectiveness, this year. A timely addition to the questions was to assess attendees' experience of holding remote or virtual meetings and whether this has been positive, in the light of the impact of COVID-19. The outputs will inform an action plan to be brought to October's meeting, together with any amendments required to the Terms of Reference and outputs recorded for the Annual Report for Audit Committee.	
4. INTERNAL AUDIT		
4.1	**Internal Audit Position Statement** JQ presented the Internal Audit Position Statement. The purpose of the report was to highlight progress of the 2019/20 Internal Audit Plan to the Committee, together with an overview of other activity undertaken since the previous meeting. JQ stated that good progress had been made against the Work Plan and this was summarised at Appendix A.	
4.2	**Payroll Services Internal Audit Report** JQ introduced the Payroll Services Internal Audit Report and presented the findings to the Committee, which highlighted achievement of reasonable assurance, with one high, five medium and one low priority recommendations for action. The audit identified two issues that were classified as weaknesses in the system control or design and five issues for the operation of the system control or design. **In relation to management response 3, CG requested that the Counter Fraud be included in the discussions around reviewing all payments with the e-enablement Team.**	**CG**

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4.3	**Budgetary Control Internal Audit Report** JQ introduced the Budgetary Control Internal Audit Report and presented the findings to the Committee, which highlighted achievement of reasonable assurance, with two low priority recommendations for action. JQ highlighted that there had been a slightly reduced scope for the audit due to the impact of COVID-19, but that it had received substantial assurance from the assurances that had been put in place.	
4.4	**Internal Audit Operational Plan 2020-21** JQ presented the Internal Audit Operational Plan for 2020-21, for Committee's approval. Work on the Operational Plan commenced pre-COVID-19, but was completed post- COVID-19, giving the plan the advantage of being able to focus on key priorities. JQ reported that the SMT had reviewed and endorsed the Operational Plan. JQ highlighted that where some areas had produced a plan, they had to revise this as a result of the new risk landscape, for example new systems and payments in Primary Care Services, the COVID-19 financial governance review, amongst other areas which were being kept under review for the rotational plan, providing blend of audit, assurance and advisory work, which was the right balance for audit work in the current climate. Chair confirmed that it was positive to learn that the Plan had a wealth of assurance and governance pieces, with fraud being adequately looked at, due to the thematic effects of COVID-19. The Committee were content to approve the Internal Audit Operational Plan for 2020-21 and Chair noted that the Plan would be subject to change throughout the year, which would be brought back to Committee.	
4.5	**Quality Assurance and Improvement Plan (QAIP)** SC presented the sixth annual Quality Assurance and Improvement Plan. This paper set out the QAIP for 2019/20 and the approach to work for 2020/21, demonstrating compliance with the Internal Audit Standards and measuring quality through capturing feedback. SC highlighted the following key messages to the Committee arising from the production of the QAIP: • Reviewing audit files to look at what has been done, comparing similarities and best practice;	

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	• The usage of the treasury audit quality framework, for example, sharing outputs and governance reviews; • KPIs, insofar as the programme was interrupted, but sufficient work was completed; and • Audit Wales review was yet to take place, but the feedback received to date was positivity. The report was formally noted by the Committee and would be shared with the NHS Wales Board Secretaries, for wider circulation. SC confirmed he would be working with a sub-group of Board Secretaries around KPIs, linked into more systematic assessment of recommendation tracking and what the impact of these has been. **SC would review the presentation of the KPIs, in light of COVID-19.** The Chair praised the positive report and progress made to date.	SC
5. EXTERNAL AUDIT		
5.1	**Audit Wales Position Statement** GG presented the Audit Wales Position Statement and set out an update on current and planned audit work, together with the Auditor General's planned programme of topical publications, related studies, good practice, and national events that may be of interest to the Committee, which would be held remotely in the current circumstances. GG reported that whilst the majority of planned audit work for NWSSP was complete before COVID-19, there was a need for the Nationally Hosted NHS IT Systems and Management Letter audits to be rescheduled, to take place later in 2020. There were no significant issues of concern to report to the Committee. In light of the COVID-19 pandemic, planned events had been deferred. They were in the process of exploring how to continue to deliver good practice events remotely, utilising technology to keep the Committee informed of progress. GG brought to the Committee's attention the letter written to all Chief Executives on 30/04/2020, providing an update as to the current audit programme, for information. AB highlighted that the Velindre Trust Board had recently formally signed off the accounts, which were brought together for the initial timescales outlined, pre-COVID-19. AB extended thanks to the	

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	Finance Team who worked hard throughout the pandemic, to ensure we still met the deadline.	
6. COUNTER FRAUD		
6.1	**Counter Fraud Position Statement** CG presented the Counter Fraud Position Statement, summarising the recent Counter Fraud and corruption work carried out, which highlighted that: • A total of 14 fraud awareness sessions were held in conjunction with over 200 staff based within the various divisions, with progress against the Plan detailed at Appendix 1; • There were two cases currently under investigation in addition to two other cases, which were ongoing civil recoveries due to the lengthy repayment periods, which were detailed at Appendix 2; and • An exercise had been completed in relation to Procurement Risk Management by the NHS Counter Fraud Authority, in conjunction with Fraud Prevention Guides issued.	
6.2	**Counter Fraud Annual Report 2019-20** CG presented a comprehensive Annual Report on Counter Fraud. The report has been prepared specifically for NWSSP, as opposed to the integrated Velindre Trust Annual Report and was written in accordance with the provisions of the Welsh Government Directions on Fraud and Corruption, which requires Local Counter Fraud Specialists (LCFS) to provide a written report, at least annually, to the Health Body on any Counter Fraud work undertaken. The report content and style used complies with the model prescribed by NHS Counter Fraud Authority and contained a detailed Management Summary, together with detailed information against key themes, including Inform and Involve (Developing an Anti-Fraud Culture), Prevention and Deterrence of Fraud and Holding to Account (Detection, Investigating Fraud, Applying Sanctions and Seeking Redress). The Appendices set out compliance with WG directions and provide a breakdown of investigations carried out within NWSSP for the reporting period. The Chair welcomed the helpful report, which summarised Counter Fraud progress within NWSSP to 31 March 2020 and noted the Committee would like to see lessons learned being captured in	**CG**

Item		Action
	future reports which **CG agreed to include in the report for Committee.**	
6.3	**Counter Fraud Self-Review Submission Tool** CG presented the Self-Review Submission Tool and drew Committee's attention to the positive outcome, with green self-assessment ratings throughout the paper. The Chair reiterated the importance of effective fraud management, highlighting the services provided by NWSSP on an All-Wales basis.	
6.4	**Counter Fraud Work Plan 2020-21** CG presented the Counter Fraud Work Plan 2020-21, for approval and Committee's information, as endorsed by AB. The Committee were content to approve the Work Plan.	
6.5	**Counter Fraud – Items For Information** A selection of useful and topical updates relating to COVID-19 were presented for the Committee's information only. Chair thanked CG for the thematic fraud updates that were shared and CG confirmed these would be highlighted in the next edition of the Counter Fraud newsletter, which would be prepared in July 2020.	
7. ITEMS FOR INFORMATION		
7.1 and 7.2	**Items For Information** The following items were received for Committee information only: - Review of Shared Services Partnership Committee Standing Orders; and - Audit Committee Forward Plan 2020-21.	
8. ANY OTHER BUSINESS		
8.1	**Any Other Business** No further items were raised for discussion during the meeting.	
8.2	**Meeting Review** The Chair conducted a review of effectiveness of the meeting and the observations of Committee Members were very positive. Where links can be included to reduce the length of papers issued out to attendees, these should be utilised and this was agreed by the Committee, to reduce the volume required to be read.	
DATE OF NEXT MEETING: Tuesday, 20 October 2020 from 14:00-16:00 Held remotely via Microsoft Teams and/or NWSSP Boardroom HQ, Charnwood Court, Nantgarw (as appropriate)		

Actions arising from the meeting held on 30 June 2020			
Item	Responsibility	Description	Status
3.4	PS/JP	**Assurance Mapping** • PS and JP agreed to liaise outside of the meeting on the detail behind Assurance Mapping matters.	**Complete**
4.2	CG	**Payroll Services Internal Audit Report** • In relation to management response 3, CG requested that the Counter Fraud be included in the discussions around reviewing all payments with the e-enablement Team.	**Complete**
4.5	SC	**Quality Assurance and Improvement Plan (QAIP)** • SC would review the presentation of the KPIs, in light of COVID-19.	**Complete**
6.2	CG	**Counter Fraud Annual Report 2019-20** • CG agreed to include lessons learned in the report for Committee, going forward.	**Complete**

Audit Committee Update – Velindre University NHS Trust – NHS Wales Shared Services Partnership

Date issued: October 2020

Document reference: APS202010

Contents

Audit Committee Update

About this document

1   This document provides the Audit Committee with an update on current and planned Audit Wales work. Our 2020 audit assurance arrangements plan was presented to the Audit Committee in January 2020. Progress against this plan are set out in the update, and information is also provided on the Auditor General's wider programme of national value-for-money examinations and the work of our Good Practice Exchange (GPX).

Audit update

2   **Exhibit 1** summarises the status of our audit work included in our audit assurance arrangements plan.

Exhibit 1 – Audit work

Area of work	Focus of the work	Current status
Audit assurance arrangements work	Audit assurance work on NWSSP managed services in line with local audit team requirements. Summary report of work and any matters arising that need to be considered by NWSSP management, including any issues relating to NWSSP identified by other Welsh health auditors.	Work completed Report to be considered at the October Audit Committee
Nationally Hosted NHS IT systems	Audit assurance work on the national NHS IT applications and infrastructure which NWSSP manages for use by other NHS organisations in Wales. Summary report of work and any matters arising that need to be considered by NWSSP management.	Work completed Report to be considered at the October Audit Committee

NHS-related national studies and related products

3   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.

4   **Exhibit 2** 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 2 – NHS-related or relevant studies and all-Wales summary reports

Title	Publication Date
10 Opportunities for Resetting and Restarting the NHS Planned Care System	September 2020
Cracking the Code: Management of Clinical Coding Across Wales	September 2020
'Raising Our Game' - Tackling Fraud in Wales	July 2020
Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility	July 2020
NHS Wales Finances Data Tool - up to March 2020	July 2020
Findings from the Auditor General's Sustainable Development Principle Examinations	May 2020
Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act	November 2019
Primary care services in Wales	October 2019

Title	Publication Date
Review of Public Services Boards	October 2019
Fuel Poverty	October 2019

Good Practice events and products

5   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.

6   **Exhibit 3** outlines the Good Practice Exchange (GPX) events which have been held in the last twelve months. Materials are available via the links below. Details of future events are available on the GPX website.

Exhibit 3 – Good practice events and products

Event	Details
Working together to identify and reduce vulnerability (February 2020)	This seminar focussed on how to achieve effective governance and accountability in partnership working to deliver efficient public services. There are no materials available following the seminar.
Unearth the value in your data (January 2020)	This webinar was for organisations that want to transform the way they collect, analyse and use data, at all levels. There are no materials available following the webinar.
How technology is enabling collaborative working across public services (October 2019)	This seminar showcased a range of digital tools and how they can improve collaboration between public services. Materials from the seminar are available here.

7   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.

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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.

Management Letter - NHS Wales Shared Services Partnership

Audit year: 2019-20

Date issued: September 2020

Document reference: 2060A2020-21

Contents

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

Summary report

Introduction

1   In January 2020, we presented a paper to the Velindre University NHS Trust's (the Trust) Audit Committee for Shared Services – 2020 Audit Assurance Arrangements – NHS Wales Shared Services Partnership. The paper set out the external audit assurance arrangements, in line with the requirements of International Standards on Auditing (UK and Ireland) (ISAs) relevant to those services provided by the NHS Wales Shared Services Partnership (NWSSP).

2   The local audit teams of each individual health body are responsible for providing an opinion on health body financial statements, and determine what work is required on NWSSP services. Auditors decide whether testing of the key controls within the system, or substantive testing of the figures produced by the system, provides the required assurance in the most efficient way.

3   In this report we set out all the matters relevant to the services NWSSP provides, that we and the local audit teams of individual health bodies identified. This report sets out the findings and recommendations in respect of:

   •   Audit and Assurance Services (NWSSP – AAS);

   •   Primary Care Services (NWSSP – PCS);

   •   Employment Services (NWSSP – ES);

   •   Procurement Services (NWSSP – PS); and

   •   Legal and Risk Services (NWSSP – LARS) which includes Welsh Risk Pool Services (WRPS).

4   We will report the detailed findings from our review of the nationally hosted NHS IT Systems separately.

Issues arising from the audit

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

Audit and Assurance Services

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

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

Primary Care Services

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

- global sum payments to general medical practitioners (capitation lists and patient rates); and

- payments to pharmacists (checks undertaken by the Professional Services Team and drug tariff rates).

9   Our testing covered the primary care teams in Swansea and Mamhilad and the CPPS team in Companies House and found that the controls tested were operating effectively and could therefore be relied upon.

Employment Services

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

11   All-Wales exception reporting parameters were agreed and implemented in July 2018 and our testing found that exception reports were produced and there was generally evidence of investigation of the variances and the action taken to amend where necessary. However, internal control procedures in respect of review of exception reports were not being followed in all cases:

- testing of monthly exception reports for the Cardiff and Vale payroll team found that 7 of the 10 tested did not have evidence of senior officer review (Velindre payroll month 10, Cardiff & Vale payroll months 6 & 7, Cwm Taf Morgannwg payroll month 7, PHW payroll month 8, HEIW payroll months 6 & 7). In addition, on four of these exception reports, there were a small number of variances which did not have evidence of review (Velindre payroll month 10, Cardiff & Vale payroll months 6 & 7, Cwm Taf Morgannwg payroll month 7).

- testing of weekly exception reports for the Cardiff and Vale payroll found that one of the five exception reports tested had no evidence of review and the parameters of the report had been incorrectly set as 35% instead of greater than £125 (week 18). A further 4 exception reports tested did not have evidence of senior officer review (weeks 29, 35, 40, 44).

- testing of weekly exception reports for the Cwm Taf Morgannwg payroll found that four of the five exception reports had no evidence of senior officer review (weeks 8, 18, 20, 35).

12   One recommendation for improvement has been made which is documented in **Appendix 1** (Recommendation 1). A similar recommendation was also made in 2019 but agreed actions have not yet resulted in full compliance.

Accounts Payable Services

13   Local health body audit teams did not plan to place reliance on the key controls within the accounts payable system, instead undertaking substantive testing of the figures produced by the system. Our work was therefore limited to documenting the information flows within the accounts payable system operated within NWSSP – Finance & Corporate in Companies House, Cardiff.

Legal and Risk Services

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

15   Controls are in place to mitigate against any threats to objectivity, although four staff members who had either been on maternity leave or qualified since the initial request was undertaken had not completed a declaration of interests form at the time of our audit. This therefore weakens the controls in place to mitigate any threats to objectivity.

16   One recommendation for improvement has been made which is documented in **Appendix 1** (Recommendation 2).

Recommendations

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

Appendix 1

Action plan

Exhibit 1: recommendations

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

Para	Issue	Recommendation	Priority	NWSSP responsibility and actions	Completion date
11	**NWSSP – Employment Services** Internal control procedures for review of exception reports are not being complied with.	R1 NWSSP – ES should ensure that internal control procedures for reviewing exception reports are complied with.	Medium	Agreed - Payroll checking already has 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 and resources issues due to vacancies and sickness resolved.	31 August 2020
15	**NWSSP – Legal & Risk Services** Staff members who had either been on maternity leave or qualified since the	R2 NWSSP – LARS should ensure that there are in-year arrangements for all staff to complete the	Low	Agreed - Internal staff change of post-induction process to include DOI completion. Staff returning from maternity leave or sickness absence >3 months to	31 October 2020

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Para	Issue	Recommendation	Priority	NWSSP responsibility and actions	Completion date
	initial request was undertaken had not completed a declaration of interests' form.	declaration of interests' form.		have DOI included in return to work discussion. In addition, it should be noted that a new system for recording Declaration of Interests is being introduced across the Organisation in 2020/21, utilising additional functionality within ESR.	31 March 2021

Nationally Hosted NHS IT Systems – **NHS Wales Shared Services Partnership**

Audit year: 2019-20

Date issued: September 2020

Document reference: 2077A2020-21

Contents

The IT controls we examined assured us that financial values produced by the systems for 2019-20 were likely to be free from material misstatement, although some controls could be strengthened.

Summary report

Summary

1   NHS bodies in Wales are responsible for preparing financial statements that give a true and fair view of the state of their financial affairs as at 31 March 2020. They must ensure that they are properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers. NHS bodies are also responsible for preparing Annual Governance Statements in accordance with guidance issued by HM Treasury and the Welsh Government.

2   The Auditor General is responsible for providing an opinion on whether each NHS body's financial statements represent a true and fair view of the state of its financial affairs as at 31 March 2020.

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

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

- Prescription Pricing System (formerly known as the Community Pharmacy System) which is used to process prescriptions and calculate reimbursement for pharmacy contractor payments. This system is used by the Prescription Services Team of Primary Care Services (PCS).

- National Health Application and Infrastructure Services (NHAIS) or Exeter, used for NHS demographics and calculating primary care General Medical Services (GMS) contractor payments. NHS Digital in NHS England manages and supports the NHAIS system software for use in NHS Wales.

- Oracle Financial Management System (FMS) is supplied by a third party called Version One and managed for NHS Wales by the Central Team e-Business Services (CTeS) within the NWSSP. The Oracle FMS is used by NHS Wales as the main accounting system for managing and producing the NHS accounts.

- Electronic Staff Record (ESR) systems administration is the responsibility of each individual Local Health Board and Trust through delegated responsibility passed to NWSSP via a Service Level Agreement (SLA). Payroll access by NWSSP Employment Services to process the payroll in Wales is managed in accordance with the Trust's ESR system access process. The ESR Payroll system is managed and hosted nationally by IBM on behalf of NHS England and NHS Wales under a managed service contract.

5   International Auditing Standard (ISA) 315 requires us to obtain an understanding of the general IT and application controls of the financial systems used by NHS Wales. As part of the National Hosted NHS IT Systems audit plan, Audit Wales reviewed the above-mentioned systems during 2019-20 and followed up our prior audit recommendations in these areas. This work reviews the ICT environment and application controls that are applied to the National Hosted NHS IT Systems solely for the purposes of providing assurance for NHS audit opinions. We have taken the opportunity to identify actions that, in our view, would help NHS Wales improve its governance and use of these systems.

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

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

7   We have therefore undertaken a review that sought to answer the question:

'Can auditors be assured that the IT system controls are such that financial values are likely to be free from material misstatement?'

8   We concluded that the IT controls applied to the Prescription Pricing, National Health Application Infrastructure, Oracle Financials systems and ESR Payroll systems administration managed by NHS Wales Shared Services, were sufficiently effective to allow financial auditors to take assurance that financial values produced by the systems for 2019-20 were likely to be free from material misstatement. However, NWSSP could strengthen some controls.

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

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

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

Detailed report

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

11 We have identified no significant IT application or infrastructure issues likely to result in a material misstatement within the Prescription Pricing System. However, we identified some issues that should be addressed by Primary Care Services in order to minimise the potential for future application and infrastructure system risks. From our IT work in 2019-20, we have identified no recommendations to NWSSP for improvement.

12 In 2018-19, we identified a number of recommendations for improvement for the Prescription Pricing System. The NWSSP has made progress to address these actions by:

- updating the Windows Server 2008 to a supported platform in December 2019;

- testing the Prescription Pricing systems IT Disaster Recovery plans in February 2020 and have recorded in plans an annual testing requirement; and

- monitoring the data backups has been successfully completed for the Prescription Pricing System by NWIS and included details of the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken has been confirmed to supporting schedules.

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

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

14 We have identified no significant issues within the NHAIS system likely to result in a material misstatement. However, we have identified some issues that should be addressed by NWSSP in order to minimise the potential for future application and infrastructure system risks. From our work in 2019-20 we have identified no recommendations to NWSSP for improvement. Plans to replace the NHAIS functionality in Wales for GMS processing for the 'global sum' or 'per capitation' payments are underway. NWSSP plans to implement the Family Payment Practitioner System (FPPS) after a period of parallel system running later in 2020-21. Plans to decommission the NHAIS system and ensure continuity of continuing NHAIS services required are ongoing and should be agreed with both NWIS and NHS Digital.

15 In 2018-19, we identified a number of recommendations for improvement for the NHAIS. Progress made by NWSSP to address these actions are outlined below:

- the de-supported Windows Server 2008 used in the NHAIS IT environment for data backups has been updated to another supported IT server platform by NWIS.

16 In 2017-18, we identified a number of recommendations for improvement for the NHAIS. The NWSSP has made progress to address these actions, this includes:

- requesting NWIS update IT DR plans and NWSSP monitoring the testing of these to ensure they work as intended. NWSSP have checked the NHAIS IT DR plans have been updated as requested;

- an agreement has been reached with NHS Digital to continue support for NHAIS and Open Exeter until March 2021 to allow for commissioning of replacement services in Wales by January 2021; and

- from January 2021, it is planned NWIS will no longer have any responsibility for hosting the GP Payments system which will transfer to Business Services Organisation, Northern Ireland, and a detailed SLA has been documented and agreed to cover the arrangements under the new FPPS system.

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

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

18 We have identified no significant IT application or infrastructure issues likely to result in a material misstatement within the Oracle FMS. However, we identified some issues that should be addressed by Shared Services in order to minimise the potential for future application and infrastructure system risks. From our work in 2019-20, we have identified no recommendations to NWSSP for improvement.

19 In 2018-19, we identified a number of recommendations for improvement for the Oracle FMS. The NWSSP has made progress to address these actions by:

- completing the Oracle FMS IT Disaster Recovery (DR) test in November 2019 and ensuring those NHS organisations who did not attend the previous test participated in the November 2019 scheduled test; and

- strengthening the IT controls over the Services and Accommodation Centre (SAC) data centre where the primary Oracle FMS hardware is hosted. This has been addressed by replacing the room Uninterruptible Power Supply and ensuring the Oracle FMS servers are operating at an appropriate temperature.

20 In 2017-18, we identified a number of recommendations for improvement for the Oracle FMS. The NWSSP has made progress to address these actions by:

- initiating and completing a gap analysis assessment to the Information Security Management Standard (ISO 27001) to identify potential improvement areas. CTES are documenting an action plan for implementation in 2021-22; and

- initiating and completing a review to consider accreditation to the Information Technology Service Management (ISO 20000) standard for service management. CTES aims to complete accreditation in 2021-22.

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

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

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

23   We have not identified any significant IT issues likely to result in a material misstatement within these ESR Payroll systems' administration controls. From our work in 2019-20, we have identified one recommendation to NWSSP for improvement. This is outlined below:

- ensure HR administration activity at a local NHS organisation level to allocate ESR payroll user access profiles are identified and monitored on a regular basis.

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

25   We sought to place reliance on the ISAE 3000 report of the IBM Service Auditor, PwC, on the general IT controls applied at IBM. PwC conducted the review in accordance with the ISAE 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. For the period 1 April 2019 to 31 March 2020, PwC concluded that the ESR payroll general IT controls and environment were suitably designed and operated effectively. PwC has not identified in their 2019-20 work any improvement areas or recommendations to the IT controls used by the NHS ESR Central Team and IBM.

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

Recommendations

27   **Exhibit 1** sets out the recommendations that we have identified in 2019-20. NWSSP should take action to address these recommendations. The appendix to this report sets out progress made against all the previously reported recommendations that remain in progress and ones that have been completed in 2019-20.

Exhibit 1: 2019-20 recommendations

Recommendations
ESR Payroll system IT controls R 2020.1 Establish a monitoring report of local HR administration staff that have allocated ESR users to payroll URP's when they are not permitted to. Monitor the report produced on a quarterly basis.

Appendix 1

Issues and recommendations arising from the review of National Hosted NHS IT Systems in prior audit years and in 2019-20 – NHS Wales Shared Services Partnership

Exhibit 2: Issues and recommendations

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**NWSSP responsibility**	**NWSSP actions and current status – September 2020**
Prescription Pricing System – IT controls work						
2018-19.1	The Prescription Pricing system operates on a SQL Server 2008 environment which is de-supported by the manufacturer in January 2020. This	Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap	Medium	Yes	Andrew Evans, PCS Director	**Completed** Upgrade to the supported Windows Server platform completed in December 2019.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	means from January 2020 the manufacturer will not be providing software updates to this environment and any potential security vulnerabilities could be exploited.	to complete this action.				
2018-19.2	An IT Disaster Recovery (DR) plan has been documented for the Prescription Pricing system. However, the IT DR plan is only scheduled to be tested every two years.	Test the Prescription Pricing systems IT Disaster Recovery plans at least annually.	Medium	Yes	Andrew Evans, PCS Director	**Completed** The IT Disaster Recovery scheduled test was undertaken in March 2020 and the Disaster Recovery plan has been updated accordingly to reflect annual testing requirements.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
2019-19.3	A Service Level Arrangement (SLA) with NWIS is in place which covers responsibilities and accountabilities over the Prescription Pricing system. Documentation can be strengthened of the details over the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken to confirm and monitor the backup has successfully been completed.	Strengthen the Service Level Arrangement (SLA) with NWIS to include details of the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken to confirm and monitor the backup has successfully been completed.	Medium	Yes	Andrew Evans, PCS Director	**Completed** PCS receive a daily notification from NWIS that the back-ups have been taken so the risk is minimised. While it is accepted by NWSSP that the overarching SLA does not state the detail of this requirement, it does cross-refer to separate schedules within which this requirement is documented. Individual schedules are completed for each directorate and are therefore frequently subject to change as new

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
						systems and ways of working are introduced. If the full detail of the schedules were to be included in the overarching SLA, this would need to be subject to very frequent amendment and review.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
National Health Application and Infrastructure Services – IT controls work						
2017-18.3	NHS England are planning to decommission NHAIS from April 2018. NWSSP should arrange and agree with NHS England and NHS Digital a contingency plan from April 2018 onwards to ensure, for an agreed period of time, NHS Wales access to the NHAIS system to ensure system availability. This is required so NHS Wales can carry on using NHAIS whilst	Arrange and agree with NHS England and NHS Digital a contingency plan from April 2018 onwards to ensure for an agreed period of time continued access to the NHAIS system to ensure system availability. This is required so Wales can carry on using NHAIS whilst replacement systems are implemented and developed in NHS Wales.	Medium	**Yes**	Andrew Evans, PCS Director	**Completed** An agreement has been reached with NHS Digital to continue support for NHAIS and Open Exeter until March 2021 to allow for commissioning of replacement services in Wales by January 2021. A Provision of Services Agreement (PoSA) and corresponding work packages have been signed by both parties involved.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	replacement systems are implemented or developed in NHS Wales.					
2017-18.2	The NHAIS backup procedures and IT Disaster Recovery (DR) plans would benefit from being updated for changes to the IT infrastructure set up and support arrangements. Once updated these plans should be tested to ensure they work as intended.	Update and test the NHAIS backup procedures and IT Disaster Recovery plans to ensure they work as intended.	Medium	Yes	Andrew Evans, PCS Director	**Completed** The Disaster Recovery Plan has been updated. The recovery tests are now being undertaken monthly, and the reports are made available to NWSSP for monitoring purposes.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
2018-19.3	A Service Level Agreement (SLA) is in place between NWSSP and NWIS for the support and maintenance of the applications and infrastructure, for example, NHAIS. These responsibilities and functions to be completed and delivered for NHAIS service support and service delivery can be made more detailed and documented.	Clarify and expand the Service Level Agreement with NWIS for the support and maintenance of the NHAIS application and infrastructure.	Medium	Yes	Andrew Evans, PCS Director	**Completed** From January 2021, NWIS will no longer have any responsibility for hosting the GP Payments system which will transfer to Business Services Organisation, Northern Ireland, and a detailed SLA has been documented and agreed to cover the arrangements under the new system. NWIS will retain responsibility for the Primary Care Registration Management (PCRM) system until this transfers to NHS Digital at the end of 2021, which

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
						will again be the subject of a detailed agreement. At the end of 2021, NWIS will no longer have any engagement with these systems. The overall SLA is currently being negotiated with NWIS, and whilst this overall document does not specify the detail of the service provided, this is covered in supporting schedules.

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
2018-19.4	The NHAIS IT system backup servers operates on a Window Server (WS) 2008 environment which is de-supported by the manufacturer in January 2020. This means from January 2020 the manufacturer will not be provided software updates to this environment and any potential security vulnerabilities could be exploited.	Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action.	Medium	Yes	Andrew Evans, PCS Director	**Completed** The WS 2008 is no longer used as part of the NHAIS backup arrangements. WS 2008 has been replaced by a UNIX based solution which meets the requirements of the recommendation.

