



PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	13 December 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Assurance Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Tim John, Senior Finance Business Partner (Accounting & Statutory Reporting)

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The Audit & Risk Assurance Committee (ARAC) requires assurance on a number of financial areas as outlined in the body of the report.

Cefndir / Background

The Standing Orders require that ARAC provides assurance to the Board that the University Health Board's assurance processes are operating effectively. Critical to this is Financial Assurance, which cannot be measured only by the UHB's main finance report and requires further information in order to assess the control environment in place; the risk assessment and management process; and the control activities.

Asesiad / Assessment

This report outlines the assurances which can be provided to the Committee.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to:

- Discuss and note the report
- Recommend Board approval of the Scheme of delegation changes noted within (see **2.1**)
- Approve the write-off of Losses and Special Payments over £5k noted within (see **2.4**)

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	2.4 The Committee's principal duties encompass the following: 2.4.2 Seek assurance that the systems for financial reporting to Board, including those of budgetary control, are effective, and that financial systems processes and controls are operating. 3.14 Approve the writing-off of losses or the making of special payments within delegated limits. 3.16 Receive a report on all Single Tender Actions and extensions of contracts.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	BAF SO9-PR20 BAF SO10-PR33
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	6K_22 workforce, clinical service and financial sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system. Activity recorded in the AR and AP modules of the Oracle business system and activity recorded in the procurement Bravo system.
Rhestr Termiau: Glossary of Terms:	AP-Accounts Payable AR –Accounts Receivable BGH – Bronglais General Hospital BT PSBA – British Telecom Public Sector Broadband Aggregation CF – Counter Fraud COS – Contracted Out Service VAT COVID-19 – Coronavirus COP – Confirmation of Payee

	<p>ECN – Error Correction Notice</p> <p>EMI – Elderly Mentally Infirm</p> <p>EOY – End of Year</p> <p>ERs NI – Employers National Insurance</p> <p>GGH – Glangwili General Hospital</p> <p>HMRC – Her Majesty's Revenue and Customs</p> <p>HOLD – Invoices that cannot be paid, as there is a query with the price or quantity or validity</p> <p>IFRS – International Financial Reporting Standards</p> <p>NWSSP – NHS Wales Shared Services Partnership</p> <p>NIC – National Insurance Contribution</p> <p>PID – Patient Identifiable Data</p> <p>PO – Purchase Order</p> <p>POL – Probability of Loss</p> <p>PPH – Prince Philip Hospital</p> <p>PSPP – Public Sector Payment Policy</p> <p>RTI – Real Time Information (transmitted to HMRC from the Payroll system)</p> <p>SFI – Standing Financial Instructions</p> <p>SLA – Service Level Agreement</p> <p>STA – Single Tender Action</p> <p>VAT – Value Added Tax</p> <p>WGH – Worthybush General Hospital</p> <p>WRP – Welsh Risk Pool</p>
<p>Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg:</p> <p>Parties / Committees consulted prior to Audit and Risk Assurance Committee:</p>	<p>UHB's Finance Team</p> <p>UHB's Management Team</p>

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Risk to our financial position affects our ability to discharge timely and effective care to patients.
Gweithlu: Workforce:	Overpayments are reported within this report.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	The UHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against the UHB's financial plan will affect our reputation with Welsh Government, Audit Wales and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Financial Assurance Report

1.1 Purpose

- The purpose of this report is to outline the financial assurances which the Audit & Risk Assurance Committee requires.
- The framework agreed is included below in Figure 1, and the remainder of the report is based on this.

Figure 1: Compliance requirements for the Audit and Risk Assurance Committee		
Compliance requirement	Reporting	Frequency
Scheme of delegation changes	<ul style="list-style-type: none"> • Exception reporting for approval 	As and when
Compliance with Purchase to Pay requirements	<ul style="list-style-type: none"> • Breaches of the No PO, No Pay policy • Instructions for noting • Public Sector Payment Policy (PSPP) compliance • Tenders awarded for noting • Single tender action 	Bi-monthly
Compliance with Income to Cash requirements	<ul style="list-style-type: none"> • Overpayments of staff salaries and recovery procedures for noting 	Bi-monthly
Losses & Special payments and Write offs	<ul style="list-style-type: none"> • Write off schedule • Approval of losses and special payments 	Bi-monthly
Compliance with Capital requirements	<ul style="list-style-type: none"> • Scheme of delegation approval for capital 	Following approval of annual capital plan
Compliance with Tax requirements	<ul style="list-style-type: none"> • Compliance with VAT requirements • Compliance with employment taxes 	Bi-monthly
Compliance with Reporting requirements	<ul style="list-style-type: none"> • Changes in accounting practices and policies • Agree final accounts timetable and plans • Review of annual accounts progress • Review of audited annual accounts and financial statements 	Annually

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2.1 Scheme of delegation changes

a) Continuing Health Care (CHC)

The current practice means that all standard packages of care in excess of £50,000 are approved by both the Director of Primary Care, Community and Long-Term Care and the Director of Finance. This follows a scheme of delegation utilised by the Service since 2008 that is outdated and requires amendments.