Issues identified during IT audit work						
Ref	**Issue**	**Recommendation**	**Priority**	**Agreed**	**NWSSP responsibility**	**NWSSP actions and current status – September 2020**
Oracle Financial Management System – IT controls work						
2017-18.11	CTES has not completed and documented a gap analysis assessment of the Oracle FMS to the Information Security Management Standard (ISO 27001) to identify potential improvement areas. It is good security management practice to assess and baseline a comparison to the ISO 27001 standard.	Complete a gap analysis assessment to the Information Security Management Standard (ISO 27001) to identify potential improvement areas. CTES should then formally consider and decide whether the Oracle service aims for a formal IS0 27001 accreditation.	Medium	Yes	Said Shadi, Associate Programme Director	**Completed** CTES completed the gap analysis at the end of August 2019 and attended training. The outcome will be a set of recommendations for implementation during 2021-22. These timescales have changed due to homeworking, business continuity arrangements, during the pandemic and other priorities impacting

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	CTES should then formally consider and whether the Oracle service aims for a formal IS027001 accreditation.					upon business deliverables.
2017-18.12	CTES provides FMS services to the consortium of Welsh NHS organisations. It is good practice IT service management to conform or be accredited to the Information Technology Service Management (ISO 20000) standard.	CTES should consider whether it aims to complete accreditation to the Information Technology Service Management (ISO 20000) standard for service management.	Medium	Yes	Said Shadi, Associate Programme Director	**Completed** CTES have completed the gap analysis and aim to complete accreditation during 2021-22 cycle. These timescales have changed due to homeworking, business continuity arrangements, during the pandemic and

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	CTES should consider the benefits to complete accreditation to the Information Technology Service Management (ISO 20000) standard for service management.					other priorities impacting upon business deliverables.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
Oracle Financial Management System – IT controls work						
2018-19.5	The November 2018 IT Disaster Recovery test was the first test to be undertaken on the new Oracle hardware platform. However, not all NHS organisations attended the scheduled test as planned. In addition, the newly formed Health Education and Improvement Wales should also attend the next testing as they were formed later in 2018.	Ensure those NHS organisations who did not attend the November 2018 Oracle FMS IT Disaster Recovery (DR) test participate in the November 2019 scheduled test.	Medium	Yes	Said Shadi, Associate Programme Director	**Completed** All apart from two organisations participated in the annual Business Continuity/Disaster Recovery (BCDR) test in November 2018. The remaining two organisations took part in the BCDR scheduled and completed in November 2019.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
2018-19.6	The Services and Accommodation Centre (SAC) data centre hosts Oracle FMS hardware which the main or primary system operates on. However, on the day of our fieldwork we identified that: • the SAC data centre room Uninterruptible Power Supply (UPS) is approximately 13 years old and considered end-of - life. This should be replaced.	Strengthen the IT controls over the Services and Accommodation Centre (SAC) data centre by replacing the room UPS which is end-of-life and ensuring the Oracle FMS servers are operating at an appropriate temperature or install additional air condition at the back of the Oracle FMS servers.	Medium	Yes	Said Shadi, Associate Programme Director	**Completed** CTeS in conjunction with Version 1 have been monitoring the temperatures of the servers. The temperature status of all servers is included in the monthly service reports. To date the servers remain within acceptable tolerances and the situation continues to be monitored. C&V UHB have completed plans in late 2019 to upgrade their UPS's in SAC.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	• the area directly behind the Oracle FMS servers was hot and CTES should check whether these were operating at an appropriate temperature. CTES should consider installing additional air conditioning or zone temperature reduction controls.					
2018-19.7	The Cardiff Royal Infirmary (CRI) data centre hosts Oracle FMS hardware which the secondary or	Improve the IT controls over the CRI data centre by installing additional air conditioning units	Medium	Yes	Said Shadi, Associate Programme Director	**Completed** There are now upgraded N+1 AC units installed in the room. There is now a

Issues identified during IT audit work						
Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	backup system operates on. However, on the day of our fieldwork we identified that: • there were only two air conditioning units in the room so there was no redundancy or spare capacity, for example, in the event of one unit failing; and • the data centre room CCTV camera, located in the corridor outside the room, was not directed onto the main access door.	in the room and redirecting the room CCTV camera onto the direction of the data centre access door.				CCTV unit in the CRI data room and reporting back separately to our network for remote monitoring.

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
ESR Payroll systems administration – IT controls work						
2019-20.01	Local HR staff manage access to the local HR side of the ESR payroll and those with HR administrator access for recruitment and applications can allocate payroll related User Resource Profiles (URP's). However, they are not permitted to use these roles and this access is restricted to approximately 2-3 staff per NHS organisation.	Establish a monitoring report of local HR administration staff that have allocated ESR users to payroll URP's when they are not permitted to. Monitor the report produced on a quarterly basis.	Medium	Yes	Angela Jones - Assistant ESR Programme Director, Workforce & OD	**Management response** URP reports will be run from ESR and shared with the Head of Payroll and Payroll Managers on a quarterly basis for validation/amendments as appropriate. On completion, the URP access in ESR will be updated. This will be incorporated into the Workforce Information Manager's

Issues identified during IT audit work

Ref	Issue	Recommendation	Priority	Agreed	NWSSP responsibility	NWSSP actions and current status – September 2020
	It was identified during the audit fieldwork that there is no scheduled reporting or monitoring of this potential HR administration user activity.					business as usual work programme for continuity. **Timescale for completion: 31/12/2020**

MEETING	Velindre NHS Trust Audit Committee for NHS Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Peter Stephenson, Head of Finance & Business Development
PRESENTED BY	Peter Stephenson, Head of Finance & Business Development
TITLE OF REPORT	Audit Wales – Review of Counter Fraud Services

INTRODUCTION

To inform the Committee of the findings of the review and the endorsement to progress the actions arising from it, as agreed at the September meeting of the Shared Services Partnership Committee (SSPC).

AUDIT WALES - REVIEW OF COUNTER FRAUD SERVICES

1. CEFNDIR/BACKGROUND

As SSPC members will know, NWSSP hosts the Counter Fraud Wales Service led by Graham Dainty. In addition, the All Wales Counter Fraud Steering Group is hosted by Shared Services and is chaired by Andy Butler, with direct support from Peter Stephenson, and representation from PCS, Internal Audit and Counter Fraud Services Wales. External representation is from Health Boards and Trusts, Welsh Government, Audit Wales and the NHS Counter Fraud Authority.

The attached report "Raising our Game – Tackling Fraud in Wales" was published by Audit Wales on 31 July 2020 and is the second phase of a review into counter-fraud arrangements across the Welsh public sector encompassing the NHS and both Central and Local Government.

2. CRYNODEB/SUMMARY

The NHS compares very favourably to Local and Central Government in the conclusions drawn throughout the report. Examples include:

Culture and Leadership:

"Other than the NHS there is an absence of any strategic approach, guidance, coordination and oversight. In NHS Wales, 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".

"whilst NHS bodies have developed comprehensive strategies informed by the national overarching strategy we found that few other public sector bodies had done so. "

Capacity and expertise

"Counter fraud is generally better resourced in the NHS than other public sector bodies"

Collaboration

"The picture in term of collaboration is generally more positive across local NHS bodies and the Welsh Government than in local authorities and central government bodies "

Reporting and Scrutiny

The arrangements in NHS Wales to record, collate and share information about fraud are well established. ………… In other sectors audit committees are not generally provided with as much information

Risk Management & Control Frameworks

"The NHS Fighting Fraud Strategy recognises that a key challenge for the sector is the need to develop a comprehensive analysis of specific fraud risks to ensure counter-fraud resources are being directed to the most appropriate areas within the sector. 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 area of proactive work".

The Fighting Fraud Strategy was produced within Shared Services and has been signed off by Andrew Goodall. The assurance maps were similarly produced internally.

However, there were some areas where the NHS did not so fare so positively:

- *Even in the NHS sector counter fraud training for new staff is not generally a mandatory requirement*
- *LCFS staff are often shared amongst health boards , but they are not pooled across the entire sector*
- *Only a few examples where data analytics had been used could be identified*

In overall terms the report makes a number of recommendations across the public sector. These include:

- strengthening strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
- increasing counter-fraud capacity and capabilities, especially across local government, and exploring the potential for sharing resources and expertise across public bodies;
- getting the right balance between proactive and reactive counter-fraud activities;
- improving awareness-raising and staff training in counter-fraud; and
- better evaluation of fraud risks and sharing of fraud information, both within and across sectors.

The Counter Fraud Steering Group reviews an action plan linked to the Fighting Fraud Strategy at each of its meetings and the recommendations listed above were already key steps in improving our approach to countering fraud across the NHS in Wales.

One action where we are having some difficulty progressing is in respect of the National Fraud Initiative (NFI), administered by the UK Cabinet Office. The NFI is run every two years and contains data where there is a flag of potential fraud, primarily relating to accounts payable and payroll data. There are some concerns that the information contained within the NFI is not being reviewed sufficiently to identify potential frauds and thereby help to address the lack of data analytics and the balance between proactive and reactive activities identified in the Audit Wales report.

The Counter Fraud Steering Group would therefore like read-only access to this data via Peter Stephenson. Whilst the source data is submitted largely by NWSSP staff, it is listed under each Health Board and Trust rather than NWSSP. Therefore, although Peter is authorised to access the database, he is unable to see any of the relevant information without the permission of each Health Board and Trust. The key contact for each Health Board and Trust is the local LCFS, but at present they are reluctant to grant the access due to perceived Information Governance concerns. We believe that these concerns can and should be overcome to ensure that NHS Wales is able to

use all the tools at its disposal to help target potential frauds and we would welcome the Committee's support in achieving this aim.

3. ARGYMHELLIAD/RECOMMENDATION

The Committee are asked to **NOTE** the report, as endorsed by the Shared Services Partnership Committee (SSPC) at the September 2020 meeting and the proposal to make better and more proactive use of the information contained in the NFI database.

Archwilio Cymru
Audit Wales

'Raising Our Game'
Tackling Fraud in Wales

Report of the Auditor General for Wales

July 2020

This report has been prepared for presentation to the Senedd under the Government of Wales Acts 1998 and 2006 and the Public Audit (Wales) Act 2004.

The Audit Wales study team comprised Rachel Davies, Christine Nash and Ian Hughes, under the direction of Mike Usher.

Contents

Foreword by the Auditor General

1   In June 2019, I published a report giving an overview of the scale of fraud in the Welsh public sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. I noted that the sums lost annually in Wales to fraud and error are significant – and could be anywhere between £100 million and £1 billion. The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today.

2   However, some senior public sector leaders are sceptical about the levels of fraud within their organisations. As a result, they are reluctant to invest in counter-fraud arrangements and assign a low priority to investigating cases of potential fraud identified to them by the National Fraud Initiative, even though there are many examples of a good return on investment in this area. Their stance runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the UK Government's Counter Fraud Function. This latest report, which examines the effectiveness of counter-fraud arrangements at over 40 public-sector bodies in Wales, has found that where such scepticism arises, it is not based on any significant local counter-fraud work or robust fraud risk assessments.

3   But we also know that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people. There has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic. I welcome the proactive steps which the Welsh Government has taken to raise awareness across the public sector in Wales about this risk.

4   Public sector bodies can mitigate these risks by having the right
       organisational culture supported by strong counter-fraud arrangements.
       Many local authorities have invested so little in counter-fraud
       arrangements that they have only a few of the key components in place.
       Whilst the position is generally much more robust across the NHS in
       Wales, there is still a challenging agenda to make counter-fraud fit for the
       next decade where globalisation and the advent of digital technology have
       created new risks, and opportunities, for the fraudsters.

5   I was heartened to see the Welsh Government's positive response to my
       2019 report and, following the one-day conference organised by the Public
       Accounts Committee in July 2019, the Permanent Secretary's commitment
       (see **Appendix 2**) to provide Wales-wide leadership in raising the profile of
       counter-fraud activity.

6   In this latest report, based on a more extensive programme of field work,
       we identify a significant range of further opportunities to improve on the
       current national position, including:

       a   strengthening strategic leadership, coordination and oversight for
           counter-fraud across the Welsh public sector;

       b   increasing counter-fraud capacity and capabilities, especially across
           local government, and exploring the potential for sharing resources and
           expertise across public bodies;

       c   getting the right balance between proactive and reactive counter-fraud
           activities;

       d   improving awareness-raising and staff training in counter-fraud; and

       e   better evaluation of fraud risks and sharing of fraud information, both
           within and across sectors.

7   There is also significant potential for Wales to take advantage, where
       appropriate, of many of the counter-fraud initiatives underway across
       the wider UK public sector. These include the recent establishment
       of a recognised government counter-fraud profession, with defined
       competencies and career paths, and the increasing focus on tackling
       fraud by smarter use of data analytics.

8   As I publish this report, Wales continues to grapple with the effects of the COVID-19 pandemic. This report contains a timely illustration of some of the ways in which fraudsters have moved rapidly in recent months to exploit the pandemic for criminal gain. I have already taken steps to extend the scope of our National Fraud Initiative (NFI) to enable local authorities in Wales to undertake eligibility checks on applications for COVID-19 support grants. I am also proposing to mandate that all local authorities, together with the Welsh Government, should submit COVID-19 grant and payment data to the NFI, to help identify fraudulent applications.

Adrian Crompton
Auditor General for Wales

◀ Summary and recommendations

Ensuring that the arrangements for preventing and detecting fraud in the Welsh public sector are effective

This report examines seven **'key themes'** that all public bodies need to focus on in raising their game to tackle fraud more effectively:

- leadership and culture;

- risk management and control frameworks;

- policies and training;

- capacity and expertise;

- tools and data;

- collaboration; and

- reporting and scrutiny.

For each theme in turn, the report examines:

- why it is important;

- what our audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that we examined (listed in **Appendix 1**); and

- what needs to happen next to generate improvement.

Our **recommendations for improvement** which are addressed to all public bodies in Wales within the Auditor General's remit, are as follows:

Theme	What needs to happen next?	
Leadership and Culture 	**R1**	The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a coordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities.
	R2	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.
Risk management and Control framework 	**R3**	All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.
	R4	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.
Policies and Training 	**R5**	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.
	R6	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.
	R7	Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.

Theme	What needs to happen next?
Capacity and Expertise	**R8** 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.
	R9 All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
	R10 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.
Tools and Data	**R11** 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.
	R12 All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengt hen both the prevention and detection of fraud.
Collaboration	**R13** Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.
Reporting and Scrutiny	**R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
	R15 Audit committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.
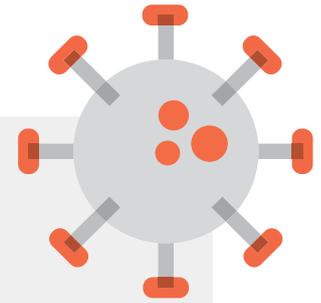
The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

We know from experience that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people.

Predictably, there has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic.

The first reported positive cases of COVID-19 were reported in the UK on 31 January 2020. By this time the fraudsters and scammers had mobilised and were already hard at work.

The first fraud report relating to COVID-19 was received on February 9 by Action Fraud, the UK's fraud reporting centre. Since that time, the number of reports has increased significantly across the UK – the media reporting an unprecedented number of scams linked to the virus.

We have seen examples of good practice by some public bodies and organisations in Wales in identifying the fraud risks and sharing them with other bodies and citizens. The Welsh Government is liaising with the UK Cabinet Office and is sharing its guidance and learning on counter-fraud with the rest of the public service in Wales, including Local Authority Counter Fraud leads. Welsh Government officials have agreed to maintain and develop this group post-COVID. The intelligence obtained from these meetings has also assisted the Head of Counter Fraud with fraud intelligence sharing with Cabinet Office and the three other devolved administration fraud leads.

But has the Welsh public sector response been more reactive than proactive? What can we do better? Whilst globalisation has benefited the fraudsters it can also be to the advantage of counter-fraud specialists; we had early notice of scams from thousands of miles away a few weeks before the first case of COVID-19 was identified in the UK.

The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

We believe that the COVID-19 pandemic provides an important opportunity for the Welsh counter-fraud community to come together (by appropriate means) and reflect on the speed and effectiveness of its response to the scammers and fraudsters.

The key issues and recommendations set out in this report could help set an agenda or framework for such an event. There has never been a timelier opportunity for Welsh public sector leaders and counter-fraud specialists to consider how to:

- create stronger strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;

- make best use of counter-fraud capacity and capabilities and explore the potential for shared arrangements, resources and expertise;

- get a better balance between proactive and reactive counter-fraud activities;

- raise awareness amongst employees and provide the necessary training to those most likely to come across a fraud; and

- evaluate fraud risks more effectively and share fraud information both within and across sectors.

So, what do we already know about the fraudsters' response to the pandemic?

The mobilisation of fraudsters has benefited from a number of factors, for example:

- more people are spending time online to shop and socially interact. Elderly people are seen as particularly vulnerable, being generally less computer literate and more susceptible to scams such as phishing emails and ordering fake products such as face masks and sanitisers.

- working patterns have changed at short notice which can leave weaknesses in processes and procedures.

- an unprecedented amount of public money has been put into a range of new and innovative financial support schemes to businesses and individuals.

The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

Fraudsters and scammers mobilised quickly for a number of reasons:

- they are very good at evaluating risks and exploiting vulnerabilities which can be at a process or at an individual level;

- they have well-established tools and methodologies and can adapt them at short notice to a new opportunity; and

- they do not recognise geographical boundaries and can be effective individually and by collaborating with like-minded individuals.

There are more examples of COVID-19 frauds and scams coming to light than can be mentioned here. There are, however, a number of themes emerging:

- the early reports related to the sale of Personal Protective Equipment such as face masks and hand sanitiser and testing kits. Typically, the items were fake or often failed to arrive after payment had been made[1].

- the next to emerge were phishing emails. For example, one claiming to be from the Department for Work and Pensions (DWP) asking the individual for debit or credit card details by saying that they are entitled to a council tax refund.

- as the attentions and resources of organisations were diverted to new ways of working and many staff were laid off, the incidence of cyber security attacks to steal business-sensitive and personal data increased.

- with more people working from home following the UK-wide lockdown, phishing campaigns then targeted applications that are being relied upon during remote working, in particular popular conference calling applications and parcel delivery firms.

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1   NHS in Wales introduced arrangements to mitigate against this fraud risk and it did not become an issue.

The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

- as the national focus turned to test and track, the fraudster's net became wide and indiscriminate, as shown by a fake text message attempting to dupe people into believing they have been in contact with someone who has tested positive for the virus, directing recipients to a website for more information. The link is then used to harvest personal and financial data.

A world-leading counter-fraud response would mean that counter-fraud specialists had identified the risks at least at the same pace as the fraudsters, if not sooner. It would also mean they had the right tools to prevent and detect fraudsters exploiting any new opportunities; and that the counter-fraud response was mobilised rapidly through effective collaboration and information sharing.
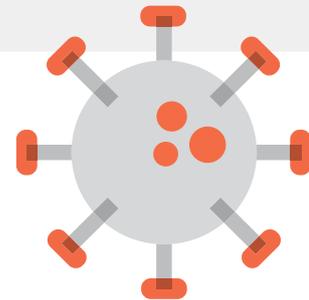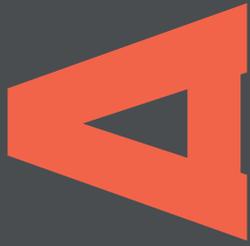
Culture and leadership across the Welsh public sector

01

Why is it important?

1.1 The Crime Survey for England and Wales recognises fraud as one of the most prevalent crimes in society today. Every pound stolen from the public sector means that there is less to spend on key services such as health, education and social services. Public sector bodies can mitigate the risks from fraud by having the right organisational culture supported by effective counter-fraud arrangements.

1.2 Strong leadership sets the appropriate tone from the top of an organisation and plays a crucial part in fostering a culture of high ethical standards. It is important that senior management leads by example and sends a clear message that fraud will not be tolerated either from inside or outside of the organisation. A strong tone at the top can raise the profile of fraud risks and promote the best standards and approaches in counter-fraud work.

What did we find?

1.3 Other than in the NHS there is an absence of any overarching strategic approach, guidance, coordination and oversight.

1.4 In NHS Wales, the NHS Counter Fraud Service[2] provides leadership, specialist investigation skills, support and guidance to the sector and a Counter Fraud Steering Group[3] 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.

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2 Which is hosted by the NHS Wales Shared Services Partnership
3 A sub-group of the All Wales Directors of Finance Forum

1.5   Across local authorities there is an absence of sector-wide strategic leadership, guidance, coordination and oversight of counter fraud. Within the individual authorities we found statements espousing a zero tolerance of fraud in policies and strategic documents. But there is much more that can be done to re-enforce the tone from the top at a practical level. We found examples where the leadership team actively promotes the importance of a good anti-fraud culture through awareness campaigns, newsletters to staff and active engagement with counter-fraud teams. But we also found in many authorities that there was little evidence that the message is driven down from the top and little priority is given to counter-fraud work. There were often competing priorities and, as a result, little time was given to counter-fraud and it often had a low profile.

1.6   In Central Government, the position is mixed. Within Welsh Government, we found evidence that counter-fraud is taken seriously, and a small team has achieved many successful outcomes, albeit its emphasis leans towards reactive rather than proactive work. We have been encouraged to see that the Welsh Government has accepted both of the recommendations made by the Public Accounts Committee following our first report. However, there remains a leadership gap that still needs to be addressed.

1.7   Across the other central government bodies that we examined, counter-fraud is not always given such a high priority. One reason for this appears to be the very low incidence of fraud being identified and reported; this poses the difficult question of whether this is due to a lack of investment in counter-fraud or a genuine low incidence of crime taking place. However, this latter explanation runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

1.8   The threat posed by fraud is also getting greater recognition within the UK.
       The UK government, for example, is working to make central government,
       and the public sector more widely, a place where fraud is actively found
       and robustly dealt with. It is transforming its whole approach to
       counter-fraud by:

       a   establishing a counter-fraud function;

       b   developing and launching a Government Functional Standard
            (GovS013);

       c   establishing a 'Government Counter Fraud Profession' to develop
            people and increase capability;

       d   providing expert advice to the rest of government on how to deal with
            fraud;

       e   delivering specialist services to assist public bodies; and

       f   collaborating with overseas governments to bring further expertise to
            the UK.

What can the Welsh public sector do to improve?

Recommendations

R1 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. In doing so it could consider:

- forming strategic partnerships with the key players nationally and internationally;

- developing and delivering an all Wales counter-fraud strategy and vision;

- advocating/promoting minimum standards in terms of public sector counter-fraud arrangements similar to those established by the UK Government;

- elevating the status of counter-fraud staff by recognising counter fraud as a profession with essential competencies;

- supporting the other sectors by, for example, providing invest-to-save funding opportunities, and supporting the development of professional competencies across the Welsh public sector; and

- providing timely advice and guidance on 'hot' issues by gathering and disseminating important information and analysing trends.

R2 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.
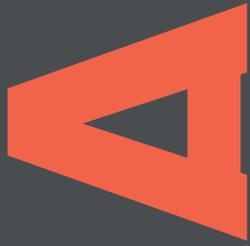
Risk management and control frameworks

02

Why is it important?

2.1 Fraudsters are becoming more sophisticated and are evaluating opportunities and risks on a real-time basis. The management and mitigation of risk in public bodies often fails to keep up with changes in the nature and impact of potential fraud. The recent flooding in South Wales created opportunities for scams within days of the floods. Security experts have reported an explosion in fraudulent activity during the COVID-19 outbreak as the pandemic has created a myriad of opportunities for fraudsters (see **Case Study on page 10**).

2.2 A fraud risk assessment should be an honest appraisal of risks using a range of sources such as national intelligence, local intelligence, audit reports, brainstorming exercises and data-matching results. Risk assessments should be live documents and kept under constant review. Having identified the risks, bodies can then evaluate them, assessing their likelihood and the impact if the fraud were to occur. It is only when risks are properly identified and evaluated that public bodies can tackle the risks in a prioritised and proportionate way and put appropriate actions and controls in place to manage or mitigate these risks.

2.3 It is important that organisations have an effective control framework to help mitigate the risks identified. A strong internal control environment can help to prevent fraud from happening in the first place and detect fraud if an instance has occurred. Fraudsters will try to circumvent established controls and it is important that controls are regularly reviewed. A strong control programme whereby fraudsters are faced with a real prospect of detection helps mitigate the risk. When frauds are discovered, controls should be reviewed to identify weaknesses and introduce improvements. Internal Audit have expertise in designing and testing controls and they should undertake work on key systems on a risk-based approach.

What did we find?

2.4 The quality of counter-fraud risk assessment and mitigation varies significantly in the Welsh public sector and there is generally scope to improve their quality and timeliness.

2.5 In the NHS, National Fraud Risk Alerts are produced by the NHS Counter Fraud Authority. These are routinely circulated to all Local Counter Fraud Specialists (LCFS) and Directors of Finance across NHS Wales. The LCFS are also required to conduct their own local risk assessments. This is a relatively new requirement and we found that these assessments are still being developed and embedded. The NHS Fighting Fraud Strategy recognises that a key challenge for the sector is the need to develop a comprehensive analysis of specific fraud risks to ensure counter-fraud resources are being directed to the most appropriate areas within the sector. 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 area of proactive work.

2.6 Our work identified that while some local authorities and central government bodies have undertaken fraud risk assessments, there were many who had not prepared a fraud risk assessment for several years. Some bodies in these sectors did not have a fraud risk assessment and therefore had not properly assessed the likelihood or impact of the risk. Without this key component, bodies cannot direct resources appropriately or adequately mitigate the risks of losses due to fraud. As a result, fraud strategies and work programmes are not particularly useful or relevant as they are not targeting the key areas of risk.

2.7 Our work also identified that, even where risk assessments were undertaken, they may not be integrated within the wider risk management framework. Fraud is not commonly reflected in corporate risk registers. We did not find many coordinated mechanisms for ensuring that fraud risks are appropriately communicated, owned and monitored within the audited body. Instead, fraud risk assessments are often held as standalone documents without any corporate ownership or active management of the risk. As a result of this approach, fraud risks are not adequately shared across departments.

2.8   We did identify some good practice in the sharing of fraud risks. In response to the Coronavirus pandemic, the Welsh Government issued a fraud risk bulletin early in April 2020, highlighting the emerging risks to the Welsh public sector. Ahead of the Welsh Government's bulletin, the UK Government Counter Fraud Function published its own guide: <u>Fraud Control in Emergency Management – COVID-19 UK Government Guidance</u>. The guide highlights the importance of risk assessment, effective payment verification and due diligence arrangements and the need for robust claw-back arrangements to recover funds that are paid out incorrectly. There were also good examples in local authorities of raising awareness of scams with local residents.

2.9   We found that, in general, public bodies across all sectors have internal control frameworks that are well established and internal audit teams test controls as part of their annual programmes of assurance work. However, we found that internal audit teams do not always consider the fraud risks associated with systems as part of their work programmes. Furthermore, where new systems and processes are established, we found that organisations are not always using counter-fraud contacts and internal audit teams to try to design fraud out of systems.

What can the Welsh public sector do to improve?

Recommendations

R3   All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.

R4   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.
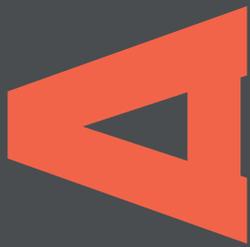
Policies and training

03

Why is it important?

3.1   A sound policy framework enables organisations to direct their approach to counter-fraud and to promote good ethical behaviour. There should be a suite of policies and procedures in place that set out what is expected and what the consequences are for breaking the rules. Codes of conduct should set out the standards expected of employees and highlight the importance of declaring conflicts of interest and establish rules around gifts and hospitality.

3.2   Publicising frauds and the recovery action undertaken, helps to re-enforce the message from the top that fraud will not be tolerated. Publicity can help to discourage wrongdoing by others as it can highlight the damaging repercussions of their actions.

3.3   Staff are often the first to notice something irregular or potentially fraudulent and are the often the first line of defence in the fight against fraud. These staff need easy access to a good counter-fraud policy and whistleblowing policy so they can be clear about their roles and responsibilities and the process they must follow if they suspect a fraud.

3.4   Effective training helps staff interpret policies and codes of conduct, giving them the confidence and skills to report suspected fraud. However, training and awareness-raising campaigns should be kept under continual review and must be linked to the live risk assessments so that new frauds or risks facing public bodies are quickly shared amongst staff and contractors if appropriate.

What did we find?

3.5   Generally, we found that public bodies have prepared and approved a range of policies setting out the processes to follow if staff suspect that they have uncovered a fraud. However, we identified that some policies were outdated, some were still in draft form and some were not easily accessible to staff.

3.6   Whilst NHS bodies have each developed comprehensive counter-fraud strategies (informed by an over-arching national strategy), we found that only a few other public sector bodies had done so. Such strategies set out clear approaches to managing fraud risks along with responses and actions, they define roles and responsibilities and are cross-referenced to other policies so that they can be readily understood by staff.

3.7   The NHS has a policy of proactively publicising successful fraud cases.
       The NHS Counter Fraud Service does this by issuing press releases and
       engaging with local media for interviews and promotional opportunities.
       Publicity helps raise awareness of fraud risks and also deters staff and
       contractors from committing fraud. By publicising counter-fraud work and
       raising awareness of the effects of fraud, the NHS involves staff, key
       stakeholders and the public in the fight against fraud.

3.8   We did not identify the same level of proactive publicity work in other
       sectors. Some local authorities take the view that publicising cases can
       be reputationally damaging and are therefore reluctant to publish such
       information. The Welsh Government recognises that more can be done
       to publicise fraud cases. The very low levels of fraud identified at central
       government bodies also means there is little publicity that can act as a
       further deterrent.

3.9   Our audit work also identified wide variation in levels of training and
       awareness-raising specifically relating to counter-fraud across the Welsh
       public sector. We found that a few public bodies provide fraud awareness
       training to all their staff. Some others provide training as part of the
       induction of new staff but do not provide this training for longstanding staff.
       We found some examples of refresher training sessions and e-learning
       modules provided for staff, but these are not widespread. There are many
       bodies that do not provide any counter-fraud training or awareness-raising
       events.

3.10   These findings suggest that there could be a significant proportion of
       the public sector workforce in Wales who have either received no fraud-
       awareness training at all or have not received training for several years.

3.11   There are good examples of awareness-raising in the NHS where the
       LCFS has an ongoing 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 is reported the Directors of
       Finance on a quarterly basis. However, even in the NHS sector,
       counter-fraud training for new staff is generally not a mandatory
       requirement.

What can the Welsh public sector do to improve?

Recommendations

R5 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.

R6 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.

R7 Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.
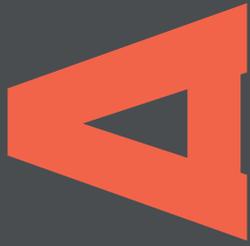
Capacity and expertise

04

Why is it important?

4.1   It is important that public bodies each designate a counter-fraud champion who understands fraud and leads the organisation's approach and response. Public bodies need access to sufficient appropriately skilled counter-fraud specialists to prevent, detect and investigate suspected fraud and protect their assets. As fraud risks change, public bodies should have resources available to provide a response that is appropriate to the threat.

4.2   Skilled and experienced staff will also help to ensure investigations are undertaken properly with evidence being obtained and handled lawfully in order to secure successful sanctions and the recovery of losses.

4.3   Investigations, whilst crucial, can be time consuming and costly and the low numbers of successful prosecutions mean that public bodies cannot rely on investigations alone to combat fraud. Public bodies need to have the capacity to undertake both proactive counter-fraud work and reactive investigation work. Proactive work includes fraud awareness campaigns, training, designing policies and strategies and strengthening controls to prevent attacks.

What did we find?

4.4   Insufficient capacity arose frequently as a key challenge faced by public bodies in their efforts to combat fraud. On the ground, capacity and skills in counter-fraud vary widely across and within public sector bodies in Wales. Most of the capacity is allocated to responsive work and investigations with any spare capacity being used in preventative counter-fraud work.

4.5   In local government, some officers are sceptical about the levels of fraud within their organisations and question the need for additional resources. However, these same local authorities allocate little resource to counter-fraud arrangements, do not have robust fraud risk assessments and the following up of matches from the National Fraud Initiative is assigned a low priority. Their assumptions about low levels of fraud run contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

4.6   Local authorities suffered a significant loss in counter-fraud capacity when the independent Single Fraud Investigation Service (SFIS) was created in 2014. SFIS is a partnership between the Department for Work and Pensions, HMRC and local authorities and which covers welfare benefit fraud. Most of the counter-fraud specialists left the sector to work for this new organisation. A small number of authorities have retained experienced and skilled counter-fraud staff, but the workload has mostly fallen on Internal Audit teams.

4.7   Our work found that the counter-fraud arrangements were generally more advanced in the local authorities that retained a dedicated and specialist counter-fraud resource. Where Internal Audit teams carry out the counter-fraud work we found a trade-off between counter-fraud work and the general programme of assurance work due to limited resources and competing priorities.

4.8   We also found that, within some local authorities, several teams play a role in counter-fraud work; for example, Internal Audit, Council Tax, and Human Resources teams all contribute. Whilst helpful in terms of adding capacity, we found that this can result in a lack of coordination and integration between these teams and a lack of clarity in the overall picture of counter-fraud activity.

4.9   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 Service Wales which investigates complex, large scale frauds and provides a financial investigation resource. The team also provides guidance, intelligence and investigative support to the network of finance directors and LCFS at health bodies in Wales. In addition, Welsh Government Directions require that each health body should appoint at least one LCFS who is an accredited counter-fraud professional. These LCFS are the primary points of contact for counter-fraud work at their respective health bodies and have a key role in fraud prevention and detection. Increasing staffing levels above the minimum number is a matter of local discretion.

4.10   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. Even within the NHS Wales, there is a general recognition that more proactive work should be undertaken.

4.11 The Counter Fraud Team at the Welsh Government is skilled and experienced and has secured a number of high-profile prosecutions over recent years. However, a recent Government Internal Audit Agency review of the Welsh Government in 2017 concluded that the counter-fraud function could achieve more with increased resources. The Counter Fraud Team is able to draw on resources from within the Welsh Government to assist with investigations where appropriate and there are plans to increase the resource in the team in the near future.

4.12 Our audit also found that public bodies in Wales bodies are generally following traditional counter-fraud approaches with a focus on detection and investigation rather than prevention. Most public bodies recognise that more proactive and preventative work should be done, but they acknowledge that the lack of time, resources and expertise are barriers to making this shift of focus.

4.13 We did not find many examples of public bodies in Wales outside the NHS pooling resources to help reduce duplication of effort and improve the efficiency and effectiveness of counter-fraud arrangements across sectors. Pooled resources could also help to improve continuity and add flexibility to adapt to changing needs going forward.

4.14 In 2018 the UK government launched the Counter-Fraud Profession to enhance overall counter-fraud capability across government. The profession develops the skills of specialist staff and moves beyond the traditional focus of investigations, placing greater emphasis on fraud prevention and the use of data analytics. Membership across UK Government Departments has been steadily increasing, and the Welsh Government is engaged with this initiative. Organisations joining the profession are required to have learning environments that support their staff to develop and maintain professional standards.

What can the Welsh public sector do to improve?

Recommendations

R8 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.

R9 All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.

R10 All public bodies should consider models adopted elsewhere in the UK relating to the pooling and/or sharing of resources in order to maximise the availability of appropriately skilled staff.
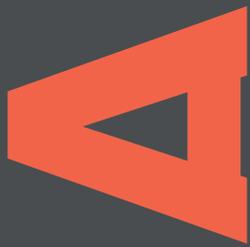
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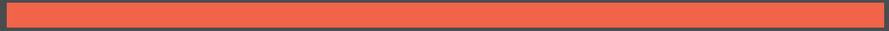
05

Why is it important?

5.1   An effective counter-fraud function will ensure that those responsible for it are equipped with up-to-date methodologies and the right tools for the job. Counter-fraud staff must make best use of data and intelligence in order to:

      a   prevent fraud by 'fraud-proofing' systems and processes; and

      b   mounting an effective response to suspicions of fraud.

5.2   New fraud threats are continually emerging, both globally and nationally. It is important that public bodies have flexible, cutting-edge counter-fraud approaches that are fit for a digital age and agile enough to keep up with, or better still, ahead of the fraudsters.

5.3   Cyber-attacks are an alternative means of committing traditional frauds such as the theft of assets, cash or intellectual property. PricewaterhouseCoopers' most recent global economic crime survey found that cyber crime is now the most common fraud facing UK businesses, overtaking asset misappropriation for the first time since the survey began. We can see this in the explosion in number of cyber scams linked to the COVID-19 pandemic.

5.4   Preventing fraud is always preferable to responding to an instance. Many organisations are now looking to 'fraud-proof' systems at the point of entry using the latest developments in data analytics. For example:

      a   the Cabinet Office has developed on-line tools that can look at 10,000 records in seven seconds to provide due diligence checks on grant applications; and

      b   the Department of Work and Pensions have been trialling an Artificial Intelligence system that detects fraudulent claims by searching for certain behaviour patterns, such as benefit applications that use the same phone number or are written in a similar style. Any suspicious activity is then passed on to specialist investigators.

5.5   Data analytics provide an increasingly important tool in preventing fraud as well as in its detection. We look at how public bodies can share data to help find fraud in the next section of this report.

5.6   Sophisticated technology and data analytics are of little use if they are not used effectively and this requires adequately trained resource to understand it. Therefore, it is important that public bodies have access to staff adept in data analytics in order to achieve better counter-fraud results.

5.7   Knowing what to do in the event of a suspected fraud improves the chances of a successful enforcement action. It also re-enforces the tone from the top that the organisation does not tolerate fraud. Fraud response plans need to provide a clear direction to relevant parties so that bodies are able to respond to allegations quickly and appropriately. A response plan should be reviewed regularly to ensure that responses to fraud keep abreast with changing times and emerging risks. They should outline:

   a   the fraud investigation process from receipt of allegation to outcome report;

   b   roles and procedures for securing evidence and undertaking interviews;

   c   details of how and when to contact the police;

   d   a commitment to pursuing a range of sanctions;

   e   reporting arrangements; and

   f   how lessons learned will be used to strengthen system and process controls.

What did we find?

5.8   Generally speaking, we found that more work is needed to bring counter-fraud tools and methodologies up to date to reflect the new world of cyber attacks and digitally-facilitated crimes. Many local authorities and central government bodies we looked at as part of our fieldwork did not have information security policies that reflected the risks associated with cyber crime. The situation was more positive in NHS Wales bodies.

5.9   Our review identified only a few examples of data analytics being used as a means of preventing fraud. Data analytics are used more widely to detect fraud, in following up on NFI data matches, for example, but our previous audit work[4] has shown that the level of engagement with the NFI varies considerably across Welsh public bodies.

5.10 We found that some local authorities and central government bodies did not have a fraud response plan that was communicated to all staff and which made it clear that all allegations of fraud would be investigated. The Welsh Government had a fraud response plan, but this was in draft form at the time of our audit work and was not, therefore, available to staff. Again, the position was much more positive in NHS Wales.

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4   **Our October 2018 NFI report** stated that 'most Welsh public sector bodies participating in the NFI were proactive in reviewing the data matches, but a small number of participants did not review the matches in a timely or effective manner'.

5.11 NHS bodies all use the same case management system to record and monitor the progress of potential fraud cases. In other sectors, few bodies have a case management system although some do have a spreadsheet log that records information. The variation in the information collected makes it very difficult to report an all-Wales position on the level of fraud taking place. The reasons that many local authorities and central government bodies do not have a case management system or detailed records was the very low numbers of fraud cases that were being identified and handled.

5.12 Most of the public bodies we looked at consider the full range of possible sanctions (disciplinary, regulatory, civil and criminal) against fraudsters and will seek redress including the recovery of assets and money where possible. However, many bodies report such low levels of fraud that it is impossible to substantiate their claims. For any internal frauds identified, most bodies tend to deal with the perpetrators through internal disciplinary procedures.

5.13 Most of the public bodies we looked at reflected on the weaknesses revealed by instances of proven fraud and corruption and fed back to departments and teams so that they might fraud-proof their systems. The arrangements at local NHS bodies were particularly robust because fraud cases in their case management system cannot be closed down without providing assurance that any system weaknesses have been considered and remedied if necessary.

What can the Welsh public sector do to improve?

Recommendations

R11 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-enforce the tone from the top that the organisation does not tolerate fraud.

R12 All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.
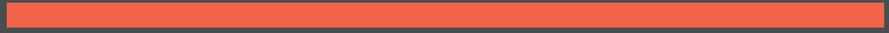
Collaboration

06

Why is it important?

6.1   Fraudsters do not respect geographical or other boundaries. This means that individual public sector bodies cannot establish effective counter-fraud arrangements by themselves. They must work collaboratively to maximise the effectiveness of their response to fraud.

6.2   Collaboration is an increasingly important aspect of public service, particularly in the context of reduced funding and the need to do more with less. Collaboration is also one of the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015: the essentials'[5] document. It is therefore essential that collaboration and the sharing of intelligence and good practice take place between public, private and third-sector bodies across the UK and internationally.

6.3   Collaboration can mean sharing people or pooling resources and, more commonly these days, in the sharing of information. This information can be shared between departments, between bodies, across different elements of the public sector and with other key stakeholders such as law enforcement authorities and the private sector. The information shared can be about the nature of a fraud or information about the identities of the perpetrators.

6.4   The sharing of data to help find fraud is a rapidly evolving area and is being facilitated by changes in the law. In 2017, the Digital Economy Act became law, enabling public authorities to share personal data to prevent, detect, investigate and prosecute public sector fraud. The Act recognises that the wider use of data-sharing could improve the prevention, detection and investigation of fraud in a number of ways, including:

   a   improved targeting and risk-profiling of potentially fraudulent individuals;

   b   streamlining processes, enabling the government to act more quickly; and

   c   simplifying the legislative landscape.

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5   Well-being of Future Generations (Wales) Act 2015: the essentials',
     Welsh Government (2015)

What did we find?

6.5   Our field work across forty public sector bodies in Wales found that collaboration was insufficiently developed, reinforcing the findings of our 2019 review.

6.6   Within local authorities and central government bodies there are some good examples of bodies working jointly and some regional networks, but these tend to be informal arrangements and there is no consistency in approach. Formalising arrangements can help improve accountability and governance and can influence commitment and results.

6.7   The picture is generally more positive across local NHS bodies and the Welsh Government than in local authorities and central government bodies. However, there is scope for all public bodies to work more closely with each other and with other stakeholders to tackle fraud.

6.8   Because of the tiered approach to counter-fraud within NHS Wales and established formal partnerships with the NHS Counter Fraud Authority, there is good access to specialist fraud investigation teams such as surveillance, computer forensics, asset recovery and financial investigations. The NHS Counter Fraud Service Wales provide the surveillance, asset recovery and financial investigations services to NHS Wales, while the NHS Counter Fraud Authority provides forensic computing services and other specialist support services to NHS Wales under the terms of their annual agreement with Welsh Government.

6.9   The existence of these formal access arrangements is less well established within other sectors, but most organisations told us that they could access specialist services if required. The low level of fraud being identified was one of the reasons given for the absence of formal partnerships between public sector bodies.

6.10   We also found wide variations in the amounts of data that are shared. In most bodies, the sharing of data was typically limited to the National Fraud Initiative (NFI), although not all central government bodies currently take part in NFI. We found that some local authorities do not invest much resource into following up NFI matches and these are often the same authorities in which counter-fraud arrangements were limited.

6.11   There were very few examples of organisations working frequently across internal and external boundaries and sharing information. Common reasons for this lack of collaboration was lack of time and resources, and concerns about the sharing of data.

What can the Welsh public sector do to improve?

Recommendations

R13 Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.
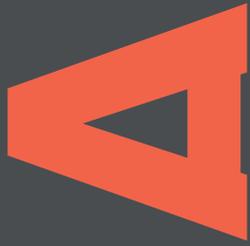
Reporting and scrutiny

07

Why is it important?

7.1   Arriving at a reliable estimate for the cost of fraud is a difficult task. This is particularly so for the Welsh public sector as our 2019 report highlighted. Whilst the UK Government produces annual estimates, there is no breakdown of this estimate to each of the devolved administrations in the UK. CIPFA's most recent analysis estimates that fraud costs the UK public sector £40.3 billion annually. The Cabinet Office[6] estimates losses due to fraud and error at between 0.5% and 5% of budget. Applying this range to annual public expenditure in Wales of around £20 billion gives a possible estimated value of losses to fraud and error between £100 million and £1 billion per annum. The losses are therefore significant and take valuable funding away from our public services.

7.2   Fraud is often under-reported as some suspicious activity identified through NFI matches, for example, is not classified as fraudulent and therefore not reported. Also, some public bodies fail to report fraud as it can attract unwanted publicity and perceived reputational damage. This situation leads to an incomplete national intelligence picture.

7.3   The International Public Sector Fraud Forum[7] has recognised that 'finding fraud is a good thing' and this is one of their 'Key Fraud and Corruption Principles'. The Forum noted that, if bodies do not find fraud, then they are unable to fight it, and that a change of perspective is needed so that the identification of fraud is seen as a positive and proactive achievement.

7.4   Reporting fraud to those charged with the governance of public sector organisations is important as it provides managers and audit committees, for example, with the information and intelligence they need to challenge and scrutinise. To facilitate accountability, public bodies should provide copies of counter-fraud reports detailing numbers of cases and outcomes to audit committees so that they are fully informed of any issues of concern and can hold management and counter-fraud teams to account. Audit committees can also promote the message that fraud will not be tolerated, supporting the efforts of counter-fraud teams.

6   Cabinet Office Cross Government Fraud Landscape Report 2018

7   International Public Sector Fraud Forum A Guide to Managing Fraud for Public Bodies in Feb 2019

What did we find?

7.5 The arrangements in 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 committees of each health body, helping to facilitate meaningful comparisons within the sector. The NHS Counter Fraud Authority also reports to the Welsh Government on a quarterly basis.

7.6 In other sectors, audit committees are not generally provided with as much information:

a in the Welsh Government, the Audit and Risk Assurance Committee is not provided with, nor does it request, detailed information about fraud cases, although information about major cases and anti-fraud activity is included in the regular report from the Head of Internal Audit;

b in the local government sector, fewer than half the authorities report information about fraud cases, losses and recoveries to their audit committees on a regular basis; and

c even fewer central government bodies report on cases of fraud, reflecting a very low incidence of fraud being identified and managed.

7.7 The absence of both the reporting of information and arrangements to collate and share this information across the Welsh public sector is troubling for a number of reasons. It does little to help re-enforce a zero-tolerance message from the top of an organisation to both staff and external stakeholders. It may also send the wrong message to fraudsters that Wales does not see fraud as a priority and makes it difficult to assess the level of risk and how best to respond to it by senior public sector officials and politicians.

7.8 When frauds are identified, Internal Audit (or, where they exist, counter-fraud specialists) provide audit committees with reports and updates. On balance, however, audit committees outside of the NHS Wales have not been sufficiently proactive in recognising the increasing risk of fraud and in asking the searching questions necessary about the matching of resources to risk or about the lack of information being supplied about fraud risk.

What can the Welsh public sector do to improve?

Recommendations

R14 Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.

R15 Audit committees must become fully engaged with counter-fraud, providing demonstrable support and direction, monitoring and holding officials to account if insufficient information is being provided about counter-fraud activity.

Appendices

1   Audit methods

Our audit was structured around seven key lines of enquiry to help us answer the overall question: 'Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?':

- Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?

- Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?

- Does the organisation have a sound policy framework to support effective counter-fraud arrangements?

- Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?

- Does the organisation's internal control environment support effective arrangements for preventing and detecting fraud?

- Does the organisation have an appropriate response to fraud?

- Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

The audit fieldwork was carried out by our local audit teams between November 2019 and February 2020. Their fieldwork included:

- structured interviews – interviews with key individuals in order to understand the counter-fraud arrangements in place at each audited body; and

- document reviews – where these existed, they typically included the counter-fraud strategy, risk assessment, work plans, corporate risk register, fraud response plan, Codes of Conduct, whistleblowing policy, guidelines and procedures for local fraud investigators and counter-fraud reports/updates provided to Audit Committee.

Teams also issued a core information request in order to gather some information directly from audited bodies.

The project team collated and reviewed the local findings to distil the key messages for inclusion in this report. Our audit teams have been providing tailored feedback on their local findings to relevant staff at each audited body.

The audited bodies included in this study are:

Local Government bodies:
- Blaenau Gwent County Borough Council
- Bridgend County Borough Council
- Caerphilly County Borough Council
- Cardiff Council
- Carmarthenshire County Council
- Ceredigion County Council
- Conwy County Borough Council
- Denbighshire County Council
- Flintshire County Council
- Gwynedd Council
- Isle of Anglesey County Council
- Merthyr Tydfil County Borough Council
- Monmouthshire County Council
- Neath Port Talbot County Borough Council
- Newport City Council
- Pembrokeshire County Council
- Powys County Council
- Rhondda Cynon Taf County Borough Council
- City and County of Swansea
- The Vale of Glamorgan Council
- Torfaen County Borough Council
- Wrexham County Borough Council

NHS Wales bodies:

- Aneurin Bevan University Health Board
- Betsi Cadwaladr University Health Board
- Cardiff and Vale University Health Board
- Cwm Taf Morgannwg University Health Board
- Hywel Dda University Health Board
- Powys Teaching Health Board
- Swansea Bay University Health Board
- Health Education and Improvement Wales
- Velindre NHS Trust
- Public Health Wales Trust
- Welsh Ambulance Service NHS Trust

Central Government bodies:

- Welsh Government
- Welsh Revenue Authority
- Arts Council for Wales
- Higher Education Funding Council for Wales
- National Museums and Galleries Wales
- Natural Resources Wales
- National Library of Wales
- Sport Wales
- Senedd Commission

2   The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

PAC Recommendation	Response from the Welsh Government's Permanent Secretary
We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.	The Welsh Government recognises and fully supports local authorities addressing fraud within the £8 billion of their general revenue expenditure. As independent democratically led organisations, the prime responsibility for the detection and prevention of fraud is for each of the 22 councils themselves. As such, we would expect all to be fully engaged in this work and for local politicians to understand and provide leadership. To make sure that the recommendation is understood and given priority, officials will raise the matter with Ministers to secure an item on the Partnership Council agenda as well as its Finance Sub Committee. Subject to Ministers' agreement, we will agenda an item for the next possible meeting.
We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.	I am supportive of any move to increase the understanding of fraud and the consistent application of best practice techniques across the Welsh Public Sector and there exists already a vehicle to bring together counter-fraud practitioners and other interested parties and drive forward a common understanding of this important area. The Welsh Government's Head of Counter-Fraud is Deputy Chair of the Wales Fraud Forum (WFF), which is a not-for-profit company run by a strategic board of volunteers. Its aims are to help prevent fraud in Wales by raising awareness in the public and private sectors and amongst individuals. In particular, its stated objectives include to: • bring the public and private sectors together to fight fraud and financial crime and to protect the economy of Wales;

PAC Recommendation	Response from the Welsh Government's Permanent Secretary
	• promote fraud awareness amongst its membership, organisations and individuals throughout the region;
	• create good practice cultures by encouraging and developing anti-fraud strategies for its membership to utilise;
	• establish a best practice between its members for fraud prevention, investigation and detection; and
	• promote an open and co-operative environment between the membership in both the public and private sectors.

The Forum is held in high regard; in 2017 the current First Minister gave the keynote address at its annual conference and outlined his support for effective counter-fraud arrangements across Wales. Forum membership includes the Audit Wales as well as a number of public and private sector organisations.

Therefore, I believe the Welsh Government can achieve the outcome desired by identifying strategies to support the work of the Forum, raising its profile within the Welsh Public Sector and seek a high level of commitment to support it. I will ask Officials to engage with the Forum to discuss strategies for strengthening its effectiveness by the end of the calendar year.

We agree there is potential in the use of data sharing between Welsh public bodies to improve the impact of counter-fraud activities. The introduction of the Digital Economy Act gives the Welsh Government and certain scheduled Welsh public bodies useful new powers to share data with each other compliantly to identify potential fraud. Officials are working on setting up the appropriate governance for taking forward the use of these new powers in Wales, and are aiming for a panel to be in place by the end of the financial year to consider potential uses of the powers.

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NHS WALES
SHARED SERVICES PARTNERSHIP

Audit Committee - 20th October 2020

**Counter Fraud Progress Report
as at 30th September 2020**

CRAIG GREENSTOCK
COUNTER FRAUD MANAGER
CARDIFF & VALE UNIVERSITY HEALTH BOARD

NHS WALES SHARED SERVICES PARTNERSHIP

AUDIT COMMITTEE 20th OCTOBER 2020

COUNTER FRAUD PROGRESS REPORT

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.

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1. INTRODUCTION

1.1 In compliance with the Directions on Countering Fraud in the NHS, I detail below the standing of the current Counter Fraud and Corruption work carried out, by the nominated Local Counter Fraud Specialists, during the period ended 30th September 2020.

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

Progress against the NWSSP Annual CF Work-Plan of **75days,** has been reported in **Appendix 1** and as at 30th September 2020, **35days of** Counter Fraud work has been undertaken and this has also been reported in **Appendix 1**.

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

2. CURRENT CASE UPDATE

There are currently three (3) cases currently under investigation in addition to one (1) other case, which is an ongoing civil recovery due to a lengthy repayment period.

3. PROGRESS AND GENERAL ISSUES

3.1 Fraud Awareness Presentations

Due to the current COVID-19 restrictions, we have been unable, to date, to undertake any Counter Fraud staff awareness sessions. However, attempts are now being made for individual sessions to be carried out using various virtual software platforms (e.g. Microsoft Teams and Zoom).

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.

In relation to that, arrangements are now being made within NWSSP and together with other NWSSP colleagues (i.e. Procurement and Payroll) for the required data to be made available and in the required format to meet the deadlines and Fair Processing Notices have also been included on payslips to make staff aware, as is required, that their personal data is being shared in this format.

The updated timetable, for NFI 2020-21 is as follows:

Activity	Date
Submit privacy notice compliance returns	By 25th September 2020
Extract/submit NFI 2020/21 data	9th October 2020
Deadline for data submissions	1st December 2020
2020/21 matches available	From 31st January 2021

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NHS WALES SHARED SERVICES PARTNERSHIP
COUNTER FRAUD PROGRESS REPORT
AUDIT COMMITTEE – 20th OCTOBER 2020

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COUNTER FRAUD SUMMARY PLAN ANALYSIS 2020/21

AREA OF WORK	NWSSP	Days to Date
General Requirements		
Production of Reports to Audit Committee	3	1
Attendance at Audit Committees	3	1
Planning/Preparation of Annual Report and Work Programme	5	5
Annual Activity		
Creating an Anti Fraud Culture	0	0
Presentations, Briefings, Newsletters etc.	14	6
Other work to ensure that opportunities to deter fraud are utilised	0	0
Prevention		
The reduction of opportunities for Fraud and Corruption to occur	0	0
Detection		
Pro-Active Exercises (e.g. Procurement)	17	7
National Fraud Initiative 2020/21	2	1
Investigation, Sanctions and Redress		
The investigation of any alleged instances of fraud	25	12
Ensure that Sanctions are applied to cases as appropriate	4	2
Seek redress, where fraud has been proven to have taken place	2	0
		0
TOTAL NWSSP	**75**	**35**

COUNTER FRAUD ASSIGNMENT SCHEDULE 2020/21

Case Ref	Subject	Status	Open/Closed
SSP14.05	Unauthorised Sale of NHS Property	Crown Court Hearing (Suspended Sentence) Civil Recovery (5k) was being made at £50 per month	Open - Balance o/s £2424.25 Consideration to be given as to whether to contact HMCTS or whether "write-off" would be appropriate as the subject has not made any payments since 2019.
SSP20.07	Falsely retained Childcare Costs	The allegation is that the student has received her childcare payments, but has not then passed those payments onto her childcare provider. .	Ongoing enquiries with the childcare provider and the University.
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	Alleged that the subject has given false and/or misleading information in relation to the actual destination of a planned holiday.	The subject had informed her Line Manager that she was going to Turkey on holiday. However, it has since been identified that the subject had actually booked to go to Spain instead and whilst knowing the self-isolation rules on her return. As a result, the subject is alleged to have given false and/or misleading information in an attempt to get paid leave for the isolation period as she had travelled to Spain when Welsh Government advice was that, on return she would then have needed to self-isolate for 14 days and so would either have had to take annual leave or unpaid leave.

COUNTER FRAUD
NEWS

GIG CYMRU NHS WALES | Partneriaeth Cydwasanaethau Shared Services Partnership

Nurse Off Sick With Stress Ran Private Botox Business

GP Surgery Manager Fraudulently Claimed Nearly £4k

IT Worker Sentenced For £18,000 NHS Fraud

GIG CYMRU NHS WALES | Partneriaeth Cydwasanaethau Shared Services Partnership

Who are we?

The main aims of the NHS Counter Fraud Service (Wales) are to Prevent and Deter by removing opportunities for fraud to occur or re-occur and in addition to this, to Hold to Account those who commit fraud against the NHS through effective Detection, Prosecution and seeking Redress.

The NHS CFS (Wales) provides specialist support and guidance to a network of Local Counter Fraud Specialists (LCFSs) who are directly employed by individual Health Bodies in Wales and who, in turn, report to the individual Finance Directors.

The role of NHS CFS (Wales) and the LCFS' is to investigate and prosecute individuals who commit fraudulent acts against the NHS, in addition to raising fraud awareness to NHS staff by highlighting successful criminal prosecutions, conducting pro-active work and awareness presentations to staff within the NHS in Wales.

STOP! *NHS* **Fraud**

Types of Fraud

Each fraud investigation is different and has to be taken forward on its own merits and whilst every case does require a closure report, this is signed off prior to closure by NHS Counter Fraud Service (Wales).

In the case of NHS Wales Shared Services Partnership (NWSSP), there have been various and significant NHS fraud cases reported in the public domain with a varied range of fraud investigations over the last 5 years, including false timesheet related frauds, salary overpayments and NHS Student Bursary related frauds.
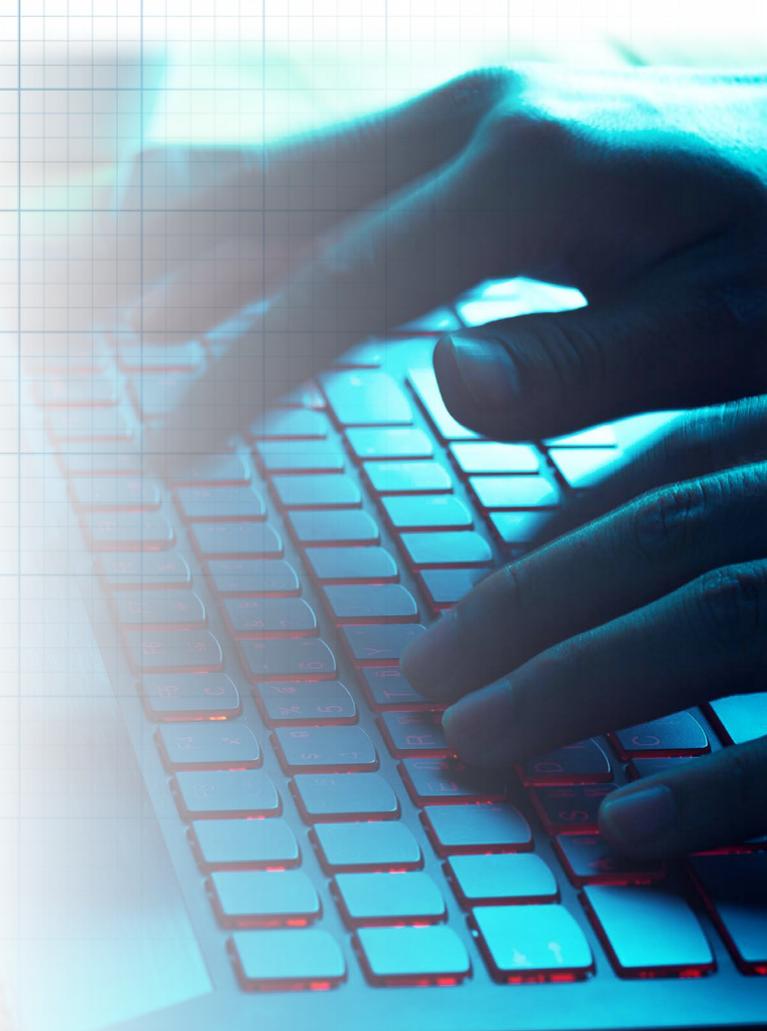
Overpayment of Salary

There still continues to be a trend in such cases being referred to NHS Counter Fraud (Wales) where the subject, despite leaving the NHS or moving to another NHS post, has then continued to receive NHS salary payments as a result of non-completion, by his/her Line Manager, of the required paperwork (e.g. termination form, reduction in hours etc).

The main lessons to be learned from these types of cases are as follows:

➴ Managers to ensure that Staff Termination are completed in a timely fashion.

➴ Managers to ensure that their Budget Reports are reviewed on a monthly basis to identify any significant budget expenditure to actual anomalies.

➴ Mangers to ensure that their Staff in Post Reports are reviewed on a monthly basis to identify any leavers and/or "Ghost" employees.

Working Elsewhere whilst claiming to be on Sickness Absence

The main lessons to be learned from such investigations are for Managers to ensure that should a member of staff report a sickness absence, then the required forms (Self Certification and Fit Notes/Medical Certificates) are completed and submitted on a timely basis. Should an employee be on Long Term Sickness Absence, then the procedure for dealing with such issues is then closely followed. Should there be any suspected fraud (e.g. working elsewhere), then there would be a clear audit trail in the subject's personal file together with documentation that has been signed, dated etc which could then be used as part of any subsequent investigation.
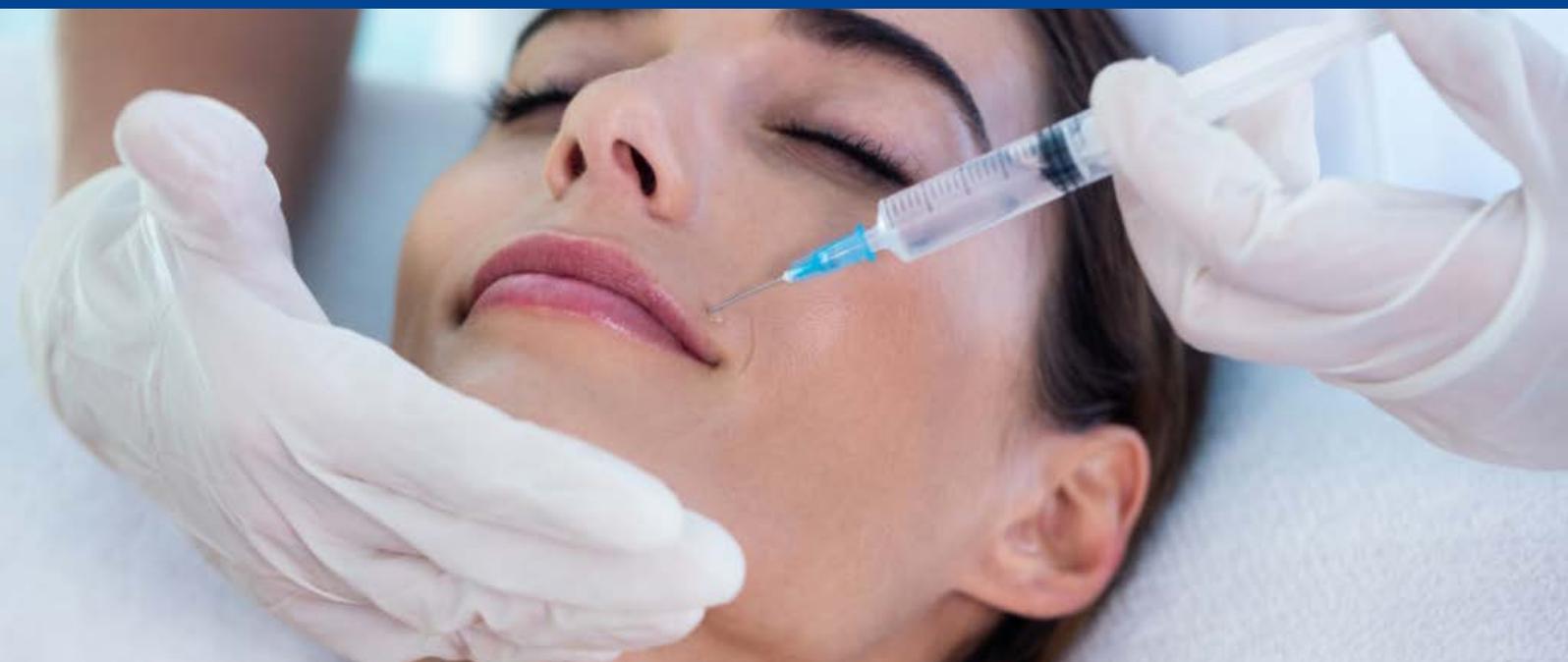
Nurse Off Sick With Stress Ran Private Botox Business

A nurse ran a Botox business while on sick leave for stress and being paid more than **£11,000** in wages by the NHS. Nicola Bevan had told her bosses that she would need to take an emergency leave of absence from her job as a Registered Community Health Nurse.

While continuing to receive her monthly wage, Bevan was also running her private business, which offered anti-ageing products including Botox injections.

After her Line Manager became suspicious, an investigation was then launched by NHS CFS (Wales) which found evidence, on social media, of her trading.

It was also discovered that Bevan had been duplicating prescriptions in order to obtain medications from pharmacies to be used in her treatments.

It was found that Bevan had done this in order to circumvent a process which required an independent prescriber to sign the prescription after taking into account the patient's medical history.

As well as avoiding paying fees to the independent prescriber it was claimed Bevan had put her patients at risk as they could have been given treatments that were dangerous for them.

The defendant later pleaded guilty to two counts of fraud and one count of dishonestly failing to disclose information to make a gain for herself. The court heard she had previous convictions for the possession and production of cannabis.

Bevan was sentenced to 15 months in prison, suspended for 18 months. She was also ordered to carry out **200 hours** unpaid work and to pay **£3,705** in costs. After the case, NHS CFS (Wales) confirmed that Bevan's private cosmetic worked had earned her an additional **£14,400** on top of her NHS sick pay.

An NHS Worker Forged 25 Fit Notes To Obtain £18,000

An NHS worker was found to have forged 25 sick notes over the course of 18 months leaving a Health Board more than **£18,000** out of pocket.

Edward Dewar who was employed as a Community Resilience Co-Ordinator based in Llanelli, took several periods of sick leave between September 2017 and February 2019, citing various medical conditions.

As part of that process Dewar had to present Fitness for Work Certificates and his Line Manager was in regular contact with him as part of that process.

However, after some issues with obtaining the relevant documents, Dewar sent them to his Line Manager via email in October 2018. Some concerns were raised that the documents were not genuine since the reference number attached to each document was found to be the same, but they should have their own unique reference number.

The Line Manager referred the matter to the Health Board's HR department and the matter was then referred to their Counter Fraud Team to investigate.

After enquiries has been made with Dewar's GP Practice, it was found that each document should have a unique reference number and that no two would be the same.

Dewar was prosecuted and at his sentencing hearing, after pleading guilty, Swansea Crown Court heard that Dewar had submitted 30 Medical Certificates of which 25 were found have been forged with the other 5 found to be genuine.

The total loss amounted to **£18,096.61** and Dewar was given a 7 month prison sentence, suspended for 18 months, and he was ordered to pay **£2,000** in compensation with a **£140** surcharge.

GP Surgery Manager Fraudulently Claimed Nearly £4k

A GP Surgery Manager was found to have swindled the NHS out of nearly **£4,000** to pay off her spiralling debts. Kathryn Blanche pocketed cash belonging to a local Medical Centre over a period of more than 1 year.

Blanche had been employed as an Office Manager for around 18 years and one of her roles was to deposit cash payments that had been made, by patients, for medical reports and letters. However, it was subsequently found that she then kept **£3,882.70** for herself.

When the case came to court, Blanche pleaded guilty to fraud by abuse of position between April 2018 and August 2019. She had been dismissed from her job and was sentenced to 6 months in custody suspended for 2 years and ordered to complete a 20-day Rehabilitation Activity Requirement. She was also ordered to pay back the **£3,882.70** plus a **£115** victim surcharge at the rate of **£100** a month.
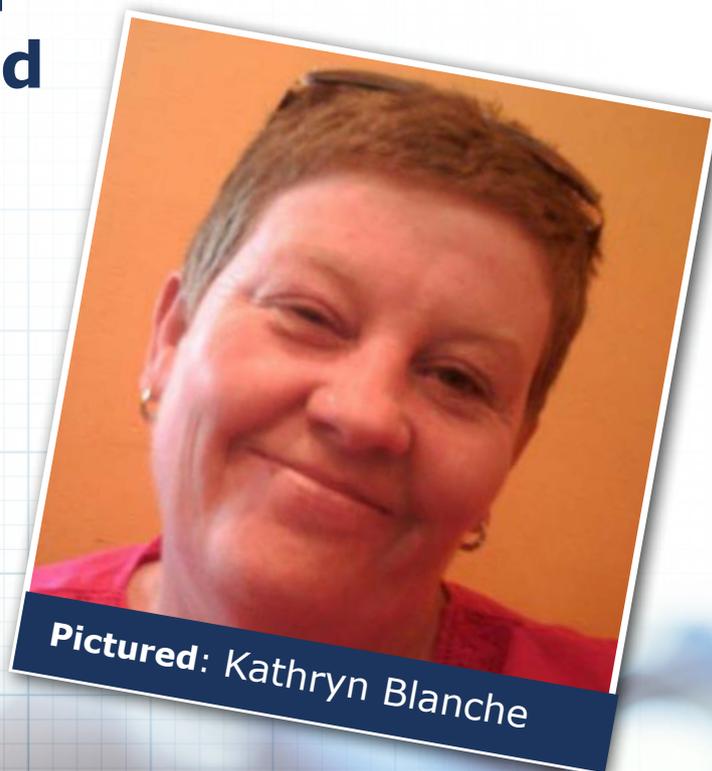
Pictured: Kathryn Blanche

Fraud in Your NHS Workplace?

NHS Fraud.
Spot it. Report it.
Together we stop it.

Call
0800 028 4060

IT Worker Sentenced For £18,000 NHS Fraud

An IT engineer who sold his employer's brand new NHS laptops on eBay has been sentenced to 20 months in prison.

The criminal activity of IT engineer, Neil Roberts first came to light via an anonymous tip-off. The investigation found that Roberts had abused his full time NHS position as Computer Information Technology Engineer based in Wrexham and stole a large quantity of new laptops, which he was meant to have installed at various NHS Wales sites in North Wales.

Roberts even placed the computers on the Health Board's asset register to cover up the fraud. It was found that he actually installed old NHS computers that he had retrieved from storage, while he sold at least 32 of the brand new laptop computers (worth **£18,000**) on his eBay account, at low prices.

Roberts was subsequently arrested and interviewed under caution in February 2017, but denied he had stolen any computers, giving a "no comment" interview. However, a search of his house turned up a large amount of computer equipment and it transpired that he had sold a substantial amount of computer hardware online which was traced directly back to the Health Board where he was employed.

In January 2019 and after having been dismissed from his NHS post, Roberts then pleaded not guilty to a charge of Fraud by Abuse of Position. However, at a subsequent hearing, in June 2019, he changed his plea to guilty, on the basis that he was not responsible for diverting computers away from other employees. The basis for plea was then later abandoned by Roberts when he was presented with further evidence of his fraudulent actions.

Pictured: Neil Roberts

Newham Fraudster Ordered to Pay Back £200k to the NHS or Serve More Time in Prison
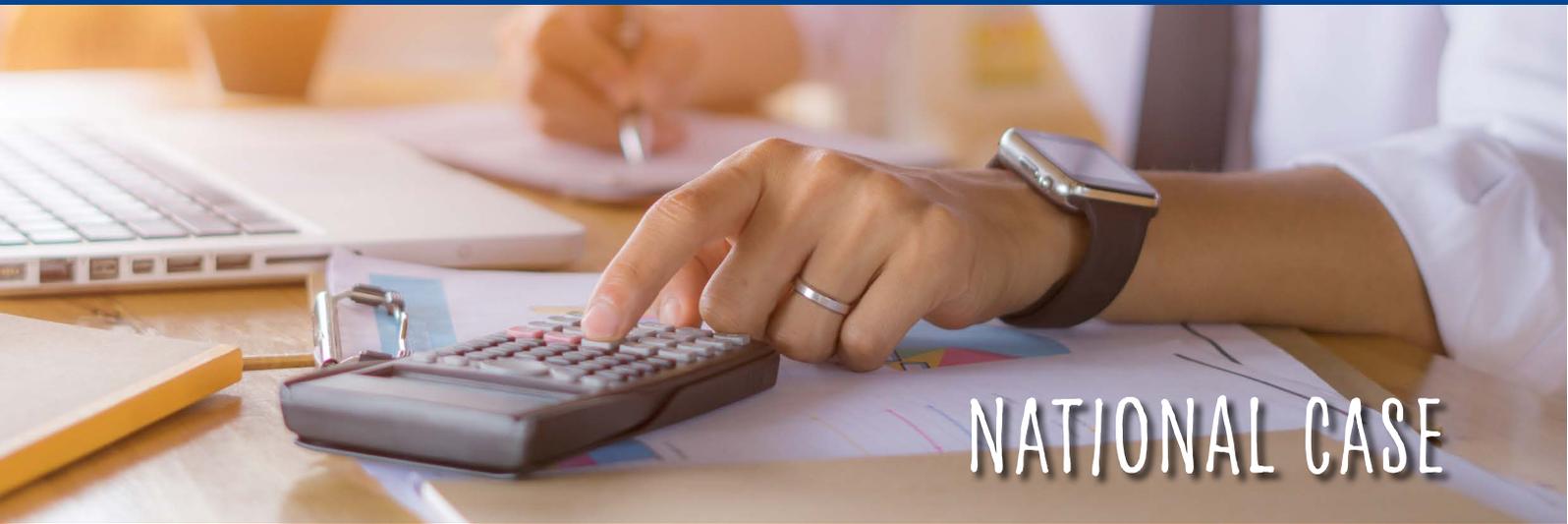
NATIONAL CASE

On 4 October 2019 and as part of a Proceeds of Crime Hearing (POCA), Michael Iinije was ordered to pay a total of **£220,431.48** by Snaresbrook Crown Court after having been jailed for 45 months in 2018 after pleading guilty to Fraud by Abuse of Position and taking at least **£382,519** from Newham CCG over a 4 year period.

In order to get access to money, it was found that Iinije had abused his position as Deputy Accounts and Governance Manager at North East London Commissioning Support Unit.

The fraud was first identified in May 2017 after one of Iinije's colleagues noticed an invoice (**£18,500**) had been submitted for payment but it wasn't clear about the services that the company had provided to Commissioning Unit.

As a result, the payment was withheld and extra checks were found that Iinije had been approved by Iinije who didn't usually approve payments for such NHS Bodies and services.

The NHS Counter Fraud Investigators then found out that the system had been set up so all invoices from one particular company were only sent only to Iinije foe approval and that Iinije was the company's sole Director. The investigation also found that, between November 2013 and May 2017, Iinije submitted 24 invoices to himself.

STOP! NHS Wales Fraud

Local Counter Fraud Team

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You can also write to the Counter Fraud Team at:

Counter Fraud Department
1st Floor,
Woodland House
Maes-y-Coed Road
Cardiff
CF14 4TT

Designed by the NWSSP
Communications Team

Reporting Your Concerns

WHAT SHOULD YOU DO?

- Report your suspicion immediately to the LCFS' as above
- Keep a record of events
- Keep any evidence secure

WHAT SHOULDN'T YOU DO?

- Investigate the matter yourself
- Broadcast your suspicions
- Confront any suspected persons

GIG CYMRU NHS WALES | Partneriaeth Cydwasanaethau Shared Services Partnership

Fraud may be reported on Freephone
0800 028 40 60 or online at
www.reportnhsfraud.nhs.uk

NHS Wales Shared Services Partnership

Audit Committee

20 October 2020

Internal Audit Progress Report

CONTENTS

1.   INTRODUCTION

The purpose of this report is to provide an overview of activity since the previous meeting in July 2020.

2.   2020/21 INTERNAL AUDIT PLAN

Number of audits in plan	17
Of which:	
Number of audits reported as final	3
Number of audits at draft report stage	0
Number of audits in progress	5
Number of audits at planning stage	9

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

3.   PCS PAYMENT SYSTEM ASSURANCE

We are progressing with three audits to provide assurance over the implementation of services from the National Health Application and Infrastructure Services (NHAIS) into alternative applications. These include:

- the implementation of the FPPS (Family Practitioner Payment Services) to replace the General Medical Service (GMS) payment functionality of NHAIS;

- the transfer of contractor details for payments from NHAIS to Oracle; and

- the temporary transfer of General Ophthalmic Service (GOS) contractor payments to the K2 Medial Systems application from NHAIS, with the introduction of web-based forms.

This update specifically relates to the transfer of contractor details from NHAIS to Oracle.

We continue to work in tandem with the PCS Team to meet their key project milestones. At this point, two of the four datasets have been transferred from NHAIS. These include the Appliance Contractors and Pharmacists, with GOS and GMS contractors scheduled to transfer during December 2020 and January 2021, respectively.

Where we have raised recommendations for improvement, these have been relayed to the PCS Team for implementation.

To date, we have advised around the following areas for improvement:

- data cleansing of the labelling of contractors within NHAIS and ensuring consistency within reports generated;
- additional checks over the completeness and accuracy of payment files that have been submitted to Accounts Payable; and
- further enhancements over the payment file reports.

We have been informed that the implementation of these recommendations is now underway.

Going forward, we will verify the implementation of the above recommendations and complete the remaining testing (GOS and GMS contractors), in accordance with the project timetable.

4.   ENGAGEMENT

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

- Adapt and Future Change Group;
- project board meetings;
- audit scoping and debrief meetings; and
- liaison meetings with senior management.

5.   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**	
AUDITS FOR BOTH NWSSP AND INDIVIDUAL HEALTH BOARDS / TRUSTS								
PRIMARY CARE SERVICES								
General Medical Services (GMS)		Planning						Scheduled for April 2021
General Dental Services (GDS)		Planning						Scheduled for April 2021
General Ophthalmic Services (GOS)		Planning						Scheduled for April 2021
General Pharmaceutical Services (including Prescribing)		Planning						Scheduled for April 2021
General Medical Services Contractor Systems - FPPS		Work in progress						Scheduled for April 2021
General Medical Services Payments System		Interim update						Scheduled for January 2021
GOS Contractor Payments System		Work in progress						Scheduled for January 2021

Assignment	Draft to Mgt Response (Days)	Status	Rating	Summary of Recommendations				Notes
				High	Medium	Low	N/A	
EMPLOYMENT SERVICES								
Payroll Services		Planning						Scheduled for April 2021
PROCUREMENT SERVICES								
Accounts Payable		Planning						Scheduled for April 2021
OTHER NATIONAL AUDITS								
Welsh Risk Pool		Planning						Scheduled for April 2021
Credit Card Expenditure	1	Final	Substantial	-	1	1		Reported to October 2020 Audit Committee
AUDITS FOR NWSSP								
Employment Services Directorate Review		Planning						Scheduled for January 2021
IM&T Control and Risk Assessment		Work in progress						Scheduled for January 2021
Student Awards		Planning						Scheduled for January 2021

Assignment	Draft to Mgt Response (Days)	Status	Rating	Summary of Recommendations				Notes
				High	Medium	Low	N/A	
ADVISORY REVIEWS AND RISK AREAS TO BE MONITORED								
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		Work in progress						Scheduled for January 2021
PROJECT MANAGEMENT GROUPS								
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					
Audit Tracker Register	Ongoing		Consider the development of audit recommendation tracker functionality within Teammate					
AUDIT MANAGEMENT & REPORTING								
Audit Management & Reporting	Ongoing							

For Reference: The assurance ratings are defined as follows:

Assurance rating	Assessment rationale	Guide to Rating
	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.	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.
	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.	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.
	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.	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.

Assurance rating	Assessment rationale	Guide to Rating
	The Board has **no assurance** 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 **high impact on residual risk** exposure until resolved.	Significant audit matters require management attention both in terms of materiality and number. 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. Several high priority audit findings have been identified in a number of areas; and/or several Medium audit findings. Either individually or when taken together these are significant audit matters with moderate impact on residual risk exposure until resolved.

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

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

Credit Card Expenditure

Final Internal Audit Report

2020/21

NHS Wales Shared Services Partnership

Audit and Assurance Services

Substantial Assurance
- +
Previous Rating: **Substantial Assurance**

CONTENTS

Review reference: NWSSP-2021-13
Report status: Final
Fieldwork commencement: 11th September 2020
Draft report issued: 5th & 9th October 2020
Management response received: 12th October 2020
Final report issued: 12th October 2020

Auditors: James Quance, Head of Internal Audit
                                     Stephen Chaney, Deputy Head of Internal
                                     Audit
                                     Chris Scott, Internal Audit Manager

Executive sign off: Andrew Butler, Director of Finance and
                                     Corporate Services

Distribution: Alison Ramsey, Deputy Director of Finance
                                     and Corporate Services
                                     Linsay Payne, Head of Financial Management

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 Credit Card Expenditure review was completed in line with the 2020/21 Internal Audit Plan. The review sought to provide assurance that purchasing card (also known as a 'credit card') purchases within NHS Wales Shared Services Partnership (NWSSP) are compliant with corporate policies and procedures. It is timely because the use of purchasing cards is increasing and it is important to ensure that the controls in place are adequate and operating effectively.

The purchasing card scheme was originally introduced to reduce paperwork and administration time involved in the ordering and invoicing process for low value, high volume goods and services not covered by any purchasing agreements or contracts.

The key procedure, FCP 6 Purchasing Card Procedure (the 'FCP'), is managed by Velindre University NHS Trust (the 'Trust'). The FCP details the responsibilities of both the Trust and NWSSP in managing and administering purchasing card payments.

The review sought to provide assurance that purchasing card expenditure is compliant with this procedure.

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:

- to ensure policies and procedures have been developed and are readily available to all staff;

- to ensure purchasing cards are only issued where appropriate, with a completed and appropriately authorised Cardholder Application Form supplied to the Purchasing Card Administrator (PCA);

- to ensure:

  o a purchasing card order form has been completed and authorised in accordance with the Standing Financial Instructions (SFIs);

  o card expenditure is appropriate;

  o expenditure does not exceed monthly transactional limits;

- to determine if purchasing cards are managed upon expiry and in particular:
  - o expired / redundant cards are returned to the PCA;
  - o missing or the non-receipt of a card is investigated;
  - o regular reviews of the existing list of card holders are undertaken, to ensure a continuing need for each card;
- to ensure that purchasing card expenditure is monitored and reviewed on a regular basis, including:
  - o the reconciliation of payments made from the purchasing card order form through to the purchasing card statement and Oracle;
  - o the investigation and resolution of unauthorised and incorrect transactions; and
  - o the total amount of purchasing card expenditure, including trend analysis and whether this remains appropriate.

To support the above, the audit examined a sample of purchasing card transactions across the organisation.

The audit only tested sections of the FCP that were applicable to NWSSP and excluded paragraphs specifically the responsibility of the Trust.

1.3 Associated Risks

The risks considered in the review were as follows:

- unauthorised / inappropriate expenditure;
- insufficient scrutiny and monitoring of purchasing card expenditure, resulting in financial loss; and
- purchasing cards are lost / misused, resulting in fraudulent activity.

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 Credit Card Expenditure is **Substantial Assurance**.

RATING	INDICATOR	DEFINITION
Substantial		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.

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

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

Assurance Summary					
1	Policies and procedures				✔
2	Card issue controls				✔
3	Card usage compliance				✔
4	Card management protocols				✔
5	Card expenditure reporting and monitoring			✔	

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

2.3   Design of Systems/Controls

The findings from the review have highlighted no issues that are classified as a weakness in the system control / design for Credit Card Expenditure.

2.4   Operation of System/Controls

The findings from the review have highlighted two issues classified as weaknesses in the operation of the designed system/ control for Credit Card Expenditure. This is denoted in the management action plan as (O).

3.   FINDINGS & RECOMMENDATIONS

3.1   Summary of Audit Findings

Some employees of NWSSP have been issued purchasing cards for the purchase of goods and services where this method of payment is necessary, typically because payment is required at the time the good or service is ordered. Purchasing cards are most commonly used for the procurement of rail tickets, hotel accommodation and the registration fee for junior doctors (where the use of a purchasing card is required), but other purchase types are common too.

Permitted expenditure categories, credit and transaction limits are determined and set in card applications. The controls over expenditure are provided through NWSSP budget holder authorisation and statement reconciliation and accountancy is provided by the Trust.

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

Policies and procedures

NWSSP follow the Trust's financial control procedures, with FCP 6 Purchasing Card Procedure (the 'FCP') relevant for purchasing cards. This document covers the following areas:

- the purchasing card application process;
- transaction approvals and statements;
- discrepancies / disputes on amounts billed;
- goods invoiced prior to receipt;
- card limits;
- exceptions; and

• card housekeeping.

Within the FCP the responsibilities of the Trust and NWSSP staff are documented.

We noted that the FCP was currently being reviewed, with pending amendments to the authorisation procedure (i.e. adopting the use of budget holder email approval), but otherwise found no issues to report regarding the FCP.

Card issue controls

Applications for new cards are submitted to the purchasing card provider by the Trust. NWSSP officers complete card application forms that are approved by the NWSSP budget holder / Finance and sent to the Trust for processing. Recently, NWSSP has started to retain copies of applications submitted to the Trust. Furthermore, applications for purchasing cards have to be approved by the Managing Director of NWSSP and/or the Director of Finance and Corporate Services.

Card usage compliance

The monthly purchasing card and individual transaction limits are set for each cardholder through the purchasing card provider. Typically, these are set at £3,000 and £500, respectively. However, there is one card in issue, whose use is dedicated to the payment of recurring Junior Doctors Visa sponsorship, where limits are higher. Temporary limit increases, prior to transactions that exceed standard values, can be considered and approved by the card holder's line manager / budget holder and a request sent to the PCA. These remain effective until the next statement date.

Cards are for business use only and all card purchases, which are subject to the same corporate procedures that control all other purchases, must be pre-authorised by the budget holder to whose cost centre items are being charged. As listed within the FCP, the following items/commodities provides a high level indication of what can not be purchased using the card, with some classifications automatically restricted by the card provider upon application:

• automotive fuel;

• purchases from restaurants and bars;

• cash (automatically restricted);

• goods available from Welsh Health Supplies, Central Stores in Bridgend;

• mobile phones;

- items covered by purchasing agreements or contracts; and
- regularly used items or services.

We examined a sample of 20 purchase transactions across a sub-group of five card holders testing the following:

- appropriate pre-approval of the transaction and completion of the Purchase Card Transaction Request Form (PCTRF);
- the good or service was not on the prohibited list;
- where the transaction exceeded the set limit, its increase had been approved; and
- the actual value of the transaction had not exceeded that originally pre-authorised.

We noted that in 6 out of 20 cases the transaction approval was evidenced by e-mail, but that this had not been referenced on the PCTRF as required by policy. **This has been raised as a recommendation within Appendix A.**

Card management protocols

We were advised that purchasing cards are applied for by the Purchasing Card Administrator (PCA) at the Trust on receipt of an approved application form from NWSSP. The PCA also manages the cards in respect of renewals, cancellation and managing lost or stolen cards. However, card holders also have card ownership responsibilities with which they must comply.

We noted only one cancelled card in the period being reviewed and the PCA confirmed that the account had been closed, with the card returned and cut in half. Regarding card usage and the ongoing need for those in issue, we noted that 3 out of 18 cards in issue during the period have not been used in the first half of 2020/21 and that three other cards had not been used for several months during the six months examined. However, we have been informed that in some service areas, a 'back-up' card is utilised in the event of a primary cardholder being absent. Therefore, the card is still required, but may not be used frequently.

However, there was a formal review of cardholders completed during November 2019, with the next review scheduled for November 2020.

Card expenditure reporting and monitoring

Purchasing card holders, as well as obtaining pre-authorisation from budget holders for all transactions, are required to make monthly returns to NWSSP Finance of all card transactions and supporting documentary

evidence in the period. However, whilst sample testing this aspect we noted a level of non-compliance in the prompt submission of these returns. **This has been raised as a recommendation within Appendix A.**

The Trust has the responsibility for reconciling purchasing card statements to cardholder transaction returns, paying the purchasing card statements and journaling the costs to the cost centres noted on the purchase card order forms. This process has been confirmed with the Trust but, being outside the scope of the audit, has not been substantively tested.

NWSSP advise that they do not receive any purchasing card expenditure reports to be able to undertake reviews of the total amount of purchasing card expenditure or card spend trend analysis. All purchasing card expenditure is reported and reviewed as part of overall non pay expenditure and is not reported separately. However, NWSSP Finance utilises the review of the monthly returns to understand the type and level of expenditure incurred.

3.2 Summary of Recommendations

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

A summary of these recommendations by priority is outlined below.

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

Finding 1 Prompt return of cardholder record forms (O)	Risk
Card holders are required to submit summary returns and supporting papers of their card spend each month to NWSSP Finance for review, typically in a list format. However, we noted in the return period July to August 2020, three of the 18 card holders listed had not submitted the required documentation. During the audit, Finance were in the process of pursuing the outstanding returns.	Risk that unauthorised transactions or transactions for goods/ services not permitted go undetected.
Recommendation 1	**Priority level**
We recommend that NWSSP ensures all cardholders returns are returned and reviewed promptly to ensure that any transactions can be reviewed and challenged where required.	**Medium**
Management Response 1	**Responsible Officer/ Deadline**
Agreed, some delays were incurred during the period sampled due to home working and/or increased work pressures due to Covid – cardholders will be reminded of the need to submit their transaction information in a timely manner and regular reviews and chaser emails for this information will be undertaken and escalated to senior finance colleagues where delays are reported.	Head of Financial Management, December 2020

Finding 2 Transaction procedure compliance (O)	Risk
We examined a sample of 20 purchases across the card holders for the period of audit and tested these to ensure they complied with requirements. We noted that in 6 out of 20 cases transaction approval was evidenced by e-mail, but that this had not been referenced on the Purchase Card Transaction Request Form (PCTRF), as required by FCP 6 Purchasing Card Procedure (the 'FCP').	Non-compliance with the FCP. Risk that card transactions authorisation cannot be evidenced in the event of enquiry. Increased risk of purchasing card expenditure not being approved.
Recommendation 2	**Priority level**
Budget holders should only agree to purchasing card expenditure once a PCTRF is fully completed. Upon receipt of a completed PCTRF, any email approval from the budget holder should be referenced and attached to the form. Finance should feed back to budget holders each month, following their review of the monthly returns i.e. Finance should review a sample of completed PCTRFs.	**Low**

Management Response 2	Responsible Officer/ Deadline
Agreed, the authorisation of these PCTRFs was present and evidenced but not noted on the form. Cardholders will be reminded of the need to reference the email/electronic approval on the PCTRF and a review of this will be built into the monthly checks within NWSSP to ensure compliance.	Head of Financial Management, December 2020

Audit Assurance Ratings

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

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

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

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

Prioritisation of Recommendations

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

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

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

Confidentiality

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Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the 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 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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Declarations of Interest

Advisory Review Report

2020/21

NHS Wales Shared Services Partnership

Audit and Assurance Services

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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.

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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 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 advisory review of Declarations of Interest within NHS Wales Shared Services Partnership ('NWSSP') has been completed as part of the 2020/21 Internal Audit Plan.

NWSSP is committed to ensuring that its employees practice the highest standards of corporate and personal conduct whilst acting in the public interest at all times. Therefore, it is imperative management is aware of any conflicts of interest and that appropriate safeguards are implemented to minimise the risk. As a hosted body, NWSSP follows the Velindre University NHS Trust ('the Trust') Standards of Behaviour policy, which includes requirements around declarations of interest ('DOI'). The NWSSP Senior Management Team ('SMT') were developing NWSSP-specific guidance for DOIs at the time of the review.

Certain NWSSP staff (all staff in Finance & Corporate Services and Audit & Assurance Services; band 6 and above in Procurement; band 7 and above in all other divisions) are required to disclose conflicts of interest – potential or actual – by completing an annual DOI form. Based upon these disclosures, management should ensure appropriate safeguards are in place to mitigate the related risks. If there are no interests to declare, these staff members must confirm a nil declaration. This approach, which we understand has been in place within NWSSP for a number of years, goes much further than the requirements of the Trust Policy, and we understand, further than most other NHS organisations in Wales Given the nature of NWSSP's core business SMT has emphasised the importance of staff disclosing interests and in particular details of any relationships within Health Boards and Trusts.

We understand the results of the annual DOI exercise have always been reported to the SMT to ensure senior staff are aware of any conflicts. However, during the last twelve months the NWSSP SMT has collated and RAG rated all of the staff DOI forms received. Based on the RAG rating, divisional action plans have been established to implement safeguards for each staff member's conflict of interest.

2.   Scope and Objectives

The overall objective of the review was to ensure that the safeguards in place over NWSSP staff declarations of interest were effective in mitigating the related risks and that management had assurance that the safeguards had been implemented and were operating effectively.

The scope was limited to a review of a sample of NWSSP staff DOIs in order to:

- assess the appropriateness of the RAG rating;
- verify how management was assured that appropriate safeguards had been implemented to manage the risks of actual or potential conflicts of interest;
- consider whether the design of the implemented safeguards was effective in managing these risks;
- verify how management monitored the safeguards to ensure they were operating effectively; and
- validate the safeguards in place for senior management and staff who had declared interests in companies outside of NWSSP

As this is an advisory review, the assignment is not allocated an assurance rating.

Limitation of scope

The scope of this review was limited to reviewing a sample of NWSSP staff DOI forms held by SMT. Therefore, the review did not cover the policies and procedures in place, the process for ensuring all appropriate staff have completed a DOI form or the annual update/review of DOI forms. As noted above, NWSSP SMT is in the process of developing local guidance on DOIs which will cover these areas.

We have not considered any of the DOI processes in place with regard to NWSSP's response to Covid-19.

3.   Associated Risks

The risks considered in this review were a conflict of interest resulting in:

- a compromise in the integrity of work undertaken by NWSSP;
- inefficient allocation of resources; or
- potential financial or reputational damage to NWSSP.

4.   Summary of Advisory Review Findings

The requirement for all Band 7 staff and above (and in certain directorates all staff) to complete a declaration of interest on at least an annual basis is long established within NWSSP and exceeds the requirements of the Velindre Trust Policy. NWSSP is in the process of further developing and enhancing its approach to DOIs with the aim that all staff will complete declarations on ESR and that there is a formal action plan in place to manage and monitor any perceived conflicts. The use of ESR will enable staff to update DOIs more easily during the year, rather than waiting for the annual review, and should also assist with clearer management monitoring and scrutiny of DOIs. We identified the following progress at the time of our review:

- the annual review of DOIs due in March 2020 was delayed due to Covid-19;

- during 2019/20, completed DOIs were brought together into an action plan for consideration by SMT;

- at the time of our review, management was in the process of finalising a Protocol on Managing Personal Relationships – the Protocol has since been approved by SMT and is embedded within the NWSSP DOI guidance and we understand that the main principles within the draft document have been adhered to in recent years; and

- we understand that the Head of Finance & Business Development and Corporate Services Manager have recently completed a CIPFA Certificate in Corporate Governance, a training programme aimed at increasing the knowledge and skills of those charged with making governance work in public bodies – this included declarations of interest.

We acknowledge that NWSSP already exceeds the requirements of the Trust Policy. In the last year, it has developed its DOI processes further to ensure that perceived conflicts are not only identified, but that action is documented and taken to mitigate them in a structured and transparent way. The findings raised in this report are aimed at identifying areas for management consideration in the continued work to strengthen the existing local DOI processes.

We have identified four **medium** priority findings:

1. DOI RAG Ratings: there was some confusion over the new RAG rating definition, with some ratings based on inherent risk and some on residual risk. A moderation exercise was undertaken within Finance & Corporate Services to review submissions for consistency. We identified one instance where a DOI RAG rating had been reviewed and changed centrally by the Director of Finance but not agreed with the relevant Director.

2. DOI Safeguards: we identified a number of areas for further improvement with regard to DOI safeguards, including the need to include sufficient information in the DOI form and the provision of guidance on assessing risks relating to DOIs and evidencing implementation of safeguards.

3. Evidencing Professional Judgement: management does not retain formal evidence of the professional judgements behind DOI RAG ratings and the consideration of risks presented by each DOI before identifying the appropriate safeguards.

4. Monitoring of DOIs and Safeguards: ongoing monitoring of individual declared interests was only undertaken informally. The ESR DOI functionality, rolled out after our review, will assist with the monitoring process.

Further details are included within section 6, with our findings set out in Appendix A.

DOI Good Practice

We examined whether there was evidence in other organisations of good practice regarding declarations of interest. We found that, even though this area has been heavily researched, there is no one answer for the best way to approach potential conflicts of interest. An organisation's approach should depend on the level of risk and potential consequences. We have set out good practice information provided by the National Audit Office and the Organisation for Economic Development in Appendix B.

5.   Detailed Advisory Review Findings

DOI RAG rating

All DOIs within the action plans provided had been RAG rated and, for the DOIs in our sample, the Directors were able to justify the rationale behind the ratings. However, our testing on a sample of 20 DOI forms identified that there was some confusion over the new RAG rating definition, with some DOIs being rated based on inherent risk and others based on residual risk. This impacted eight of the forms in our sample. This issue had already been identified by the Director of Finance & Corporate Services and we understand there are plans to introduce a dual RAG rating system that covers inherent and residual risk for the next annual update of the DOIs and action plans.

Our testing further identified that management does not retain formal evidence of the professional judgement behind each RAG rating. Therefore, we could not verify that each declaration had been appropriately reviewed before applying the RAG rating. We understand that the Director of Workforce & Organisational Development intends to review the DOI form (and the corresponding ESR facility, although we note that NWSSP can only suggest amendments to ESR as it is an All England & Wales system) to ensure there is space to document professional judgement and decision-making around the DOI, RAG rating and safeguards.

We agree with management's intended actions on the above points.

For one DOI in our sample, the RAG rating had been changed (from low to medium) by the Head of Finance & Business Development at the request of

the Director of Finance & Corporate Services prior to SMT review. However, the related Manager was not aware of the revised rating and did not agree with it. The Managing Director also concurred with the revised rating.

See **recommendations 1 and 3** in Appendix A**.**

Design of Safeguards

For each declaration made, management should identify and implement appropriate safeguards to minimise any potential risk. Through our sample testing of 20 DOI forms, we considered how management were assured appropriate safeguards were in place and whether the safeguards were designed effectively.

Our review of the DOI forms in our sample identified that three already had safeguards in place prior to the development of the action plans.

We have identified areas for improvement in scrutiny over the safeguards for the declared interests:

- the safeguard for three DOIs was "review the potential conflict to confirm no/minimal risk". We confirmed with management that a review of the identified potential conflicts in all three cases had not been completed;

- one DOI form had the safeguard of "continued monitoring". We were not provided with evidence of formal monitoring, although we were informed that informal monitoring was being undertaken;

- for two DOIs, the information detailed within the DOI form was insufficient for us to ascertain whether the safeguard was appropriately designed. These DOIs related to relationships within NHS Wales. For the remaining 18 DOIs, the level of detail in each could be improved for clarity, but it did not prohibit us from reviewing the safeguards in place;

- for 18 of the DOIs tested, the DOI concerned relationships within NHS Wales. The related safeguards should be reviewed in light of the Protocol on Managing Relationships once it is approved; and

- five of the DOIs concerned declarations of interests in companies outside of NHS Wales. However, for four of these, the employee had not been informed in writing of their responsibilities with regard to those companies and trading with the NHS Wales. In all five cases, management had not undertaken any checks on the related businesses, for example, with Companies House or for payments through Oracle. There is a compensatory control within Procurement whereby further DOIs are required to be completed in addition to the

annual DOI as part of individual procurement exercises. However, this compensatory control is only activated if the procurement exercise is completed through Procurement Services. For example, if another department wanted consulting services from an employee and did not complete the process through Procurement Services, additional DOIs would not be required.

As identified with the RAG ratings above, there was a lack of evidence demonstrating appropriate consideration of the risks presented by each declaration before identifying the appropriate safeguard. Although we obtained information through discussions with management we could not formally verify their responses.

See **recommendations 2 and 3** in Appendix A.

Monitoring of Safeguards

In our sample of 20, 15 of the DOIs required no specific additional safeguard to be implemented because of the nature of the role of the individual and the declaration disclosed. We noted that, for three of these DOIs, the safeguard was implemented before the action plan was created. The nature of these 15 DOIs did not require continual monitoring. We confirmed during our testing that it is the responsibility of the employee to inform management of any changes to their declaration.

We understand that informal monitoring of Directors' declarations takes place through their regular one-to-one meetings with the Managing Director during the year, even if the safeguard required no further action.

For four declarations, we confirmed through discussion with management that the safeguards identified are informally monitored throughout the year. However, no evidence was provided confirming monitoring had taken place and, therefore, we could not formally verify management comments.

See **recommendation 4** in Appendix A.

Validating safeguards in place

For a sample of 25 DOIs from staff who had declared interests in companies outside of NWSSP and senior managers, we undertook the following tests:

- for four DOIs, we verified disclosed company information with Companies House. No issues were noted.

- for two DOIs, we obtained evidence that the employee had been reminded in writing of their responsibility with regard to any potential trade between the declared company and NHS Wales. No issues were noted.

- for 13 DOIs, we ascertained whether payments had been made from any NHS Wales organisation to the disclosed business in the period from 1 April 2017 to June 2020. No issues were noted.

- for one declared company where management was aware of previous relationships between NHS Wales and the company, we requested evidence that approval was obtained prior to the related services being supplied. However, evidence of the approval was not given to us because it happened prior to the appointment of the current Director. See **recommendation 2**.

- for 16 DOIs, we discussed with management how potential conflicts are managed relating to declared relationships within NHS Wales, declared interests in external companies or declared work being undertaken with external organisations. As identified in the work under the RAG rating, design and monitoring of safeguards above, the evidence provided was all anecdotal and could not be formally verified. In many cases, management personally knew of the relationship. However, one manager had to check to see if there was any line management responsibility within those relationships. Based on this being the only exception in our sample testing and throughout the audit management could demonstrate through discussions their awareness of relationships, we believe the risk that those in relationships having line management responsibilities to be low. See **recommendation 3**.

- for two DOIs, we identified what monitoring there was of the potential conflicts – we identified that monitoring was not taking place. See **recommendation 4**.

6.   Summary of Recommendations

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

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	-	4	-	4

Finding 1: DOI RAG Ratings	Risk
Definition There was some confusion over the RAG rating definition, with some DOIs being rated based on inherent risk and others based on residual risk. This impacted eight of the 20 forms in our sample. This issue had already been identified by the Director of Finance & Corporate Services and we understand there are plans to introduce a dual RAG rating system that covers inherent and residual risk for the next annual update of the DOIs and action plans. **Change of rating** For one DOI in our sample, the RAG rating had been changed (from low to medium) within Corporate Services prior to SMT review. However, the related Director was not aware of the revised rating and disagreed with it. The Managing Director concurred with the revised rating.	Safeguards implemented may be ineffective or inappropriate for the level of risk. Potential conflict of interest may not be appropriately monitored.
Recommendation 1	**Priority level**
We agree with management plans to introduce a dual RAG rating system into the updated action plans. We further recommend that management: 1.1 Produces guidance on the inherent and residual RAG rating definitions and how to apply them to the DOIs; 1.2 Ensures that the documented local DOI guidance (to be developed) includes the process for central review of the DOI RAG ratings, who is ultimately responsible for the decision on RAG ratings and how any changes are communicated back to the relevant Directors; and 1.3 Raises suggestions to NHS Central ESR Team that the ESR functionality incorporates the actions identified above.	**Medium**

Management Response 1	Responsible Officer/ Deadline
The guidance will be updated as recommended above and, where applicable, we will make representations to the NHS Central ESR Team to update the ESR functionality. However, we are aware that there are no plans within NHS England and/or the ESR Central Team to develop Action Plans further at this stage.	Head of Finance & Business Development 30 November 2020

Finding 2: DOI Safeguards	Risk
In our testing on a sample of 20 DOIs, we identified the following: • the safeguard for three DOIs was "review the potential conflict to confirm no/minimal risk". We confirmed with management that a review of the identified potential conflicts in all three cases had not been completed. • one DOI form had the safeguard of "continued monitoring". We were not provided with evidence of formal monitoring, although we were informed that informal monitoring was being undertaken. • for 2 DOIs, the information detailed within the DOI form was insufficient to ascertain whether the safeguards were appropriately designed. These DOIs related to relationships within NHS Wales. For the remaining 18 DOIs, the level of detail could be improved for clarity, but it did not prohibit us from reviewing the safeguards in place. • for 18 of the DOIs tested, the DOI concerned relationships within NHS Wales – these safeguards may need to be revisited when the Protocol for Managing Relationships is approved. • five of the DOIs concerned declarations of interests in companies outside of NHS Wales. However, for four of these, the employee had not been informed in writing of their responsibilities with regard to those companies and trading with NHS Wales. In all five cases, management had not undertaken any checks on the related businesses, for example, with Companies House or for payments through Oracle. In addition, our work on verifying the safeguard in place for a sample of 25 DOIs identified that, for one DOI where management was aware of previous relationships between NHS Wales and the declared company, evidence of the approval of this prior to work commencing was not provided due to this happening prior to the appointment of the current Director.	Identified safeguards may not be effectively implemented. Safeguards implemented may be ineffective or inappropriate for the level of risk. Potential conflict of interest may not be appropriately monitored.
Recommendation 2	**Priority level**
2.1 Management should ensure that the documented local DOI guidance (to be developed) includes:	**Medium**

a. a requirement to include sufficient information within the DOI forms to assess the potential risk and safeguards required;

b. information on how to assess potential conflicts of interest and develop effective safeguards;

c. a requirement to formally evidence that the safeguards in the action plan have been implemented and remain effective – this should cover specific requirements around common DOIs, for example, interest in external companies and relationships within NHS Wales; and

d. guidance around communicating staff responsibilities with regard to declared interests in companies and those companies trading with NHS Wales.

2.2 Management may wish to provide training to relevant staff on the development of safeguards.

2.3 For DOIs with declared relationships within NWSSP, the related safeguards should be reviewed in light of the Protocol on Managing Relationships.

Management Response 2	Responsible Officer/ Deadline
The guidance will be updated to respond to the recommendations highlighted above and once complete, will be taken back to the Senior Management Team for formal review and ratification.	Head of Finance & Business Development
We do not think that formal training on the development of safeguards is required, but we will disseminate and promote the guidance to all staff once ratified by the Senior Management Team.	30 November 2020
Any declared relationships within NWSSP, and the safeguards in place to mitigate any potential conflicts, will be reviewed to ensure compliance with the Protocol on Managing Relationships.	

Finding 3: Evidencing Professional Judgement	Risk
Management does not retain formal evidence of the professional judgement or management behind: • DOI RAG ratings; • the consideration of the risks presented by each DOI before identifying the appropriate safeguards; and • how potential conflicts are managed, in particular relating to declared relationships within NHS Wales, declared interest in external companies or declared work being taken with external companies. Whilst we were able to discuss these matters with the relevant Director for each DOI in our samples, we could not formally verify their responses. We understand that the Director of Workforce & Organisational Development intends to review the DOI form (and the corresponding ESR facility, noting that NWSSP can only suggest amendments to ESR) to ensure there is space to document professional judgement and decision-making around the DOI, RAG rating and safeguards.	RAG ratings and safeguards may not stand up to scrutiny. RAG ratings may not be appropriate. Safeguards implemented may be ineffective or inappropriate for the level of risk. Potential conflict of interest may not be appropriately monitored.
Recommendation 3	**Priority level**
We agree with management's plan to incorporate professional judgement and decision-making around the DOI, RAG rating and safeguards into the DOI form and ESR facility. 3.1 Management should ensure that the requirement to document such judgements and how potential conflicts are managed is incorporated into the documented local DOI guidance (to be developed).	**Medium**
Management Response 3	**Responsible Officer/ Deadline**
The guidance will be updated to reflect the recommendations above.	Head of Finance & Business Development

	30 November 2020

Finding 4: Monitoring of DOIs and Safeguards	Risk
We were informed that informal monitoring of Directors' declarations takes place through their regular one-to-one meetings with the Managing Director during the year, even if the safeguard required no further action. For six declarations across both samples, we confirmed through discussion with management that the safeguards identified are informally monitored throughout the year. However, no evidence was provided surrounding this monitoring and, therefore, we could not formally verify management comments.	Safeguards implemented may be ineffective or inappropriate for the level of risk. Potential conflict of interest may not be appropriately monitored.
Recommendation 4	**Priority level**

4.1 Management should ensure that the documented local DOI guidance (to be developed) includes:
 	
    a. Guidance on what monitoring is required for DOIs; and
 	
    b. A requirement to formally evidence this monitoring.
	Medium

Management Response 4	**Responsible Officer/ Deadline**
The guidance will be updated to reflect the recommendations above.	Head of Finance & Business Development 30 November 2020

Appendix B: Declarations of Interest – Good Practice

The below information was provided from the National Audit Office regarding good practice in public organisations. All public organisations should:

- promote ethical standards;

- ensure their staff understand conflicts of interest and know how to identify and report them;

- be transparent, including having arrangements to declare and register gifts and other benefits;

- get all staff and contractors to declare routinely all private, personal and financial interests relevant to decision-making, management of contracts and giving policy advice;

- have proportionate oversight and detection mechanisms, which may include external arrangements, such as external audit and regulator checks; and reporting systems, such as whistleblowing arrangements; and

- have proportionate, enforceable sanctions for non-compliance, including personal consequences (such as disciplinary action, dismissal or prosecution) and management actions (for example, retroactive cancellation of a decision or contract).

There should be openness and transparency about situations where conflicts can and do arise. The intention should be to identify and manage conflicts of interest, not eliminate them. The effect should be to make everyone aware of what to do if they suspect a conflict and ensure decision-making is efficient, transparent and fair.

The way an organisation decides to manage conflicts should reflect the risk of exposure to conflicts. They should recognise the risk of conflicts of interest in policy, procedures or guidance, including what to do in cases where there is potential conflict of interest. This could be addressed explicitly in a 'conflicts of interest policy' or in other guidance covering risky areas such as procurement or HR. The procedures should comply with the law and good practice.

Departments and agencies should share their policy, procedures or guidance so that providers are aware of their responsibilities and the consequences of non-compliance. Organisations can use formal contractual requirements to ensure standards and processes are understood.

Taking a proportionate approach to managing conflicts

We also reviewed the Managing Conflict of Interest in the Public Sector Toolkit report from the Organisation for Economic Development. From this, we identified that specific tests to help management think about whether there is a potential conflict exists:

TEST 1

Conflict of Interest

Also referred to as an actual or real conflict of interest:

● **Question 1: What official functions or duties is Official X responsible for?** *[Refer to functional duty statement, position description, law, or contract of employment, etc., or statement of the functions of the official's organisation, etc.]*

● **Answer 1:** *Official X is responsible for functions 1, 2, 3 (etc.) in ministry B.*

● **Question 2: Does Official X have private interests of a relevant kind?** *[See Comments on "relevant private interests", below.]*

● **Answer 2: Yes, Official X has job-relevant private interests.** *[The relevant facts are clear.]*

Conclusion: Official X has a *conflict of interest.*

TEST 2

Apparent Conflict of Interest

- **Question 1:What official functions or duties is Official X responsible for?** *[Refer to functional duty statement, position description, law, or contract of employment, etc., or statement of the functions of the official's organisation, etc.]*
- **Answer 1:** *Official X has official responsibility for functions 1, 2, 3..., in ministry B.*
- **Question 2: Does Official X hold private interests of a relevant kind?** *[See Comments below.]*
- **Answer 2: It** *appears to be the case* **that Official X may have relevant private interests**. *[The relevant facts are not certain.]*

Conclusion: Official X has an *apparent* **conflict of interest**.

TEST 3

Potential Conflict of Interest

- **Question 1: What official functions or duties is Official X responsible for?**
- **Answer 1:** *Official X is responsible for functions X,Y, in ministry B*
- **Question 2: Does Official X hold private interests of a relevant kind?**
- **Answer 2:** *No. at the present moment, Official X has interests which are not job-relevant, but it is reasonably foreseeable that in the future, X's personal interests could become relevant interests.*

Conclusion: Official X has a *potential* **conflict of interest.**

Prioritisation of Recommendations

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

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

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

Confidentiality

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Audit

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

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

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

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

Responsibilities

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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Financial Governance Arrangements During the Covid-19 Pandemic

Advisory Review Final Report

2020/21

NHS Wales Shared Service Partnership

Audit and Assurance Services

Contents

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Auditors:	James Quance, Head of Internal Audit Stephen Chaney, Deputy Head of Internal Audit Nicola Jones, Audit Manager
Executive sign off:	Andy Butler, Director of Finance and Corporate Services
Distribution:	Neil Frow, Managing Director Alison Ramsey, Deputy Director of Finance and Corporate Services Linsay Payne, Head of Financial Management Jonathan Irvine, Director of Procurement and Health Courier Services Peter Stephenson, Head of Finance and Business Development
Committee:	Velindre NHS Trust Audit Committee for NWSSP

ACKNOWLEDGEMENTS

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

1. INTRODUCTION AND BACKGROUND

Background and context

The NHS in Wales continues to face unprecedented pressure to meet the needs of those who are affected by Covid-19. Alongside this is the need for organisations to balance continuing to provide and commission life-saving and life impacting essential services.

Within NHS Wales Shared Services Partnership (NWSSP) there has been an urgent need to assist health boards and trusts within NHS Wales to rapidly overcome Covid-19 challenges. Examples include the procurement of personal protective equipment (PPE) and medical equipment.

NWSSP has incurred significant expenditure (in excess of £176m) on behalf of the Welsh Government during a short period of time, which has resulted in new contracts being agreed for existing and new suppliers.

To support this process, delegated authority limits have been increased several times to secure time critical orders. We have been informed that revised temporary limits remain in place until 31 March 2021. However, Welsh Government approval is still required on all orders over £1m or advanced payments worth 25% or more of the contract value.

To ensure that effective stewardship of public funds and value for money (in accordance with 'Managing Welsh Public Money') is still adhered to during the pandemic, the following applies:

- value for money should be delivered with an assessment of realistic options available at the time;
- decisions undertaken should be justifiable and recorded, with adequate approval in place (if not at the time, then subsequent);
- decision making conduct should be in line with the Nolan Principles, with no (or perceived) conflict of interest present;
- continued focus on governance arrangements and the risk of fraud is vital; and
- where required advice, guidance and / or clarification should be sought.

To support the above requirements, NWSSP has implemented the following measures:

- a NWSSP Finance Governance Group (the 'Group') to ensure appropriate decision making and monitoring is completed;
- a temporary revision to the Scheme of Reservation and Delegation; and
- a process that outlines responsibilities when a payment is made in advance or upon receipt of goods.

During the pandemic many of the procurement decisions were being made when there was significant pressure to ensure PPE was available for health care (and social care) staff in Wales. There was global demand for products, extreme competition and existing supply chains were severely disrupted and therefore, a short delay in decision-making could affect the ability to purchase PPE.

This review focussed on the financial governance arrangements put in place at the commencement of the initial peak of the pandemic during March and April 2020.

2.   EXECUTIVE SUMMARY

Main Observations

NWSSP's temporary financial governance arrangements were developed and put in place on a timely basis and operated effectively during the peak. NWSSP complied with the guidance and the principles issued by the Welsh Government.

Financial governance was maintained with changes to the Standing Orders-Reservation and Delegation of Powers (SoRD) following the appropriate approval route and compliance therein. The arrangements put in place helped ensure that NHS Wales did not experience any PPE stockouts during the period.

The newly established Finance Governance Group's role was to review significant contracts that required Velindre University NHS Trust (the 'Trust') Board approval and / or payment in advance over 25% of the total value. The Group was able to meet quickly to ensure sufficient scrutiny of suppliers and purchases, whilst taking into account the extremely difficult circumstances of the market at the time. For example, the Procurement Team often only had several hours to confirm a purchase of PPE or risk losing the contract, as the supplier had other customers who were bidding for the same products. This resulted in rapid decision making, with an assessment of the risks in the timeframe available.

We identified 193 contracts for goods purchased from a review of the Covid-19 expenditure records maintained by the Procurement Team. However, we found five orders placed (c. £27m) where the contracts were not pre-approved by the Group. At this time, the role of the Group was still being determined, with the terms of reference and scope of the Group finally agreed on the 5th June 2020. As a result, there was a lack of guidelines setting out which contracts should be submitted to the Group. However, subsequent to the finalisation of the terms of reference, the requirements have been clearly established and it has been confirmed that the five orders have since been submitted to the Group. We found no further examples of contracts / orders that had not been submitted to the Group for review and approval.

The Group was chaired by the Director of Audit and Assurance and membership included the Director of Legal Services, the Head of Counter Fraud Wales, the Director of Finance & Corporate Services, the Head of Accounts Payable and senior members of the Finance Department. The membership was subsequently extended to include the Trust's Interim Vice Chair of the Board and the Trust's Director of Finance.

Interviews with members of the Group concluded that lessons were learnt from an early stage and the arrangements and checklist were updated and enhanced on an ongoing basis. The newly formed Group matured quickly

and evolved into a productive meeting environment, with discussions regarding risks and decisions clearly documented for each contract / supplier reviewed. It was noted that Welsh Government subsequently issued guidance to Health Boards and Trusts that was heavily based on the arrangements developed within NWSSP.

For the contracts reviewed by the Group, the Procurement Team and Finance Teams undertook due diligence reviews, including financial checks. In addition, ESCROW companies were also used for some contracts (typically higher risk orders), with one within our sample utilising these services. We found due diligence was carried out prior to releasing funds.

Advanced payments to suppliers were also monitored closely to ensure delivery of goods that have already been paid for.

Whilst value for money and quality were considered as part of the process, it should be recognised that the ability to supply on a timely basis was also a key consideration in what was a highly pressurised environment. This is also the case for other due diligence checks that would normally be undertaken; in some cases it was only possible to undertake limited checks on how some of the companies operate / manufacture goods.

NWSSP's Surgical Material Testing Laboratory (SMTL), which provides medical device testing and technical services to NHS Wales, were consulted to ensure that purchases met the quality standards required. This confirmation was included within the contract checklist for individual purchases. It was noted that the SMTL identified a number of fraudulent certificates during the period and played a key role in mitigating the risk of NWSSP procuring counterfeit PPE.

Considerations for the Future

We have not assigned priority ratings to considerations, but we consider the following to be key priorities:

- Continue to establish a network of trusted suppliers that share the same values as NWSSP, whilst providing a reliable source of equipment at a reasonable cost. This includes work with suppliers within Wales to strengthen the opportunities for a 'home grown' supply chain.

- Continue to identify and submit in a timely manner all contracts that require review and approval by the Group.
- Maintain an up to date record of contracts and single tender actions (STAs) to allow this to be crosschecked with the contracts / STAs reviewed by the Group.
- Advise / remind the Procurement Team of the process for ensuring all relevant contracts are pre-approved, prior to an order being placed.
- Amend the contract checklist template to include a checklist relating to the negotiations of suppliers. We note that the majority of this was

via telephone calls so evidence was not available to confirm if they took place or not.

- Where other items are discussed at the Finance Governance Group (i.e. finance update, SMTL update) records should be maintained of these discussions. This also includes other contracts that were not required to be approved by the Group, but rather sent for information only.

NWSSP provides information to the Trust when requested and we saw no evidence of delays to this process. However, from discussions with Board members of the Trust it was highlighted that NWSSP should liaise with the Trust to establish any further reporting requirements and / or the level of information required in relation to Covid.

3. DETAILED FINDINGS

Standing Orders – Reservation and Delegation of Powers

What we did

We undertook the following review activity:

- Reviewed the Velindre University NHS Trust (the 'Trust') Standing Orders – Reservation and Delegation of Powers (SoRD)
- Reviewed papers to the Trust's Board requesting an increase to the SoRD.
- Reviewed the evidence of approval for the revised arrangements.
- Reviewed the evidence of approval for a sample of 25 items of Covid expenditure including high value/risk contracts.

We assessed whether the Board has approved the Standing Orders - Reservation and Delegation of Powers (SoRD) and if approvals had been in accordance with the SoRD limits at the time.

What we found

Our review identified the following:

- The SoRD was amended in order to avoid delays to the urgent purchase of equipment.
- Amendments to the SoRD were approved by the Trust.
- Expenditure was approved in accordance with the SoRD.

The SoRD was increased on three occasions:

Date	Approval limit	Officers
Standing Financial Instructions (usual)	£100k plus VAT	CEO
From 20th March 2020	£2m plus VAT	NWSSP Chair and CEO / Director of Finance
31st March 2020 - 30th June 2020	£5m plus VAT	NWSSP Chair and CEO / Director of Finance
Extension to 30th September 2020	£5m plus VAT	NWSSP Chair and CEO / Director of Finance

We were informed that the temporary SoRD has been extended further from 30th September 2020 to 31 March 2021.

What could be done differently in the future?

We suggest the following consideration as the organisation looks forward:

- NWSSP should determine the SoRD required in the event of similar pressures in the future, so this is ready to submit to the Board when required.

Evidence of Expenditure Approval

What we did

We undertook the following activity:

- Reviewed the evidence in place for the approval of a sample of Covid expenditure, which included:
  - Completed contract checklists that had been approved by the Finance Governance Group.
  - Approval of requisitions on Oracle.
  - Email approvals from the Chair and Managing Director relating to Covid expenditure on Oracle.
  - Papers submitted to the Trust for approval.
  - Trust Board papers, including the Chair's Action report.
  - Emails to and from the Welsh Government for approvals over £1m.

We assessed whether approval had been in line with the SoRD and Welsh Government requirements.

What we found

Our review identified the following:

- For purchases that required Chair and Managing Director approval we were provided with evidence of the requisition within Oracle and an email confirmation from the Managing Director and Chair (as the Chair is not set up to approve on Oracle). All those requiring Managing Director and Chair approval had been authorised appropriately.
- For purchases that required an advanced payment over 25% or approval by the Trust, we were provided with the completed contract checklist. All areas of the contract checklist were completed (which included the Finance Governance Group's recommendation), the information provided to the Trust, with the corresponding email approval from the Trust.
- A review of Covid-19 expenditure listed by the Procurement Team identified five contracts that were not submitted to the Group. However, further investigation has concluded that this was not required, as appropriate authorisation was in place at the time of each contract order and the scope and review criteria of the Group was still being established. These contacts have, nevertheless, been reviewed subsequently by the Group. Following the beginning of June, all contracts / orders were processed and scrutinised via the Group.

Further detail is provided below in the section Contract Variations and Single Tender Actions.

- Welsh Government approval for purchases over £1m and advanced payments in excess of 25% was evidenced for all purchases / contracts over £1m.

<u>What could be done differently in the future?</u>

- The Procurement Team should continue to identify and submit in a timely manner all contracts that require review and approval by the Group.

Recording of Risks and Rationale for Expenditure

What we did

We undertook the following review activity:

- Reviewed a sample of Covid expenditure that had been considered by the Group.
- Interviewed the following:
    o Interim Vice Chair, Velindre University NHS Trust;
    o Director of Finance and Corporate Services;
    o Director of Audit and Assurance Services; and
    o Director of Procurement Services.

We assessed whether the risks associated with each contract / purchase were considered by the Group and documented within the contract checklist, with rationale for the decision to proceed or not.

What we found

Our review identified the following:

- Each contract checklist that went through the Group included details of the discussion and risks considered. The content varied, with later checklists including more detail. However, there was still sufficient evidence of completion in the earlier checklists completed.
- Decisions of the Group were clearly documented within the contract checklist for each purchase and if additional information was required prior to submission to the Board, this was included (and updated following completion).
- A common question on the checklist where information was not completed was 'evidence of the negotiations with suppliers to reduce the advanced payment'. We understand that given the pressures at the time, the majority of the discussions with suppliers were verbal rather than in writing.
- A declaration of interest section was included in later checklists, but was not within earlier versions. One contract checklist highlighted that members of the Group declared they knew one of the directors of the company from a previous position within a health board. However, for the majority of contracts reviewed if there were no conflicts of interest, this was not documented.
- At the start of the pandemic, discussions were brief and the risk of not securing PPE was the overriding reason for proceeding with contracts.

- There was considerable discussion documented where large amounts of public money were involved and there were questions around the company.
- Whilst interviewing key staff and reviewing communication between Board members, a query was raised relating to the ethics of the companies supplying equipment. We investigated this further and 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.

What could be done differently in the future?

We suggest the following considerations as the organisation looks forward:

- Continue to establish a network of trusted ethical suppliers to use during periods of suppressed supply, ensuring Sustainable Risk Assessments are undertaken as part of the usual procurement process.
- A common question on the checklist where information was not provided was 'evidence of the negotiations with suppliers to reduce the advanced payment'. We understand that given the pressures at the time, the majority of the discussions with suppliers were verbal rather than in writing. We suggest the checklist includes key considerations / options that can be completed to demonstrate the efforts that have been made to reduce the advanced payment amount.

Escalation to Welsh Government

What we did

We undertook the following review activity:

- Reviewed the evidence of Welsh Government approvals for a sample of Covid expenditure.
- Interviewed the following:
    - Director of Finance and Corporate Services; and
    - Director of Procurement Services.

We assessed whether there was a route of escalation available from the Procurement Team to the Group to the Welsh Government.

What we found

Our review identified the following:

- The route to escalate to Welsh Government for approval was via email, as set out in the financial instructions provided by the Welsh Government.
- Approval of contracts has been by email with paperwork being completed retrospectively. Several of the approvals provided were approved via a single email sign off from Welsh Government from the correct level of authority within NHS Wales Finance.

What could be done differently in the future?

There are no considerations to raise for the future.

Contract Variations and Single Tender Actions (STAs)

What we did

The Procurement Team provided us with details of Covid expenditure for stock, non-stock and equipment. We reviewed this information and compared it to the records of the Finance Governance Group approvals and the Advanced Payment Checklist.

What we found

At the time of testing, the Group had reviewed 32 contracts totalling c.£200m (including VAT). The Group did not review five Covid-related expenditure contracts, as these were not submitted to the Group prior to the orders being placed. These contracts related to:

- visors (two contracts totalling £14.35m);
- masks (one contract totalling £6.9m);
- aprons (one contract totalling £5.3m); and
- hand sanitiser (one contract totalling £280k).

We confirmed the remaining expenditure had, where applicable, been reviewed and recommended for approval via the Group.

All five contracts were submitted to the Group retrospectively. Whilst the Group does complete a scrutiny of each contract, it does not replace the responsibilities of the Trust's Board and / or Welsh Government approval. For each of the five contracts we saw evidence of Board and Welsh Government approval in place, where required. We found no further examples of applicable contracts that were not submitted to the Group.

What could be done differently in the future?

We suggest the following considerations as the organisation looks forward:

- Identify and submit in a timely manner all contracts that require review and approval by the Group.
- Ensure staff are aware of the criteria of contracts that require review and approval by the Group.
- Maintain an up to date record of contracts and STAs to allow this to be crosschecked with the contracts / STAs reviewed by the Group.

Finance Governance Group Operation

What we did

We undertook the following review activity:

- Reviewed the documented discussions and decisions of the Group for a sample of contracts.
- Reviewed agendas for the Group meetings.
- Interviewed the following:
  - Interim Vice Chair, Velindre University NHS Trust (member of the Group);
  - Director of Finance and Corporate Services (Vice Chair of the Group);
  - Director of Audit and Assurance Services [1](Chair of the Group); and
  - Director of Procurement Services (member of the Group).

We assessed whether the Group was operating in an agile way in order to ensure that expediency was balanced with the management of risk.

What we found

Our review identified the following:

- The Group was agile, meeting at short notice and working outside office hours to review requests.
- The documentation provided to the members of the Group contained sufficient information to allow an informed discussion. This was provided as far in advance as possible, but often at short notice, which is to be expected in the climate at the time.
- When the process was initially implemented, some detail was missing from the contract checklists, with considerable challenge received. However, this continued to improve over time, with later requests accompanied with more detail, particularly in areas of risk and concern.
- Through interviewing, we found that the members of the Group are content that there was sufficient challenge at the Group and that the right people were available to address the questions asked (e.g. buyers / senior staff within the Procurement Team).

[1] See Appendix 1 for details of independence considerations.

- Where there were several queries with a particular contract, the Group met several times to ensure that all information had been received and discussed at the Group.
- The Chair of the Group is reviewing the effectiveness of the Group and areas to improve, which will be reported to the NWSSP Managing Director.
- One of the objectives within the Terms of Reference of the Finance Governance Group is to have an oversight of Covid expenditure. The Chair of the Group confirmed that this information had been presented to the Group, but this was not documented, as there are no minutes of the Group.

What could be done differently in the future?

We suggest the following considerations as the organisation looks forward:

- Further documentation / minutes of the Group, including information received and reviewed should be maintained, to demonstrate that there is oversight of Covid expenditure at the Group.

Management Information and Reporting

What we did

We undertook the following review activity:

- Reviewed the financial information produced relating to Covid expenditure;
- Reviewed reports to the NWSSP Senior Management Team and the NWSSP Audit Committee.
- Discussed the reporting process with:
  o Director of Finance and Corporate Services; and
  o Head of Financial Management.

We assessed whether there was sufficient information being reported relating to Covid Expenditure.

What we found

Our review identified the following:

- The NWSSP Senior Management Team received verbal updates from the Chair of the Finance Governance Group, and received an update on NWSSP expenditure from the Director of Financial and Corporate Services, including increases in Covid expenditure.
- Information has been reported to the Audit Committee, which includes:
  - a report from the Director of Finance and Corporate Services outlining the expenditure (including additional NWSSP Covid expenditure);
  - all Wales purchase logs which detail all Covid expenditure purchased by NWSSP; and
  - an advanced payment checklist – which details the contracts / purchases that have required an advanced payment with the analysis of expenditure.
- NWSSP provides additional information to the Trust when requested. However, when interviews with Trust Board members identified that defining the information requirements going forward would be useful.

<u>What could be done differently in the future?</u>

We suggest the following consideration as the organisation looks forward:

- Confirm the reporting requirements with the Trust to determine the frequency and content of Covid expenditure reports that they require.

Early Payment Process

What we did

We undertook the following review activity:

- Reviewed the documented advanced payment process.
- Reviewed a sample of advanced payments that were documented within an 'Advanced Payments Checklist' to determine:
    - if they had been approved appropriately; and
    - if goods had been received from the supplier.
- Discussed the advanced payments process with the Head of Financial Management.

We assessed whether NWSSP is monitoring and reviewing advanced payments, to ensure goods that have already been paid for are being delivered as agreed. We also assessed whether the advanced payments had been approved in line with process requirements set out.

What we found

Our review identified the following:

- There is a documented advanced payment process and this has been communicated to the Audit Committee. This sets out the responsibilities within NWSSP of the processing and monitoring of advanced payments.
- A detailed spreadsheet of all advanced payments is maintained, and is updated by checking Oracle for goods receipted and by liaising with the Procurement Team for expected delivery dates. The spreadsheet includes:
    - supplier details;
    - contract value / details of items ordered;
    - advanced payment percentage;
    - dates of approval by the Finance Governance Group / Welsh Government / Trust (as applicable);
    - key dates including invoice received / confirmation of payment / supplier confirmation; and
    - date of goods received and planned delivery dates.
- At the time of testing, there were 41 contracts / purchases detailed on the spreadsheet:
    - 9 of these were cancelled;
    - 17 have been fully received;

- 10 have been partially received and further deliveries are awaited; and
- five are not yet due for delivery. Four of these were purchased via Escrow arrangements, and one with a 50% advanced payment.
- The sample of contracts reviewed included eight that had advanced payments. All had been approved by the Group (with the exception of one that was prior to the Group being formed), the Trust and Welsh Government.
- The Advanced Payments Checklist was shared with the Audit Committee in the June 2020 papers.

<u>What could be done differently in the future?</u>

There are no considerations to raise for the future.

Appendix 1

Guidance and Principles

In its response (dated 26 March 2020) to a letter received on behalf of the Board Secretaries Group, Welsh Government agreed the Governance Principles (the 'Principles') that are designed to help focus consideration of governance matters.

The Principles are:

- public interest and patient safety;
- staff wellbeing and deployment;
- governance and risk management;
- delegation and escalation;
- departures from existing policies and processes;
- one Wales (acting in the best interest of the whole of Wales); and
- communication and transparency.

In particular, the Welsh Government reiterated the importance of continuing the role of both the Audit Committee and the Quality and Patient Safety Committee during the Covid-19 outbreak, in supporting the Board with discharging its responsibilities.

Further detailed guidance was issued regarding financial governance in Covid-19 Financial Guidance to NHS Wales' Organisations and the Covid-19 Decision Making and Financial Governance Letter from Welsh Government dated 30 March 2020.

Scope of this Advisory Review

The advisory review assessed the adequacy and effectiveness of internal financial controls in operation during the Covid-19 outbreak, with particular regard to the role of the Group and the early payment process implemented, in ensuring that value for money is maintained.

We undertook interviews and a review of documentation:

- to ensure that Standing Orders Reservation and Delegation of Powers are adhered to, including any appropriately approved revisions;

- to ensure that evidence of approval is present for each contract / order placed, clearly documenting the basis for decisions made, with completed Contract Checklists and supporting documentation;

- to ensure that the risks associated with each contract / purchase are considered by the Group and recorded along with rationale for advice to proceed/not proceed;

- to confirm that a route of escalation is available from Procurement to the Group through to the Welsh Government (e.g. up-front payments greater than 25% of a contract value);

- to ensure that variations to contracts and single tender waivers are reviewed by the Group;

- to ensure that the Group is operating in an agile way in order to ensure that expediency is balanced with the management of risk;

- to determine if appropriate management information on transactions processed to date is produced and circulated to the Velindre Board, including specific Covid-19 expenditure; and

- to ensure that the early payment process is adhered to, with justification recorded.

The potential risks considered in this review are as follows:

- public funds are not spent effectively;

- statutory requirements are not met;

- inappropriate expenditure and financial commitments;

- insufficient personal protective equipment and other key items not available;

- financial control procedures have not been updated to reflect amended practice;

- insufficient scrutiny of expenditure;

- inaccurate financial reporting, including identifying Covid-19 expenditure; and

- inappropriate governance arrangements.

As this is an advisory review, the assignment is not allocated an assurance rating, but we have suggested some considerations for the future, should temporary financial governance arrangements be required in response to further peaks in the future.

The Director of Audit and Assurance Services was the Chair of the Group at the time of this review, and was interviewed as part of the fieldwork. This review was led by the Head of Internal Audit with a team that were not involved in the Group or any of the arrangements subject to review. The Director of Audit and Assurance Services was not involved in the planning, execution or reporting arrangements of the review and the Head of Internal Audit is content that the review has been undertaken with no impairment to independence or objectivity.

Appendix 2 – What we did

We undertook the following review activity:

- Interviewed the following:
    - Director of Finance and Corporate Services
    - Deputy Director of Finance and Corporate Services
    - Director of Procurement Services
    - Director of Audit & Assurance Services (in his capacity as Chair of the Group only)
    - Interim Vice Chair, Velindre NHS Trust Board
    - Head of Financial Management
    - Head of Finance and Business Development
    - Programme Lead, NWSSP
    - Director of Procurement and HCS
    - Business Quality Manager, Procurement
- Reviewed the Standing Orders – Reservation and Delegation of Powers and any associated changes to the documents.
- Reviewed the Board communication and minutes relating to Standing Orders – Scheme of Reservation and Delegation of Powers Changes.
- Reviewed the Terms of Reference for the Finance Governance Group.
- Reviewed the detail for a sample of contract checklists that were reviewed by the Finance Governance Group
- Reviewed a sample of Covid-19 expenditure (25) and the related approval documentation:
    - Email approvals from Welsh Government
    - Oracle approvals
    - Emails and papers from the Board

- Reviewed financial reports that were provided to the NWSSP Audit Committee and Senior Management Team
- Reviewed the record of Advanced Payments
- Discussed advanced payments and reporting with the Head of Financial Management
- Reviewed a sample of advanced payments and documentation confirming the appropriate approval
- Observed the tool in place to monitor PPE stock levels and demand

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MEETING	Velindre NHS Trust Audit Committee for NHS Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Peter Stephenson, Head of Finance & Business Development
PRESENTED BY	Peter Stephenson, Head of Finance & Business Development
TITLE OF REPORT	COVID-19 Business Continuity Planning Update

INTRODUCTION

The report set out below provides both a backward look at the measures taken to deal with the 1st wave of the pandemic and sets out potential risks and suggested mitigations to maintain services during a further wave of the virus.

1. BACKGROUND

Over recent months, the impact of COVID-19 has resulted in a huge change in the way that NWSSP has had to operate but staff have responded fantastically to the challenge. The majority of our main services were not stood down and we continued to operate in very difficult and challenging conditions. The rapid roll-out of Office 365, supported by significant investment in IT equipment, was instrumental in achieving a safer working environment for staff with many able to work from home, allowing greater flexibility for socially distancing measures to be implemented at our main hubs and sites.

When the likely impact of COVID-19 became apparent, NWSSP Business Continuity processes were immediately implemented. This paper reflects on the lessons learned from recent months and aims to ensure that NWSSP remains well-prepared to cope with any further waves of the virus. Appendix A provides a summary of the position by directorate, while Appendix B gives an example of an updated Business Continuity Action Card.

Summary of Measures Taken

In mid-March NWSSP set up a Planning and Response Group to provide strategic leadership and governance in real time. The Group met at least weekly and the membership comprised:

Name	Position
Neil Frow	Managing Director
Andy Butler	Director of Finance & Corporate Services
Gareth Hardacre	Director of Workforce & OD
Simon Cookson	Director of Audit & Assurance
Dave Hopkins	Director of Primary Care Services
Paul Thomas	Director of Employment Services
Neil Davies	Director of Specialist Estates
Mark Harris	Director of Legal & Risk Services
Jonathan Irvine	Director of Procurement
Malcolm Lewis	Medical Director
Pete Phillips	Head of Surgical Materials Testing Laboratory
Alwyn Hockin	Trade Union Representative
Mark Roscrow	IP5 Programme Director
Alison Ramsey	Deputy Director of Finance
Sarah Evans	Deputy Director of Workforce & OD
Darren Davies	Communications Manager
Peter Stephenson	Head of Finance & Business Development

Early 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);
- 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.

Additional Documentation

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. This includes:

- **Building Risk Assessments** – every location in which NWSSP staff are employed now has its own risk assessment which is updated as changes to legislation concerning COVID-19 are announced. A review of each risk assessment is undertaken with the relevant site lead on a regular basis by the Corporate Services Manager, the Health & Safety Manager, the Business Quality Manager and a Workforce representative;
- **Site Spacing Plans** – every location has had a spacing plan drawn up by staff from Specialist Estates Services that ensures that staff

are able to work safely and in accordance with Welsh Government legislation;

- **Safe Systems of Work on Social Distancing at Sites** - this guidance set out measures to maintain safe working practices within NWSSP buildings in order to reduce the possibility of transmission of COVID-19 in the workplace, now and as and when lockdown restrictions are eased;
- **Checklist for Social Distancing at Sites** – in conjunction with the Safe Systems of Work document this is to be completed to ensure that social distancing actions are being adhered to at each site;
- **Working in Close Proximity –** this document provides guidance and appropriate mitigations where the requirements of the task, and the environment it is performed in, make it physically impossible to maintain social distancing;
- **New Ways of Working (Site Information) –** guidance tailored to specific sites so that staff can be made fully aware of what to expect at their normal work location before they return to the workplace;
- **Returning to the Workplace Checklist** – an assessment to be undertaken by line managers with their staff to make sure that all staff who do return to the workplace are fully aware of changes in working practice and work settings as a result of the virus;
- **Risk Assessment for NWSSP Staff** – an assessment to be completed by all NWSSP staff that assesses the degree of potential risk to each individual so that necessary precautions can be taken for those staff at a higher level of risk;
- **Working from Home Policy** – as working from home becomes likely to be a longer term activity, the Policy provides guidance on maintaining appropriate health and safety, and information governance guidance in the home environment. This is supported by a related checklist;
- **Other Documentation** – further guidance supports health and safety, and maintenance of positive mental health under COVID-19.

Key Messages for Staff (August 2020)

- Continue to work from home if you are able to;
- If you have any symptoms (cough, fever, loss of taste / smell) do not come to workplace and follow the self-isolation guidance
- If in workplace and start experiencing symptoms follow Public Health Wales Guidance, which currently states:
    - Get at least 2 metres away from other people;
    - Go to a room or area behind a closed door, such as a sick bay or staff office;
    - Avoid touching anything;
    - Cough or sneeze in a tissue and put in the bin or if they do not have tissues cough and sneeze in the crook of your elbow;
    - Use a separate bathroom from others if possible;
    - Go home (safely) and self-isolate; and

> o Follow the Test, Trace and Protect process.

For more information and the latest guidance, please visit: https://gov.wales/test-trace-protect-process-summary

If an individual experiences symptoms whilst in work, then their local team are to clean/sanitise the work station, in addition to anything the individual may have come into contact with. It is imperative at this point in time that you make the Site Lead / Business Support Manager aware immediately and contact the Workforce Department. Also, ensure there is a list compiled of those who may have been in close proximity of the individual (within 2 metres) and up to 2 days prior to symptoms starting, as they may be contacted by contact tracers if the individual tests positive for COVID-19.

Lessons Learned

The response to COVID-19 has largely been a successful one for NWSSP, with the following some of the lessons learned:
- Large numbers of our staff are able to work from home and in some instances have been more productive than they were previously working in the office. At the same time, reported sickness levels, despite the impact of COVID-19, are at an all-time low:
- For those staff unable to work from home, NWSSP can still offer an agile way of working through flexible working patterns and extending the opening hours of our buildings;
- The move from face-to-face to virtual meetings (whether formal management meetings or pre-employment checks) has worked well and has led to a more efficient use of time, whether in the meeting itself, or in the time not having to be spent travelling to and from the meeting;
- A talent/skills pool would have helped support the rollout of a deployment pool more quickly;
- There were some difficulties in transferring telephone numbers to alternative devices, and an increased investment in softphones should help to address this;
- Cramming an increasing number of desks into already crowded offices is not the way forward.

Issues and Risks

While the experience to date has been largely positive, there are some risks that could impact a further successful response to a 2nd wave of the virus. These include:

Cyber Security – as large numbers of staff continue to work from home and greater accessibility is available through personal devices, the cyber security risk is increased. Higher levels of hacking and phishing attacks

have been noted in recent weeks and at least one did breach security measures;

IT Support – linked to the above is that as large numbers of staff continue to work from home, and are therefore more reliant on IT equipment to undertake work, attend meetings and communicate with colleagues, the task of maintaining that equipment becomes more difficult. At the same time, undertaking health and safety assessments at the home are a challenge, and if working from home continues, the provision of screens, chairs and other equipment may need to be considered for some colleagues.

Helpdesks – there were some issues with Helpdesks being unable to respond at the outbreak of the pandemic, which led to some services being stood down for a short period. During a pandemic, the demand from NHS Wales staff for helpdesk services increased substantially and there is a need to ensure that we are sufficiently prepared to meet this level of activity again, with helpdesk staff potentially unable to access NWSSP locations;

Staff adapting to continued change – staff have responded very positively to the changes introduced as a result of COVID-19 in recent months. As time progresses, the challenge will be to maintain current enthusiasm and motivation to continue to work in a very different way to that which staff are generally used to. The induction of new staff into the organisation in a virtual environment also presents challenges that need to be considered.

Next Steps

As we prepare for the potential of a further wave of COVID-19, NWSSP can take a good deal of confidence that the BCP measures already in place prior to the virus, and additionally those implemented in recent months, have been, and will be, effective in helping to ensure that services continue to be provided in future. However, there is more that can be done to improve the resilience within the organisation including:

- Ensuring that all directorates have updated their action cards and/or their business continuity plans;
- Verifying that cyber security plans are updated to ensure that NWSSP is protected as much as possible from cyber-attacks;
- Reviewing the operation of helpdesks (and particularly expanding the use of soft phones) as part of the work on Contact Centre Consolidation; and
- Considering how to ensure that staff working from home are able to keep their IT equipment suitably maintained – obviously for most staff they may be able to make an appointment to attend the office

for a particular issue dependent on whether lockdown measures are in force at that time.

- Review the accommodation strategy going forward as the success of home working warrants a wider review of the space requirements for the organisation and the potential cost savings.
- Update the wider BCP plan taking into account all the lessons learnt.

NWSSP COVID-19 Preparedness

Service	Inherent Risk	Current Risk	Staff Mobility	Interdependencies	Specific Risks	Additional Actions
Payroll	🟥	🟩	🟩	Health Boards and Trusts providing accurate and timely information.	Some of the recent measures introduced by UK Government such as the payment of Standard Sick Pay from Day 1 cannot be processed automatically through ESR, and therefore need manual intervention, which adds complexity to the process.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).
	Essentially the service provided is a positive payroll meaning that if no action is taken, all existing staff would still receive their basic pay. The vast majority of staff in payroll have laptops and VPNs and it is possible to update and action payroll information from alternative locations (in the event of a building closure) or from staff at working at home.					
Recruitment	🟧	🟩	🟩	Health Boards and Trusts providing accurate and timely information.	If the current relaxation of the rules which have facilitated virtual pre-employment checks are not extended – this would be a UK Government decision.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).
	The majority of recruitment staff have laptops and VPNs allowing them to work from home. All-Wales Recruitment mailboxes have been mapped to these staff. Recruitment staff can also switch between NWSSP sites, should a specific location become unavailable. Access to TRAC is possible without a VPN. Pre-employment checks are currently undertaken virtually.					
Accounts Payable	🟥	🟩	🟩	PCS - Invoice Scanning. Health Boards and Trust staff available to approve	If suppliers not paid, danger that NHS Wales will be placed on their stop list and/or threatens the viability of supplier.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to
	The majority of staff now have laptops and VPNs and are able to work remotely. Payments can therefore be actioned by staff working from home or alternative locations					

Service	Inherent Risk	Current Risk	Staff Mobility	Interdependencies	Specific Risks	Additional Actions
	but this will be dependent on invoices being scanned and staff in Health Boards and Trusts being available to approve payments and release funds. All invoices < £500 being paid on two-way matching.			payments and the release of funds.		access the office(s).
Primary Care Services	Essential members of staff were identified, and cross-cover arrangements are in place for a number of key staff. Payments to primary care contractors can be made on the basis of past payments with adjustments being made once the situation returns to normal. PCS staff have largely continued to come into the office during the first few months of the pandemic but more laptops and VPNs are being ordered to allow more staff to work remotely. Bomgar solution has also been made available to those critical PCS staff unable to access the office and may be extended.			Accounts Payable Primary Care Contractors NHS Digital NHS England	Services have continued largely unaffected but PCS staff have become aware that they are one of the few divisions not working from home in large numbers. There are also a number of major initiatives underway such as the replacement of the GMS and GOS systems which will have a major impact on the operation of the Division.	Increase the number of staff able to work remotely through provision of laptops and VPNs and possible extension of the Bomgar system.
Health Courier Services	HCS are currently boosting their staff resilience through taking on additional bank and agency support. Drivers have been provided with appropriate PPE and hand sanitisers. Essential services have been			Co-ordination with Health Boards to consolidate the scheduling of runs/collections for Covid-19 tests. Further co-	Availability of drivers in the event of staff absence due to self-isolation/infection. The wider expectation on	Non-essential meetings cancelled. Overtime and weekend working has been implemented.

Service	Inherent Risk	Current Risk	Staff Mobility	Interdependencies	Specific Risks	Additional Actions
	identified and will be communicated to Health Boards.			ordination with Health Boards to re-prioritise "essential services" as the situation develops.	HCS to support Social Care, Primary Care and a wider vaccination programme, and managing the expectations of Welsh Government in this regard.	
Supply Chain	🟥🟧🟥 Staff in the Supply Chain worked much longer hours during the 1st wave of COVID. More items were moved into the electronic catalogue to reduce the need for front-line buyers to place orders. Security at storage facilities was enhanced.			Requires co-ordinated approach to management of demand with Health Boards and Welsh Government to prevent stockpiling and depletion of existing warehouse stocks	Availability of warehouse operatives in the event of staff absence due to self-isolation/infection.	Overtime to accommodate additional picking requirements – additional shifts. Specific additional picking and distribution of packs for GPs and Pharmacy through overtime. Training being provided to office based staff to allow support in the event of staff shortages.
Procurement – Frontline	🟧🟩🟧 Review of essential services undertaken with a focus on transactional activity i.e. sourcing, pricing and ordering. Local contract renewal/tendering requirements will be minimised in the event of staff shortages. Additional IT equipment has been provided to allow some staff to work from home.			Network access to allow staff to work remotely – transactional activity through Oracle can be undertaken at home but relies on resilient VPN connection and availability of	Reliance on China for majority of PPE and other medical equipment. Maintaining a collaborative approach across Health Boards.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).

Service	Inherent Risk	Current Risk	Staff Mobility	Interdependencies	Specific Risks	Additional Actions
				laptops		
Procurement – Central Sourcing	🟩	🟩	🟨	Network access to allow staff to work remotely – most staff have laptops and VPNs however the resilience of the network to support demand will be critical	Network resilience	Finance Governance Committee established to oversee and approve high value transactions.
	Strategic contracts for clinical supplies to be identified and managed to ensure continuity of supply and extended where necessary (instead of renewal) to minimise risk of disruption to the supply chain.					
Specialist Estates Services	🟩	🟩	🟩	Health Boards and Trusts in terms of site visits.	The risk for the SES service is that teams of individual specialists are very small and therefore the loss of a particular member of staff could result in that particular service becoming unavailable.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).
	The workforce are able to work very flexibly with all having access to laptops, VPNs and mobile phones. Much of the work involves specialist engineers visiting NHS Wales sites and this work can be postponed or delayed to reduce the risk to SES staff.					
Legal & Risk	🟨	🟩	🟩	Scanning services for post. Velindre Finance Function for payments. Health Boards and Trusts for accrual figures.	Workload has actually increased during COVID and there is a concern over the high level of COVID-related claims that we are likely to see.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).
	The vast majority of L&R staff have laptops and access to VPNs. The majority of work that L&R staff undertake can be done over laptop and skype, and helpdesk telephone numbers can be diverted to mobiles. Solicitors can be contacted individually by phone for claim figures.					

Service	Inherent Risk	Current Risk	Staff Mobility	Interdependencies	Specific Risks	Additional Actions
Audit & Assurance	Staff have the ability to work remotely via laptops and VPN.			Health Boards and Trusts to enable internal audits to be undertaken.	A further wave is likely to see audits stopped and may make it very difficult to deliver the full programme and provide a HoIA opinion.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).
Workforce	Within the Workforce team, very few staff are considered essential, other than the ESR specialists and the Hub. Liaison with Trade Union representatives has been undertaken and there is significant effort to ensure that all staff are being given a clear and consistent message on what they should and should not be doing with respect to the virus.			Network access to allow staff to work remotely – most staff have laptops and VPNs however the resilience of the network to support demand will be critical	Number of workforce procedures e.g. grievance investigations, job panel reviews – have been unable to be undertaken. Need to investigate whether these can now be undertaken remotely.	Recommence all Workforce related meetings and procedures such as grievance investigations, job evaluation panels etc.
BS&I	The IT network has coped well over lockdown and staff have been provided with large numbers of laptops and VPNs. The concerns over system capacity have not materialised and the team, with the support of NWIS, have been able to respond positively and proactively to the organisation's needs.			NWIS Other Health Boards providing IT support	Risk of cyber-attacks has increased due to more staff working remotely and/or using their own devices for work. More difficult to maintain an IT support function where large numbers of staff are working from home.	Complete IT review to better understand how total IT resource across NWSSP can be better employed to meet the needs of the organisation.
Finance	The Finance Team are largely working from			Velindre Finance	None identified – the last few months have demonstrated that the team are able to work	Further extension of O365 and multi-factor authentication should provide

Service	Inherent Risk	Current Risk	Staff Mobility	Interdependencies	Specific Risks	Additional Actions
	home with one exception. Despite this the accounts were closed down within required timescales and generally there are few problems.				effectively from home.	greater resilience, particularly for those staff unable to access the office(s).
Corporate Services	The majority of the Corporate Services team have been able to work from home, although most of the site leads have maintained an on-site presence.			Network resilience	None identified – the last few months have demonstrated that the team are able to work effectively from home.	Further extension of O365 and multi-factor authentication should provide greater resilience, particularly for those staff unable to access the office(s).

Primary Card Holders: Andy Butler, Peter Stephenson	
Alternative Card Holders : Alison Ramsey, Carly Wilce, Roxann Davies	

Overview

In light of the COVID pandemic, the vast majority of F&CS staff have laptops and VPNS and have been upgraded to Office365 to enable them to work remotely. Weekly Finance SMT and team meetings are undertaken via Teams which is working well. For Corporate Services the Head of Finance and Business Development has regular catch-ups over Teams with key staff, and the secretarial inputs to senior meetings such as SSPC, SMT and Audit Committee have continued to enable these meetings to be held virtually. Some finance staff have preferred to continue working from the office and a number of corporate staff are required to work from the office to perform their roles (e.g. Building Managers, IT staff). Offices and other work locations have been re-designed to ensure that they comply with Welsh Government guidance and legislation.

PLANNING

Planning for further waves of COVID should be able to be done with confidence within Finance & Corporate Services. Staff are largely able to work remotely and the year-end accounts for 2019/20 were closed down on time, despite the pandemic. Corporate staff have helped to re-design offices and other locations to make them safe for staff and documentation is available to staff in a variety of formats to guide them.

KEY DOCUMENTS

- Site Specific Risk Assessment
- Safe Systems of Work for Social Distancing
- Adapting to New Ways of Working
- Returning to the Workplace - Checklist for Managers
- Checklist when planning to work from home
- Site Information Toolkit

The Senior Manager at affected location should:	
1	Ensure that all staff are aware of the corporate guidance and any specific guidance relating to their usual place of work.
2	Ensure that any new starters are provided with the above guidance and with suitable IT provision to work remotely, unless their job demands an on-site presence.
3	Complete Returning to the Workplace Checklist.
4	Ensure that regular catch-ups with teams and individuals are scheduled – probably virtually.
5	Ensure that all staff are kept up to date with key communications and instructions related to their site in a timely manner (e.g. building opening and closing arrangements), to be updated and published on the website and social media.
6	Maintain appropriate levels of cleaning and sanitisation supplies on site, as determined by staff complement.
7	Management of control of contractors, maintenance, visitors, staff on site, insofar as compliance with additional controls introduced on site.

8	Maintain up to date WhatsApp Group for the Building Management Group to communicate outside of normal working / office hours and in an emergency situation.
	Recovery – Returning to normal operations
1	Site Specific Action Plans aligned to Welsh Government guidance and Regulations; Risk Assessments and above key documentation listed.
2	Regular communications to staff for assurance.

2. RECOMMENDATIONS

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

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Peter Stephenson, Head of Finance and Business Development
PRESENTED BY	Peter Stephenson, Head of Finance and Business Development
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Corporate Risk Register – October 2020

PURPOSE

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

1. INTRODUCTION

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

2. RISKS FOR ACTION

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

Current Risk Rating	October 2020
Red Risk	4
Amber Risk	10
Yellow Risk	1
Green Risk	0
Total	**15**

2.1 Red-rated Risks

Risk A1 - Demise of the Exeter Software System

Work is on-going with Northern Ireland to implement the new system by October, which will allow 3 months parallel running with a go-live date in January. Whilst Northern Ireland are still confident of meeting the deadline date, there have been some delays that have caused concern but these are largely now being addressed. NHS Digital have agreed to extend

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the current service to March 2021 to provide more time for the Northern Ireland model to be successfully implemented.

Risk A2 – Threat of No-Deal BREXIT

Groups across Welsh Government (such as Senior Responsible Officers, Communications, Health Securities etc.) reviewed their governance and membership arrangements over July and August with full planning preparations and have now started to meet again. The stock that was built to deal with Brexit is largely intact and whilst some product was used though the Covid outbreak this is being re-established.

Risk A3 - NHS Digital were planning to withdraw the Ophthalmic Payment service from the end of March 2020.

Support from NHS Digital has been extended until the end of March 2021. NWSSP have now developed an interim solution for NHS Wales and this will be implemented between October and November 2020. The interim aspect relates to the likely introduction of a new Optometric contract for Wales in the next 18 months, which is likely to focus on the preventative agenda and increased service provision in primary care. NWSSP are in close dialogue with Welsh Government on this programme of change.

Risk 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.

The first phase of additional expenditure relating to COVID has been agreed with, and invoiced to, finance colleagues in Welsh Government.

2.2   Changes to Risk Profile

The following risks have been removed from the Corporate Risk Register since the last meeting of the Audit Committee. These changes to the Register were agreed at the August SMT. The detail of the risks, and the reasons for the removal, are given below:

Risk		Reason for Removal
A4	NWSSP are unable to recruit and retain sufficient numbers and quality of staff for certain professional services (Procurement Services) resulting in a potential failure to meet desired performance targets and/or deliver service improvements	This risk has been on the register for over 3 years and recruitment and retention has become either less of an issue and/or it is not impacting upon the delivery of services and achievement of goals.
A6	Lack of effective succession planning at a senior level will adversely impact the	Since adding this risk, four directors have retired and been replaced or the

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	future and strategic direction of NWSSP due to the age profile of the SMT	directorate has been restructured. The risk has therefore largely been dealt with, with minimal adverse impact.
A9	Risk to services provided at Mamhilad following notice that Landlord may look to sell site for housing from 2023.	This risk is still some way off from crystallising and the impact of COVID is likely to result in a total review of our accommodation strategy and requirements.
A11	Failure to comply with Welsh Language requirements and capacity to meet the increased demand for Welsh translation services resulting from the implementation of the Welsh Language Standards leading to reputational damage for NWSSP	The Welsh Language Standards have been in place for well over a year and this is now just part of business as usual. Suggest that the risk is de-escalated to the Finance & Corporate Services Risk Register.
M2	Operational performance is adversely affected through the use of some out-of-date software systems, lack of consistent IT support across NHS Wales resulting in interoperability issues and the limited capacity of NWIS to meet the demand for IT development to develop our services.	In the last 12 months there has been huge investment in IT equipment including Windows 10 upgrades and the migration to Office365. Substantial sums are available again during 2020/21 to buy further kit, complete the Windows 10 upgrades, and further develop the Office365 functionality.

3. RISKS FOR MONITORING

There is one risk that has reached its target score and which is rated as follows:

Current Risk Rating	October 2020
Red Risk	0
Amber Risk	0
Yellow Risk	1
Green Risk	0
Total	**1**

4. RECOMMENDATION

The Audit Committee is asked to:

- **NOTE** the Corporate Risk Register.

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Corporate Risk Register

Ref	Risk Summary	Inherent Risk			Existing Controls & Mitigations	Current Risk			Further Action Required	Progress	Trend since last review	Target & Date
		Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				

Risks for Action

Ref	Risk Summary	Likelihood	Impact	Total Score	Existing Controls & Mitigations	Likelihood	Impact	Total Score	Further Action Required	Progress	Trend	Target & Date
A1	The Northern Ireland model procured to replace the NHAIS system fails to deliver the anticipated benefits within required timescales impacting the ability to pay GPs (Original risk added April 2017) **Escalated Directorate Risk**	4	5	20	Legal Counsel advice received. PMO Support Project and Programme Boards in place Heads of Agreement signed	3	5	15	Programme and Project Boards to review progress in lead-up to go-live date for GP payments. Sign off contract extension to March 2021 with NHS Digital.	Work is on-going with Northern Ireland to implement the new system by October, which will allow 3 months parallel running with a go-live date in January. Whilst Northern Ireland are still confident of meeting the deadline date, there have been some delays that have caused concern but these are largely now being addressed. NHS Digital have agreed to extend the current service to March 2021 to provide more time for the Northern Ireland model to be successfully implemented. **Risk Lead: Director of Primary Care Services**	→	31-Dec-20
A2	Risks to continuity of supplies and services to NHS Wales resulting from a no-deal Brexit (added Apr 2019) **Strategic Objective - Customers**	5	5	25	Storage facility in place (IP5) that has been adequately stocked to cope with a no-deal Brexit. BREXIT Group which includes WG representation. Link into UK Groups.	3	5	15	Review of Critical Care Items being undertaken. Review of NSDR arrangements. Clinical Decision making arrangements to be raised with Medical Directors. Discussion with WG on proposals to stockpile items	Groups across Welsh Government (such as Senior Responsible Officers, Communications, Health Securities etc.) reviewed their governance and membership arrangements over July and August with full planning preparations and have now started to meet again. The stock that was built to deal with Brexit is largely intact and whilst some product was used though the Covid outbreak this is being re-established. **Risk Lead: Director of Procurement Services**	→	31-Dec-20
A3	NHS Digital are withdrawing the Ophthalmics Payment service from the end of September 2020. (Added June 2019) **Escalated Directorate Risk**	5	5	25	Contingency arrangements in place in the event of NHS Digital switching off services before new solution in place. Programme Board established.	3	5	15	Developing in-house solution making use of K2 software. This was used to develop the Student Awards Service. The decision to move to a bespoke development and not to engage with CAPITA relates mainly to the fact that WG sources suggest a move away from the traditional approach in delivering eye services into the community and the delivery of an updated contract in Wales.	Support from NHS Digital has been extended until the end of March 2021. NWSSP have now developed an interim solution for NHS Wales and this will be implemented between October and November 2020. The interim aspect relates to the likely introduction of a new Optometric contract for Wales in the next 18 months, which is likely to focus on the preventative agenda and increased service provision in primary care. NWSSP are in close dialogue with Welsh Government on this programme of change. **Risk Lead: Director of Primary Care Services**	→	31-Dec-20
A4	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. The restrictions on availability of capital due to COVID may increase the profile of this risk. (Added April 2017) **Strategic Objective - Service Development**	4	4	16	IMTP Horizon scanning days with SMT and SSPC to develop services Established new Programme Management Office (PMO) IT Strategy Regular reporting to SMT and SSPC	2	4	8	1. Implementation of project management software (AB) 2. Invest in Robotic Process Automation (AB)	1. Procurement pilot project completed - currently being rolled out in NWSSP 2. RPA pilot in progress - update to July SMT and further update to Dec 2019 SMT **Risk Lead: Director of Finance & Corporate Services**	→	31-Mar-21
A5	Suppliers, Staff or the general public committing fraud against NWSSP. (added April 2019) **Strategic Objective - Value For Money**	5	3	15	Counter Fraud Service Internal Audit WAO PPV National Fraud Initiative Counter Fraud Steering Group Policies & Procedures Fraud Awareness Training Fighting Fraud Strategy & Action Plan	4	3	12	1. Increase level of counter fraud resource (AB 31/03/21) 2. Implement actions from Fighting Fraud Strategy (PS On-going) 3. Make better use of NFI (PS 31/12/20)	Risk increased due to COVID-19 and significant increase in expenditure. **Risk Lead: Director of Finance & Corporate Services**	→	31-Dec-20

A6	Risk of cyber attack exacerbated if NWSSP, or other NHS Wales organisations, run unsupported versions of software. (added Apr 2019)	5	5	25	Cyber Security Action Plan Stratia Consulting Review IGSG Information Governance training Mandatory cyber security e-learn introduced Dec 19 Internal Audit review - Reasonable Assurance (April 2020)	2	5	10	Consider introduction of mandatory cyber security e-learn (Complete) Follow up progress with Cyber Security Plan (AB On-going) Complete actions from internal audit review of BCP (Complete) Promote use of Self-Serve ESR (Complete) Move all desktop devices to Windows 10 by the Windows 7 end of support (PS 31/12/20) Undertake further IA review of Cyber Security (Complete)	Nick Lewis presented update to October 2019 Audit Committee and August 2020 Informal SMT. E-learn introduced during 2020. Windows 10 migration delayed by COVID but to be completed by Dec 20	➡ 31-Dec-20
	Strategic Objective - Service Development								**Risk Lead: Director of Finance & Corporate Services**	
A7	There is an increased fire risk with a consequence for protection of buildings at Alder House, Brecon House and Matrix House due to a lack of compartmentation in the roof space. (added Feb 2020)	2	5	10	Fire Safety Officer Risk Assessment - assessed risk to life as low - Update Paper to Feb and May SMTs.	2	5	10	Written to Landlords to remind them of their responsibillities to address this issue - thus far not wanting to take any further action. Take legal advice to confirm where responsibilities for fire compartmentation lie. Meeting to be held with SES to discuss next steps.	Risk discussed at May SMT. Although risk to life has been assessed as low, NWSSP has a duty of care to its staff. Brecon House also stores patient records and any loss or damage caused by a fire would be difficult to manage.	➡ 31-Oct-20
	Strategic Objective - Staff								**Risk Lead: Director of Workforce and OD**	
					COVID-19 Risks					
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.	5	5	25	Financial modelling and forecasting is co-ordinated on a regular basis; Financial reporting to Welsh Government on local costs incurred as a result of Covid-19 to inform central and local scrutiny, feedback and decision-making; Oversight arrangements in place at SMT level, and through the command structure. Financial Governance Committee considers VFM in all expenditure	4	5	20	Ensure that the costs directly associated with COVID-19 are identified and accurately captured. Provide regular updates to Welsh Government.	Costs of COVID-19 direct expenditure being accurately and regularly recorded. First phase of costs have now been agreed and invoiced.	➡ 31-Dec-20
									Risk Lead: Director of Finance & Corporate Services	
CV2	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. 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	5	10	Continue to monitor effectiveness of current measures through Site Leads and the weekly Site Leads meeting. A&FC Group and Site Leads' Group to produce a Return to Work Plan. Undertake Risk Assessments for all staff (w/c 1 June)	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 (now fortnightly but previously more frequently) 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 exercise issued week commencing 1 June.	➡ 31-Dec-20
									Risk Lead: Senior Management Team	
CV3	NWSSP are unable to procure sufficient orders of PPE, medical consumables and equipment resulting in clical 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	Finance Governance Committee authorising expenditure on daily basis 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.	2	5	10	Development of PPE Winter Plan - presented to SSPC 17/9/20	The PPE plan is being 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	➡ 31-Dec-20
									Risk Lead: Director of Procurement Services	
CV4	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.	2	5	10	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.	➡ 31-Dec-20

		I	L	Score	Controls	L	I	Score	Actions	Commentary	Trend	Target Date
					IT Update also given to weekly COVID-19					**Risk Lead: Senior Management Team**		
CV5	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.	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	2	5	10	Implement action plan to respond to findings from staff surveys - monitored and managed through Adapt and Future Change Group. Undertake further Staff Survey in October 2020	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. Staff Survey results reviewed at P&R Group and A&FC Group in w/c 16 June and found to be largely positive. **Risk Lead: Director of Workforce and OD**	➡	**31-Dec-20**
CV6	Current reduction in the need for Field Hospitals is leaving IP5 full of surplus equipment which impacts current and future plans for its strategic use.	4	4	16	IP5 Board Additional facilities secured at Picketston	2	4	8	Seek clarification from Welsh Government on future plans for Field Hospitals. Undertake wider consideration of the IP5 SOC alongside the future requirement for equipment needed to deal with emergency situations. Seek additional storage capacity - particularly for Medical Records.	The IP5 Board considered this matter at its meeting on 13/5/2020. Some equipment has now been removed from the site and Stephen Harrhy is leading the COO Group to consider the kitting out of field hospitals. SH presented on this matter to SSPC on 21 May. IP5 will definitely be used for the mini-TRAMS project and a testing facility for COVID. "Lighthouse Laboratory" being established on behalf of UK Government. Main impact may now be on storage space for Medical Records - looking at additional storage capacity. **Risk Lead: Director of Procurement Services**	➡	**31-Dec-20**
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 service delivery.	5	4	20	Relaxation of carry-over rules that might lead to a flattening of the curve in terms of large numbers of staff being off at the same time. Updated guidance on annual leave approved by Planning & Response Group on 2 June.	1	4	4	Monitor taking of annual leave through directorate SMTs.	Trade Unions largely supportive of measures which are being introduced on an all-Wales basis. **Risk Lead: Director of Workforce and OD**	➡	**31-Dec-20**
CV8	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	This was raised at the SLE Project Board Skype call on 27 May. The tripartite 'duties' agreement goes a long way to emphasising the health and safety at work responsibilities of the host. This will be pointed out at the meeting in the context of Covid-19 risks with emphasis on the risk assessment process.	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. **Risk Lead: Director of Workforce and OD**	➡	**31-Dec-20**
									Risks for Monitoring			
M1	Disruption to services and threats to staff due to unauthorised access to NWSSP sites. (Added May 2018) **Strategic Objective - Staff**	5	4	20	Manned Security at Matrix CCTV Locked Gates installed at Matrix. Security Review Undertaken (reported Dec 18) Increased Security Patrols at Matrix.	1	4	4	Continue to monitor, and reissue comms to all staff to remind them of need to keep buildings and information secure. (PS 31/08/2020 - complete)	Security Review undertaken and reported to SMT in Dec 2018. No major findings and all agreed actions implemented or superceded. **Risk Lead; Director Specialist Estates Services/Director of Finance and Corporate**	➡	

Key to Impact and Likelihood Scores

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood						
5	Almost Certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5

Critical	Urgent action by senior management to reduce risk
Significant	Management action within 6 months
Moderate	Monitoring of risks with reduction within 12 months
Low	No action required.

✳	New Risk
⬆	Escalated Risk
⬇	Downgraded Risk
➡	No Trend Change

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Roxann Davies, Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Update on the Implementation of Audit Recommendations

PURPOSE

This report provides an update to the Audit Committee on the progress of 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.

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. It is important to note that during 2018, the Audit Tracker achieved **Substantial Assurance**, following an Internal Audit.

At the October 2019 meeting, the annual review of active recommendations recorded on the master tracker was presented for the Committee's assurance and information. The annual review of active recommendations will be brought to the January 2021 meeting of the Committee and the Forward Plan of Committee business has been updated to reflect this.

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 **49** reports covered in this review; **12** reports have achieved **Substantial** assurance; **25** reports have achieved **Reasonable** assurance, **0** reports have been awarded **Limited** assurance or **No Assurance;** and **12** reports were generated

with **Assurance Not Applicable**. The reports include **205** recommendations for action.

The following reports were categorised as **Assurance Not Applicable**:
- **5** Internal Audit Advisory Reports
- **2** Wales Audit Office Reports
- **1** SGS UK Ltd ISO14001:2015 Audit Report
- **1** Information Commissioner's Office Training Audit Report
- **1** Physical Security Review Report
- **1** WAO Management Letter for Cardiff and Vale University Health Board (1 X finding added for monitoring progress, as applicable to NWSSP)
- **1** Audit of Financial Statements Report and Management Letter for Velindre University NHS Trust (1 X finding added for monitoring progress, as applicable to NWSSP)

Table 1 - Summary of Audit Recommendations

As at 12/10/2020						
Recommendations		Implemented	Not Yet Due	Revised Deadline	Overdue	Not NWSSP Action
Internal Audit	**149**	**141**	**7**	**1**	0	0
High	14	14	0	0	0	0
Medium	72	67	4	1	0	0
Low	63	60	3	0	0	0
Not Applicable	0	0	0	0	0	0
External Audit	**25**	**25**	**0**	**0**	0	0
High	0	0	0	0	0	0
Medium	23	23	0	0	0	0
Low	2	2	0	0	0	0
Not Applicable	0	0	0	0	0	0
Other Audit	**31**	**31**	**0**	0	0	0
High	4	4	0	0	0	0
Medium	7	7	0	0	0	0
Low	20	20	0	0	0	0
Not Applicable	0	0	0	0	0	0
TOTALS:	**205**	**197**	**7**	**1**	**0**	**0**

3. REVISED DEADLINES FOR APPROVAL

There is currently **one recommendation** that has not been implemented within its target completion date, which presents a **Revised Deadline for Approval**.

- Cyber Security 2019-20
    - Extension requested from 30/09/2020 to 31/09/2021

Full details of the recommendation is set out in **Appendix B**, 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; and
- **APPROVE** the proposed Revised Deadline, as detailed at **Appendix B.**

NWSSP Audit Committee
20 October 2020

SUMMARY OF LATEST AUDIT REVIEWS BY SERVICE AREA

Internal Audit Reference	Reference	Directorate	Health Board/Trust	Report Title	Year	Assurance Rating	Recommendations	Implemented	Not Yet Due	Revised Deadline	Overdue	Not NWSSP Action
INTERNAL AUDIT REPORTS												
NWSSP-1718-03	CORP/17-18/2	Corporate Services	NWSSP	Non-Medical Education Training Budget	2017-18	Substantial	3	3	0	0	0	0
NWSSP-1718-12	CORP/17/-18/3	Corporate Services	NWSSP	Audit Tracker Review	2017-18	Substantial	2	2	0	0	0	0
NWSSP-1718-16	CORP/17-18/4	Corporate Services	NWSSP	Corporate Governance	2017-18	Substantial	2	2	0	0	0	0
NWSSP-1718-06	CORP/17-18/5	Corporate Services	NWSSP	Surgical Materials Testing Laboratory (SMTL)	2017-18	Reasonable	3	3	0	0	0	0
NWSSP-1718-09	CORP/17-18/6	Corporate Services	NWSSP	Performance Management	2017-18	Reasonable	3	3	0	0	0	0
NWSSP-1819-02	CORP/17-18/6	Corporate Services	NWSSP	BACS Bureau Review	2018-19	Advisory Report	4	4	0	0	0	0
NWSSP-1819-04	CORP/18-19/1	Corporate Services	NWSSP	Wales Infected Blood Support Scheme	2018-19	Reasonable	10	10	0	0	0	0
NWSSP-1819-10	CORP/18-19/2	Corporate Services	NWSSP	Welsh Language Standards	2018-19	Reasonable	3	3	0	0	0	0
NWSSP-1819-14	CORP/18-19/3	Corporate Services	NWSSP	Risk Management and Assurance	2018-19	Substantial	2	2	0	0	0	0
NWSSP-1819-07	CORP/18-19/4	Corporate Services	NWSSP	Business Continuity Planning	2018-19	Reasonable	3	3	0	0	0	0
NWSSP-1819-11	CORP/18-19/5	Corporate Services	NWSSP	General Data Protection Regulation (GDPR)	2018-19	Substantial	3	3	0	0	0	0
NWSSP-1920-08	CORP/19-20/1	Corporate Services	NWSSP	Performance Reporting	2019-20	Substantial	1	1	0	0	0	0
NWSSP-1920-04	CORP/19-20/2	Corporate Services	NWSSP	IR35	2019-20	Reasonable	4	4	0	0	0	0
NWSSP-1920-13	CORP/19-20/3	Corporate Services	NWSSP	Strategic Planning	2019-20	Reasonable	2	2	0	0	0	0
NWSSP-1920-15	CORP/19-20/4	Corporate Services	NWSSP	Cyber Security	2019-20	Reasonable	5	3	1	1	0	0
NWSSP-1920-03	CORP/19-20/5	Corporate Services	NWSSP	Accounts Payable P2P	2019-20	Reasonable	5	5	0	0	0	0
NWSSP-1920-11	CORP/19-20/6	Corporate Services	NWSSP	Budgetary Control and Financial Reporting	2019-20	Substantial	2	2	0	0	0	0
						TOTAL	57	55	1	1	0	0
Internal Audit	EMP/16-17/2	Employment Services	All Wales	TRAC System	2016-17	Reasonable	3	3	0	0	0	0
NWSSP-1920-10	EMP/19-20/1	Employment Services	NWSSP	Staff Expenses	2019-20	Reasonable	4	4	0	0	0	0
NWSSP-1920-02	EMP/19-20/2	Employment Services	All Wales	Payroll Services	2019-20	Reasonable	7	4	3	0	0	0
						TOTAL	14	11	3	0	0	0
NWSSP-1819-15	PCS/18-19/1	Primary Care Services	All Wales	Patient Medical Records Store and Scan on Demand Service	2018-19	Reasonable	6	6	0	0	0	0
NWSSP-1920-14	PCS/19-20/1	Primary Care Services	All Wales	Post Payment Verification (PPV)	2019-20	Substantial	2	2	0	0	0	0
NWSSP-1920-01	PCS/19-20/2	Primary Care Services	All Wales	Contractor Payments	2019-20	Substantial	0	0	0	0	0	0
						TOTAL	8	8	0	0	0	0
Internal Audit	PROC/16-17/3	Procurement Services	All Wales	Supplier Master File **Follow Up**	2016-17	Reasonable	2	2	0	0	0	0
Internal Audit	PROC/16-17/4	Procurement Services	Velindre/PHW	Local Procurement Team	2016-17	Reasonable	5	5	0	0	0	0
Internal Audit	PROC/16-17/5	Procurement Services	All Wales	Denbigh Stores	2016-17	Reasonable	7	7	0	0	0	0
NWSSP-1718-19	PROC/17-18/1	Procurement Services	ABMU	Carbon Reduction Commitment (CRC) Payment Review	2017-18	Advisory Report	5	5	0	0	0	0
NWSSP-1718-01	PROC/17-18/2	Procurement Services	All Wales	WAO Audit RKC Associates Lessons Learned by NWSSP	2017-18	Advisory Report	2	2	0	0	0	0
NWSSP-1819-01	PROC/18-19/1	Procurement Services	All Wales	Health Courier Services	2018-19	Reasonable	7	7	0	0	0	0
NWSSP-1819-08	PROC/18-19/2	Procurement Services	All Wales	Cwmbran Stores	2018-19	Reasonable	2	2	0	0	0	0
NWSSP-1920-06	PROC/19-20/1	Procurement Services	All Wales	Procurement Services Directorate Review	2019-20	Reasonable	5	5	0	0	0	0
NWSSP-1920-09	PROC/19-20/2	Procurement Services	All Wales	Stores - IP5	2019-20	Substantial	0	0	0	0	0	0
						TOTAL	35	35	0	0	0	0
SSU SES 1819 01	SES/18-19/1	Specialist Estates Services	All Wales	Primary Care Rental Reimbursement Reviews	2018-19	Reasonable	7	7	0	0	0	0
SSU NWSSP 1920 0	SES/19-20/1	Specialist Estates Services	All Wales	Business Case Scrutiny Processes	2019-20	Reasonable	2	2	0	0	0	0
						TOTAL	9	9	0	0	0	0
Internal Audit	WORK/16-17/1	Workforce	All Wales	WfIS ESR OH Bi-Directional Interface	2016-17	Reasonable	4	4	0	0	0	0
NWSSP-1718-17	WORK/17-18/1	Workforce	All Wales	WfIS ESR / Occupational Health Bi-Directional Interface (Immunisations)	2017-18	Substantial	1	1	0	0	0	0
NWSSP-1718-04	WORK/18-19/1	Workforce	All Wales	GP Specialty Training Registrars	2018-19	Reasonable	4	4	0	0	0	0
NWSSP-1819-09	WORK/18-19/2	Workforce	NWSSP	Annual Leave Management	2018-19	Reasonable	5	5	0	0	0	0
NWSSP-1819-05	WORK/18-19/3	Workforce	NWSSP	Recruitment and Retention	2018-19	Advisory Report	3	3	0	0	0	0
NWSSP-1920-07	WORK/19-20/1	Workforce	NWSSP	Time Recording	2019-20	Substantial	1	1	0	0	0	0
NWSSP-1920-05	WORK/19-20/2	Workforce	NWSSP	Health and Safety	2019-20	Reasonable	5	5	0	0	0	0
NWSSP-1920-16	WORK/19-20/3	Workforce	NWSSP	Contact Centres	2019-20	Advisory Report	3	0	3	0	0	0
						TOTAL	26	23	3	0	0	0
WALES AUDIT OFFICE EXTERNAL AUDIT REPORTS												
External Audit	WAO/18-19/1	All Services	All Wales	WAO Management Letter	2018-19	Not Applicable	3	3	0	0	0	0
External Audit	WAO/18-19/2	All Services	All Wales	WAO Nationally Hosted NHS IT Systems Assurance Report	2018-19	Not Applicable	22	22	0	0	0	0
						TOTAL	25	25	0	0	0	0
OTHER AUDIT REPORTS												
Other Audit	ICO/17-18	Corporate Services	NWSSP	Information Commissioner's Office (ICO) Training Audit	2017-18	Not Applicable	10	10	0	0	0	0
Other Audit	ISO14001/18-19	Corporate Services	NWSSP	SGS UK Ltd Audit of ISO14001 Environmental Management System	2018-19	Not Applicable	1	1	0	0	0	0
Other Audit	SECURITY/18-19	Corporate Services	NWSSP	Physical Security Review of NWSSP	2018-19	Not Applicable	18	18	0	0	0	0
Other Audit	Cardiff/WAO/F7	Corporate Services	NWSSP	WAO Management Letter for Cardiff and Vale University Health Board	2018-19	Not Applicable	1	1	0	0	0	0
Other Audit	Velindre/WAO/F3	Corporate Services	NWSSP	Audit of Financial Statements Report and Management Letter for Velindre University NHS Trust	2018-19	Not Applicable	1	1	0	0	0	0
						TOTAL	31	31	0	0	0	0
						TOTAL RECS	205	197	7	1	0	0

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
			RECOMMENDATIONS FOR THE AUDIT COMMITTEE'S ATTENTION							
	FINANCE AND CORPORATE SERVICES									
	Cyber Security 2019-20									
1.	NWSSP-1920-15 5 CORP/19-20/4 Corporate Services NWSSP Cyber Security 2019-20	REVISED DEADLINE	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.

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Roxann Davies, Corporate Services Manager
PRESENTED BY	Roxann Davies, Corporate Services Manager
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Audit Committee Annual Report 2019-20

PURPOSE

The NWSSP Audit Committee Annual Report 2019-20 is presented to the Committee, for **APPROVAL**.

1. INTRODUCTION

The seventh Annual Report of the NWSSP Audit Committee, for the reporting period 2019-20, highlights the activities and details the performance of the Committee. The primary role of the Annual Report is to review the establishment and maintenance of the effective systems of internal control and risk management. In achieving this aim, the Committee assesses the work undertaken by Internal Audit, External Audit and Local Counter Fraud Specialists, together with management in areas of governance, risk and control.

The Committee shall endeavour to continue to develop its functions and effectiveness and intends to seek further assurance, throughout 2020-21.

2. RECOMMENDATION

The Committee is asked to **APPROVE** the Annual Report.

NWSSP Audit Committee
20 October 2020

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

Annual Report 2019-2020

1. FOREWORD

I am pleased to present the Annual Report of the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership. It outlines the coverage and results of the Committee's work for the year ending 31 March 2020.

During the year, I was supported by Independent Members, Judge Ray Singh and Mr Phil Roberts, who offered considerable knowledge and wide-ranging experience to the Committee. I would like to take this opportunity to put on record my sincere thanks for the significant contribution made by both during their time with the Committee, as we welcome Mr Gareth Jones and Mrs Jan Pickles as Independent Members from 1 January 2020.

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

2019-20 meetings have been well attended, and there was constructive dialogue and challenge throughout. Indeed, a characteristic of the Committee's work and its related meetings has been the willingness of all parties to raise issues, acknowledge shortcomings and put forward positive suggestions to help bring about meaningful improvements to services, systems and day-to-day working practices. This approach is to be welcomed and is very much appreciated by the Committee.

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

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

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

2.   INTRODUCTION

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

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

3.   ROLE, MEMBERSHIP, ATTENDEES AND COMMITTEE ATTENDANCES

3.1 Role

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

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

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

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

Figure 1: Overall Assurance Framework
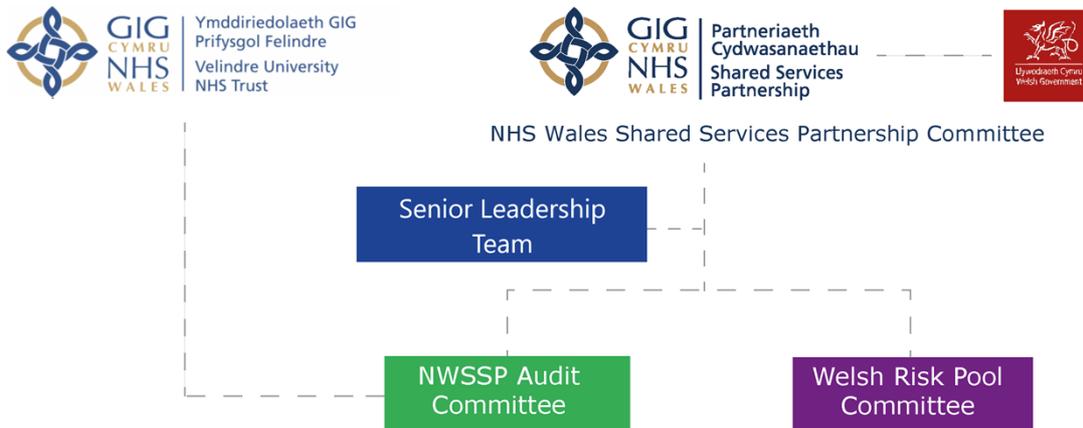
Underpinned through the overarching Velindre University NHS Trust legal and assurance framework

3.2 Membership

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

3.3 Attendees

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

3.4 Attendance at Audit Committee 2019-20

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

Figure 2: Meetings and Member Attendance 2019-20

In Attendance	April 2019	July 2019	Oct 2019	Jan 2020	Total
Committee Members					
Martin Veale, Chair & Independent Member	✓	✓	✓	✓	**4/4**
Ray Singh, Independent Member (to December 2019)	✓	✓	✓	N/a	**3/3**
Phil Roberts, Independent Member (to December 2019)	✓	✓	✓	N/a	**2/3**
Gareth Jones, Independent Member (from January 2020)	N/a	N/a	N/a	✓	**1/1**
Janet Pickles, Independent Member (from January 2020)	N/a	N/a	N/a		**0/1**
Wales Audit Office					
Audit Team Representative	✓	✓		✓	**3/4**
NWSSP Audit Service					
Director of Audit & Assurance	✓	✓	✓	✓	**4/4**
Head of Internal Audit	✓	✓	✓	✓	**4/4**
Audit Manager	✓	✓			**2/4**
Counter Fraud Services					
Local Counter Fraud Specialist	✓	✓	✓		**3/4**
NWSSP					
Margaret Foster, Chair NWSSP	✓	✓	✓	✓	**4/4**
Neil Frow, Managing Director	✓	✓	✓	✓	**4/4**
Andy Butler, Director of Finance & Corporate Services	✓	✓	✓	✓	**4/4**
Peter Stephenson, Head of Finance & Business Development	✓	✓	✓	✓	**4/4**
Roxann Davies, Corporate Services Manager	✓	✓		✓	**3/4**
NWSSP Secretariat	✓	✓	✓	✓	**4/4**
Velindre University NHS Trust					
Mark Osland, Director of Finance	N/a	✓	N/a	✓	**2/4**
Lauren Fear, Director of Corporate Governance	N/a	N/a	N/a	✓	**1/1**

4.   AUDIT COMMITTEE BUSINESS

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

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

4.1 External Audit (Audit Wales)

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

- Audit Wales Nationally Hosted NHS IT Systems Assurance Report
- Audit Wales Management Letter
- Audit Wales Audit Assurance Arrangements 2020
- Audit Wales Audit ISO260

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

4.2 Internal Audit

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

20 Internal Audit reports were generated during 2019-20 and they achieved assurances as follows:

- **9** reports achieved Substantial assurance
- **9** reports achieved a Reasonable assurance
- **2** Advisory reports were generated (where assurance is not applicable)

Figure 3: Internal Audit Reports 2019-20 by Assurance Rating

Internal Audit Reports 2019-20 by Assurance Rating
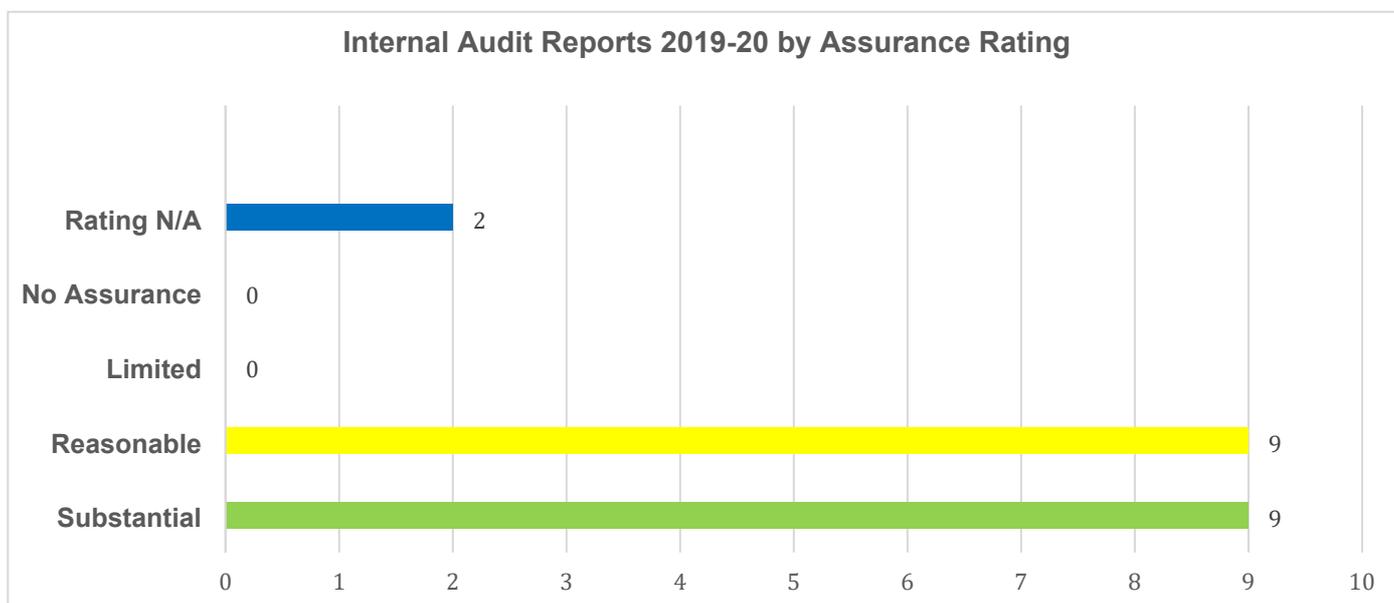
During 2019-20, the areas covered by Internal Audit's programme of work included:

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

Head of Internal Audit Opinion and Annual Report

The Shared Services Partnership Committee can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
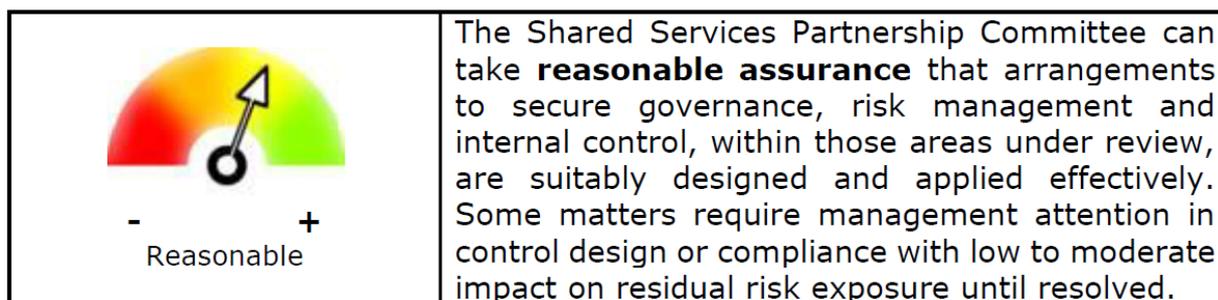
Figure 4: Head of Internal Audit Opinion: Reasonable Assurance

4.3 Local Counter Fraud Services

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

- Counter Fraud Progress Update at each meeting
- Counter Fraud Annual Report
- Counter Fraud Work Plan
- Counter Fraud Self Review Tool Submission
- Counter Fraud Lessons Learned
- NHS Wales Fighting Fraud Strategy
- Counter Fraud Newsletter
- NHS Counter Fraud Procurement Brief and Guidance

As part of its work, there is a regular annual programme of raising fraud awareness, for which a number of days are allocated and included as part of a Counter Fraud Work Plan which is approved annually by the Audit Committee.

In addition to this a quarterly newsletter is produced which is available to all staff on NWSSP's intranet; all successful prosecution cases are publicised in order to obtain the maximum deterrent effect.

4.4 Internal Control and Risk Management

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

***Annual Governance Statement*:** During 2019-20, the NWSSP produced its Annual Governance Statement which explains the processes and procedures in place to enable NWSSP to carry out its functions effectively. The Statement was produced following a review of NWSSP's governance arrangements undertaken by the NWSSP Senior Management Team and the Head of Finance and Business Development. The Statement brings together all disclosures relating to governance, risk and control for the organisation.

***Tracking of Audit Recommendations*:** The Committee has continued focus on the timely implementation of audit recommendations; with any changes submitted, being challenged and/or approved by the Committee. During April 2018, the audit tracking process was subject to a review by Internal Audit, for which **substantial assurance** was provided.

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

The results highlighted areas for consideration, formed a Committee Effectiveness Action Plan, of which progress was monitored at each meeting. Actions included 70% of respondents welcoming greater use of Committee paper software; the monitoring of implementation of actions arising and lessons learned in relation to Counter Fraud cases; and assessment of the quality and effectiveness of External Audit.

A full list of the internal reports/papers considered by the Audit Committee in 2019-20 is attached at **Appendix B** for information.

4.5   Private Meeting with Auditors

In line with recognised good practice, a private meeting was held in January 2020 between Audit Committee members, Internal Audit, External Audit and the Local Counter Fraud Specialist. This provided an opportunity for any matters of concern to be raised without the involvement of Executives. No issues of concern arose from the meeting. All auditors are also aware that they can directly approach the Chair at any time with any matters that concerns them.

5.   REPORTING AND COMMUNICATION OF THE COMMITTEE'S WORK

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

6.   CONCLUSION AND FORWARD LOOK

The work of the Audit Committee in 2019-20 has been varied and wide-ranging. The Committee has sought to play its part in helping to develop and maintain a more effective assurance framework and improvements have been evidenced by the findings of internal and external audit.

The COVID-19 pandemic had a significant impact on NWSSP at the end of the financial year and rapid changes to systems and processes were required to be able to the pandemic and to continue to deliver existing services.

The Audit Committee will continue to review the short-term challenges facing NWSSP in response to the pandemic. The key areas include:

- internal controls and assurance;
- governance; and
- risk management.

In addition, the Audit Committee will continue to adopt the following priorities for 2020-21:

- A higher standard of assurance, through strengthening existing governance processes, particularly in relation to corporate risk management and assurance mapping;
- A continued focus on the timely implementation of audit recommendations; and
- Capturing lessons learned and reviewing how we develop as a Committee, considering better value for money and service improvement, through actions to improve the use of Committee software to issue papers electronically to reduce our environmental impact, including the hosting of virtual meetings.

APPENDIX A
List of Internal Audits Undertaken and Assurance Ratings

Internal Audit Assignment	Assurance Rating 2019-20	Date Presented To Audit Committee
Performance Reporting	Substantial	October 2019
Post Payment Verification (PPV)	Substantial	January 2020
Time Recording	Substantial	January 2020
General Pharmaceutical Services (including Prescribing)	Substantial	April 2020
General Medical Services	Substantial	April 2020
General Ophthalmic Services	Substantial	April 2020
General Dental Services	Substantial	April 2020
IP5 Stores	Substantial	April 2020
Budgetary Control	Substantial	June 2020
IR35	Reasonable	October 2019
Health & Safety	Reasonable	January 2020
Strategic Planning	Reasonable	January 2020
Procurement Directorate Review	Reasonable	January 2020
Staff Expenses	Reasonable	April 2020
Cyber Security	Reasonable	April 2020
Business Case Scrutiny Processes	Reasonable	April 2020
Accounts Payable (All Wales)	Reasonable	April 2020
Employment Services – Payroll (All Wales)	Reasonable	June 2020
Contact Centres	Advisory Report Assurance Not Applicable	April 2020
Fair Payment Charter	Advisory Report Assurance Not Applicable	
Substantial Assurance Rating	*9*	
Reasonable Assurance Rating	*9*	
Limited Assurance Rating	*0*	
No Assurance Rating	*0*	
Assurance Not Applicable	*2*	
Total	**20**	

Internally Generated Assurance Reports/Papers

Report/Paper	Every Meeting	Annually	As Appropriate
Tracking of Audit Recommendations	✓		
Governance Matters	✓		
Corporate Risk Register	✓		
Assurance Mapping	✓		✓
Audit Committee Forward Plan	✓		
Health and Care Standards Self-Assessment and Action Plan		✓	
Annual Governance Statement		✓	
Audit Committee Effectiveness Review and Results		✓	
Audit Committee Annual Report		✓	
Audit Committee Terms of Reference		✓	
Assurance Mapping		✓	
Review of the Shared Services Partnership Committee's Standing Orders (SSPC SOs)			✓
Caldicott Principles Into Practice (CPIP) Annual Report and Improvement Plan		✓	
Freedom of Information (FOI) Annual Report			✓
NWSSP Integrated Medium Term Plan (IMTP)			✓
NWSSP Annual Review		✓	
Implications of Brexit Upon Catering and Textile Work Programme			✓
Review of Procedure for NHS Staff to Raise Concerns			✓
Review of Stores Write-Offs		✓	
Service Presentations and Topical Updates Received by the Committee 2019-20			
Integrated Medium Term Plan (IMTP)			✓
Cyber and Information Security			✓
Audit Committee Effectiveness and Benchmarking			✓
Welsh Language Standards			✓
e-Board Committee Software Update			✓
Declarations of Interest Update			✓

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Roxann Davies, Corporate Services Manager
PRESENTED BY	Roxann Davies, Corporate Services Manager
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Audit Committee Effectiveness Survey 2020

PURPOSE

To present the Committee with a copy of the feedback received from completion of the annual Audit Committee Effectiveness Survey, as set out at **Appendix 1**.

1. INTRODUCTION

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

Section 8.2.1 of the SSPC Standing Orders states:

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

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

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

2. EFFECTIVENESS SURVEY

NWSSP Audit Committee
20 October 2020

The survey is based on the guidance contained within the NHS Audit Committee Handbook and to ensure both Velindre and NWSSP Committees have issued aligned survey questions, we worked together in 2019 to produce a template bringing together the best of both Committee self-assessments. The agreed questions are set out in **Appendix 1**, for information.

3. RESULTS AND FINDINGS

SURVEYi

- 13/15 completed the Survey, giving a response rate of 86%.
  - This is down on last year's rate which was 91%. However, this year there were an extra 4 respondents invited to take part in the survey.

- 13 respondents answered 50 questions, giving us 650 opinions in total to consider.
  - In 2019, 10 respondents answered 49 questions; the additional question for 2020 focussed on opinions for conducting virtual meetings.
  - Response opinions are set out below:
    - o **Yes/Agree**, 588 responses = **90%**
    - o **No/Disagree**, 26 responses = **4%**
    - o **Don't know/Unable to answer**, 34 responses = **5%**
    - o **Additional comments**, 96 responses = **1%**

- There were a few amendments to the process to note, for the 2020 Survey:
  - The system used for the survey changed from SurveyMonkey, (used in previous years) to Surveyi. The Survey was issued via an open anonymous link to participants; and
  - Every question had the option to leave a comment for those wishing to expand and this seemed welcome with the option being utilised by most members.

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

NWSSP Audit Committee
20 October 2020

- 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 feel 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.

4. NEXT STEPS

The results of the survey provide a rich source of information and provide assurance in terms of existing arrangements and potential areas for development, going forward, as well as any required amendments to incorporated into the Terms of Reference, which will be brought to the Committee in January 2021, following a further review.

The Audit Committee Terms of Reference also form an Annex to the Shared Services Partnership Committee Standing Orders, which are subject to review at present and are due to be brought to Committee in January 2021, for the Committee's information.

5. RECOMMENDATIONS

The Audit Committee are asked to **NOTE** the findings of the Audit Committee Effectiveness Survey 2020.

NWSSP Audit Committee
20 October 2020

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

Composition, Establishment and Duties

1. Does the Audit Committee have written Terms of Reference, which adequately define its role in accordance with Welsh Government guidance?
2. Are the Terms of Reference reviewed annually to take into account governance developments (including good governance principles) and the remit of other Committees within the organisation?
3. Has the Audit Committee been provided with sufficient authority and resources to perform its role effectively?
4. Does the Audit Committee report regularly to the NWSSP Partnership Committee and Velindre Trust Board?
5. Does the Audit Committee prepare an Annual Report on its work and performance in preceding year, for consideration by the NWSSP Partnership Committee and Velindre Trust Board?
6. Has the Audit Committee established a cycle of business to be dealt with across the year?
7. Does the Audit Committee meet sufficiently frequently to deal with planned matters and is enough time allowed for questions and discussions?
8. Is the atmosphere at Audit Committee meetings conductive to open and productive debate?
9. Is the behaviour of all members/attendees courteous and professional?
10. Are Audit Committee meetings scheduled prior to important decisions being made?
11. Do you consider that where private meetings of the Audit Committee are held (Part B), that these have been used appropriately for items that should not be discussed in the public domain (i.e. commercially sensitive, identifiable information)?
12. Would you agree that each agenda item is 'closed off' appropriately so it is clear what the conclusion is?
13. Would you welcome greater user of the Welsh Language at meetings?
14. Would you welcome greater use of Committee e-Board (paperless) software, such as AdminControl?
15. Would you agree that your experience of holding remote/virtual meetings of the Audit Committee has been positive? Please leave a comment to detail further.

Compliance With Law And Regulations Governing NHS Wales

16. Does the Audit Committee review assurance and regulatory compliance reporting processes?
17. Does the Audit Committee have a mechanism to ensure awareness of topical, legal and regulatory issues?

Internal Control and Risk Management

18. Has the Audit Committee formally considered how it integrates with other Committees that are reviewing risk (e.g. Risk Management)?
19. Has the Audit Committee reviewed the robustness and effectiveness of the content of the organisation's system of assurance?
20. Do you consider that the reports received by the Audit Committee are timely and have the right format/content, to enhance it to discharge its internal control and risk management responsibilities?
21. Is there clarity over the timing and content of the assurance statements received by the Audit Committee from the Head of Internal Audit?

Internal Audit

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

NWSSP Audit Committee
20 October 2020

23. Does the Audit Committee review and approve the Internal Audit Plan at the beginning of the financial year?
24. Does the Audit Committee approve any material changes to the Plan?
25. Are Audit Plans derived from clear processes based on risk assessment with clear links to the system of assurance?
26. Does the Audit Committee receive periodic progress reports from the Head of Internal Audit?
27. Does the Audit Committee investigate the reason for management refusal to accept audit recommendations?
28. Does the Audit Committee effectively monitor the implementation of management actions from Audit Reports?
29. Does the Head of Internal Audit have a direct line of reporting to the Audit Committee and its Chair?
30. Does the Audit Committee review the effectiveness of Internal Audit and the adequacy of staffing and resources within Internal Audit?
31. Has the Audit Committee evaluated whether Internal Audit complies with the Public Sector Internal Audit Standards (PSIAS)?
32. Has the Audit Committee agreed a range of Internal Audit performance measures to be reported on a routine basis?
33. Does the Audit Committee receive and review the Head of Internal Audit's Annual Report and Opinion?

External Audit
34. Do the Auditor General's representatives present their Audit Plans and Strategy to the Audit Committee, for consideration?
35. Does the Audit Committee receive and monitor actions taken in respect of prior years' reviews?
36. Does the Audit Committee consider the Auditor General's Annual Audit Letter?
37. Does the Audit Committee assess the quality and effectiveness of External Audit work (both financial and non-financial audit)?
38. Does the Audit Committee review the nature and value of non-statutory work commissioned by organisation from the Auditor General?

Counter Fraud
39. Does the Audit Committee review and approve the Counter Fraud Work Plan at the beginning of the financial year?
40. Does the Audit Committee satisfy itself that the Work Plan adequately covers each of the seven generic areas defined in the NHS Counter Fraud Policy?
41. Does the Audit Committee approve any material changes to the Plan?
42. Are Counter Fraud Plans derived from clear processes based on Risk Assessment?
43. Does the Audit Committee receive periodic reports from the Local Counter Fraud Specialist?
44. Does the Audit Committee effectively monitor the implementation of management actions arising from Counter Fraud reports?
45. Does the Local Counter Fraud Specialist have a right of direct access to the Audit Committee and its Chair?
46. Does the Audit Committee review the effectiveness of the Local Counter Fraud Service and the adequacy of its staffing resources?
47. Does the Audit Committee receive and review the Local Counter Fraud Specialist's Annual Report of Counter Fraud Activity and Qualitative Assessment?
48. Does the Audit Committee receive and discuss reports arising from quality inspections by NHS Counter Fraud Authority?

Committee Leadership
49. Do you consider that Audit Committee meetings are chaired effectively and with clarity of purpose and outcome?
50. Do you consider that the Audit Committee Chair provides clear and concise information to the governing body on the activities of the Audit Committee and the implication of all identified gaps in assurance and/or control?

NWSSP Audit Committee
20 October 2020

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Roxann Davies, Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Audit Committee Forward Plan 2020-21

PURPOSE

To provide a summary of items expected to be presented at forthcoming Audit Committee meetings, scheduled for 2020-22.

Month	Standing Items	Audit Reports	Governance	Annual Items
Q4 2020/21 **26 January 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**External Audit** Audit Wales Office Proposed Audit Work **Internal Audit** As outlined in the Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations to include Annual Review of Audit Recommendations Not Yet Implemented Corporate Risk Register Review of Standing Orders for the Shared Services Partnership Committee Review of Audit Committee Terms of Reference	Pre-meet between Audit Committee Chair, Independent Members, Internal and External Auditors and Local Counter Fraud NWSSP Welsh Language Annual Report 2019-20 Draft Integrated Medium Term Plan Summary Health and Care Standards Self-Assessment and Action Plan Review of Raising Concerns (Whistleblowing) Policy
Q1 2021/22 **20 April 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**Internal Audit** As outlined in the Internal Audit Operational Plan Head of Internal Audit Opinion Review of Internal Audit Operational Plan Quality Assurance & Improvement Programme	Governance Matters Tracking of Audit Recommendations Corporate Risk Register Review of Risk Management Protocol, Assurance Mapping, Appetite Statement and Board Assurance Framework	Audit Committee Effectiveness Survey Annual Governance Statement Counter Fraud Self-Review Submission Tool Counter Fraud Work Plan Counter Fraud Annual Report Integrated Medium Term Plan Head of Internal Audit Opinion and Annual Report

NWSSP Audit Committee
20 October 2020

2

Month	Standing Items	Audit Reports	Governance	Annual Items
Q1 2021/22 **29 June 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**Internal Audit** As outlined in the Internal Audit Operational Plan Head of Internal Audit Opinion Review of Internal Audit Operational Plan Quality Assurance & Improvement Programme	Governance Matters Tracking of Audit Recommendations Corporate Risk Register Assurance Mapping	Audit Committee Effectiveness Survey Results Annual Governance Statement Counter Fraud Policy Review Audit Committee Annual Report Review of Standing Orders for the Shared Services Partnership Committee Review of Audit Committee Terms of Reference Audit Committee Annual Report
Q3 2021/22 **12 October 2021** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ* *or by Teams (as appropriate)*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**External Audit** Audit Wales Nationally Hosted IT Systems Report Audit Wales Management Letter **Internal Audit** As outlined in the Internal Audit Operational Plan	Governance Matters to include Annual Review of Stores Write-Off Figures Tracking of Audit Recommendations Corporate Risk Register COVID-19 Review of Business Continuity Planning COVID-19 Expenditure and Governance Arrangements	Audit Committee Effectiveness Survey Results Audit Committee Annual Report Freedom of Information Annual Report NWSSP Annual Review 2019-20
Future Committee Dates 2021-2022	**Q4 2021/22** **25 January 2022** *Boardroom, NWSSP HQ* *or by Teams (as appropriate)*	**Q1 2022/23** *TBC April 2021* *Boardroom, NWSSP HQ* *or by Teams (as appropriate)*	**Q1 2022/23** *TBC June 2021* *Boardroom, NWSSP HQ* *or by Teams (as appropriate)*	**Q3 2022/23** *TBC October 2021* *Boardroom, NWSSP HQ* *or by Teams (as appropriate)*

NWSSP Audit Committee
20 October 2020

3

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Roxann Davies, Corporate Services Manager
PRESENTED BY	Roxann Davies, Corporate Services Manager
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Annual Review 2019-20

PURPOSE

To provide the Committee with the published Annual Review for NWSSP, relating to the financial year 2019-20.

The review highlights the key areas of progress and improvements we have made and provides an insight into the wide range of support that NWSSP offers to NHS Wales, so that the Health Boards, Trusts and Special Health Authority may, in turn, focus on more effective local delivery of frontline services.

The benefits NWSSP can bring to NHS Wales are substantial, ranging from administrative cost reductions, efficiencies from introducing common processes and sharing good practice, through to the considerable savings and improvements in quality within health boards and NHS trusts created through our professional and technical services.

Along with our partners, NWSSP can play a significant role in improving the health and well-being of people throughout Wales by creating a customer focused organisation that will consistently deliver good quality, value for money support services across the whole of Wales.

The full NWSSP Annual Review for 2019-20 can be found at:
- https://nwssp.nhs.wales/about-us/our-publications/annual-review/

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	20 October 2020
PREPARED BY	Tim Knifton, Information Governance Manager
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Freedom of Information Act (2000) Annual Report 2019-20

PURPOSE

The purpose of this report is to provide the Committee with an update on the Freedom of Information requests received in 2019/20.

1.   Introduction and Background

The Freedom of Information (FOI) Act 2000 provides a right to access official information and confers two statutory responsibilities on public authorities:

- The duty to confirm or deny whether the information requested exists; and if so,
- The duty to communicate the information, subject to a limited range of exemptions.

The Freedom of Information Act 2000 provides public access to information held by public authorities. The Act covers any recorded information that is held by a public authority including NHS organisations. Recorded information includes printed documents, computer files, letters, emails, photographs, and sound or video recordings.

The main principle behind FOI is that people have a right to know about the activities of public authorities, unless there is good reason for them not to. Under both legislations individuals have a right to request any recorded information held by a public authority. Any information it is thought may be held can be requested.

A request can be in a form of a question, rather than a request for specific documents, but questions do not have to be answered if this would mean creating new information of giving an opinion or judgment that is not already

recorded. Some information may not be given because it is exempt, for example because it would unfairly reveal personal details about someone else.

The FOI legislation continues to be used widely and there has been a year on year increase in the number of requests received. In addition to the volume of requests increasing, the requests are now also becoming far more complex in nature; the impact of this is that requests can take significantly longer to process.

2. Responsibilities

Management of the arrangements to comply with the Freedom of Information Act within NWSSP is the responsibility of the Director of Finance and Corporate Services with the day to-day management being the responsibility of the Head of Finance & Business Development and the Information Governance Manager to ensure that all legal requirements are met.

3. Response within statutory time limits

Public authorities must reply to Requests for Information under FOIA within **20 working days** to comply with statutory time limits.

Between April 2019 and March 2020, Corporate Services received a total of **66** Requests for Information

Receipt of requests April 2019 to March 2020

Month	No of Requests	Percentage of Requests received
April 2019	5	7.57%
May	6	9.09%
June	3	4.54%
July	6	9.09%
August	6	9.09%
September	3	4.54%
October	13	19.69%
November	7	10.60%
December	3	4.54%
January 2020	8	12.12%
February	2	3.03%
March	4	6.06%
Total	**66**	**100%**

Receipt of requests April to June 2019

Service	No of Requests	Percentage of Requests received
Affecting multiple services	1	7.2%
Health Boards/Trusts	3	21.4%
Informatics	1	7.2%
Legal and Risk	1	7.2%
Primary Care	2	14.2%
Procurement	4	28.6%
Workforce	2	14.2%
Total	**14**	**100%**

Receipt of requests July to September 2019

Service	No of Requests	Percentage of Requests received
Employment	2	13.33%
Finance	2	13.33%
Informatics	1	6.66%
Legal/Workforce	1	6.66%
Primary Care	1	6.66%
Procurement	2	13.33%
Procurement/Prescribing/Primary Care	1	6.66%
Specialist Estates	2	13.33%
Workforce	3	20%
Total	**15**	**100%**

Receipt of requests October to December 2019

Service	No of Requests	Percentage of Requests received
Clinical	1	4.34%
Corporate	3	13.04%
Finance	1	4.34%
Legal and Risk	1	4.34%
Prescribing	1	4.34%
Primary Care	2	8.69%
Procurement	5	21.73%
Specialist Estates	1	4.34%
Welsh Risk Pool	1	4.34%
Workforce	7	30.43%
Total	**23**	**100%**

Receipt of requests January to March 2020

Service	No of Requests	Percentage of Requests received
Clinical	1	7.14%
Employment	1	7.14%
Informatics	3	21.42%
Primary Care	3	21.42%
Procurement	3	21.42%
Workforce	3	21.42%
Total	**14**	**100%**

Response times in days April 2019 and March 2020

Month	1-5	6-10	11-15	16-20	21+	Total
April 2019	3	1	1	-	-	5
May	2	2	-	2	-	6
June	2	1	-	-	-	3
July	3	-	3	-	-	6
August	-	6	-	-	-	6
September	2	-	-	1	-	3
October	5	3	-	3	2	13
November	3	1	1	1	1	7
December	2	1	-	-	-	3
Jan 2020	2	2	2	2	-	8
February	2					2
March	1	1			2	4
Total	**27**	**18**	**7**	**9**	**5**	**66**

The tables above show the number and percentage of requests received per department and the number and percentage responded to on time. Full details of the requests received for the entire 2019/20 financial year were shared with our Senior Leadership Team and this is detail can be made available upon request.

4. Refusals, Exemptions, Internal Reviews and Information Commissioner's Office enquiries

The FOIA contains exemptions that allow public authorities to withhold information in certain cases. Should a customer be unhappy with the content of the response received, the exemption applied, or they are dissatisfied with the length of time it has taken to process, they can ask for an Internal Review of their request. Internal review requests should be responded to within 40 working days. The Corporate Services Team policy is to provide a response to Internal Review requests within 20 working days and where this is extended to the optimum amount of 40 working days the requestor is advised.

Should the requester remains dissatisfied with the Corporate Services response to their internal review request or their complaint they can approach the Information Commissioner's Office (ICO) to ask them to review the decision.

5. Disclosure Log

The definition of a disclosure log is a web page or a document that publishes a list of documents that an organisation has already released under the Freedom of Information Act 2000.

The rationale for disclosure logs is that if one person has expressed an interest in accessing particular documents then the same documents might be of interest to the wider community. Disclosure logs provide access to information for people who want to access the same documents as a previous applicant, and who would otherwise have needed to submit their own formal request for access, with the associated processes and timeframes.

Disclosure logs also provide an opportunity for an organisation to publish documents with associated supporting information, explaining issues of public interest in greater depth.

NWSSP has produced Disclosure Logs detailing requests back from 2015. These highlight the request received, the description of this and the date a response was made.

To date, NWSSP has not received any communication (queries or questions) in relation to a request that has been published in a disclosure log.