It is proposed that the delegated authority limits be re-aligned to coincide with normal annual care costs and the Health Board scheme of delegation be amended to clearly show where the approval limits for continuing health care sit.

Further background details and the specific scheme of delegation for recommendation by the Committee for Board approval are detailed in Appendix 1.

There are no other changes to report.

2.2 Compliance with Purchase to Pay Requirements

2.2.1 Breaches of the No PO, No Pay Policy

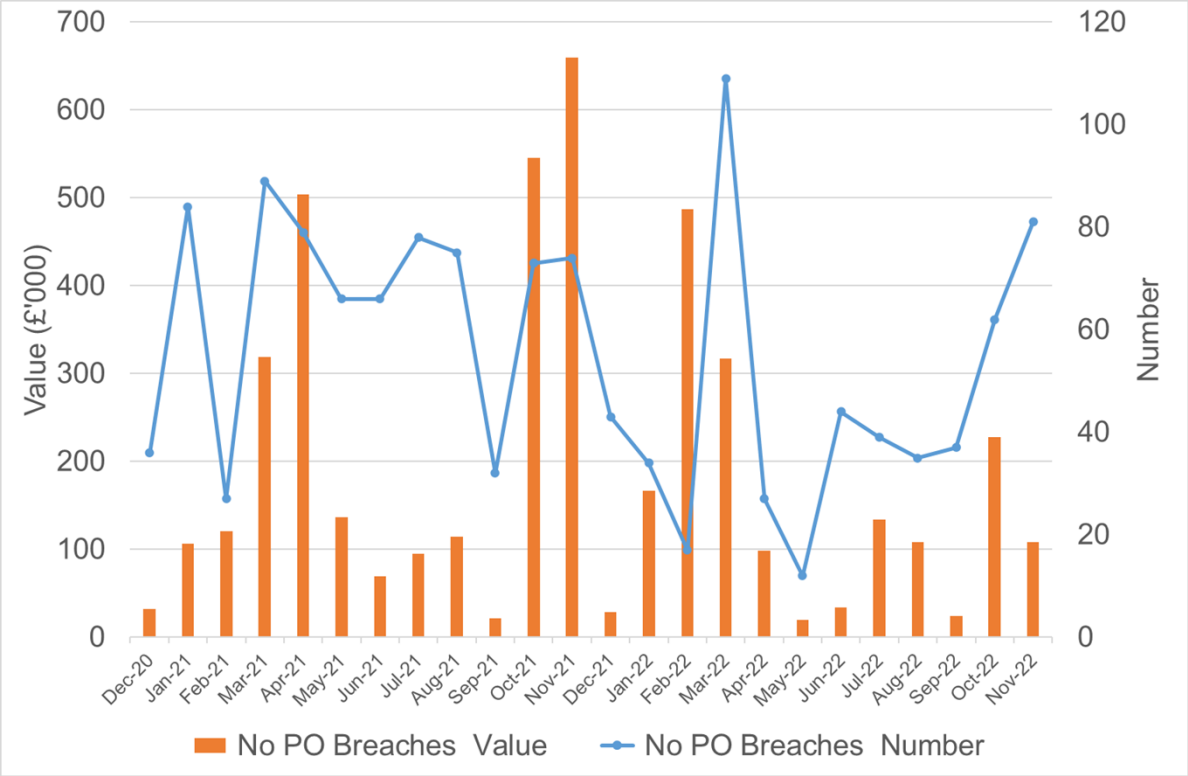
The Health Board has adopted the All Wales No PO, No Pay Policy, which will ensure that all non-pay expenditure (unless listed as an exception) is procured and receipted through the Oracle system.

Figure 1 below illustrates the numbers and value of breaches against the No PO, No Pay policy. For the months of October and November 2022 there were a total of 143 breaches with a combined value of £336k. The cumulative position as at end of November was a total of 365 breaches with a combined value of £420k. This compares to the cumulative position of 405 breaches in total with a combined value of £435k as at the end of September.

The local P2P (Procure to Pay) group have put in place measures to ensure that Purchase Order numbers are identified on the invoices and not created retrospectively and are also tracking non-compliance with suppliers and departments.

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Figure 1: No PO No Pay Breaches



2.2.2 Public Sector Payment Policy (PSPP) Compliance

The Health Board achieved its PSPP target of paying 95% of its' NHS invoices within 30 days for October and November with 97.38% and 95.53% respectively. In addition, the Health Board also achieved the 95% target for non-NHS invoices in November with 96.23% but failed to achieve the target for October with 91.84%.

The failure to achieve the October non-NHS target, was mainly due to 1,519 invoices (2,500 invoices in September 2022) relating to nursing agencies being paid after the 30-day target deadline. The Bank Office, which approves these invoices, has changed its process in the last two months. Consequently, there has been a significant increase in the volume and value of invoices paid, but due to continuing staff constraints, some queried invoices have not been processed and paid within the 30-day target deadline.

2.2.3 Single Tender Actions

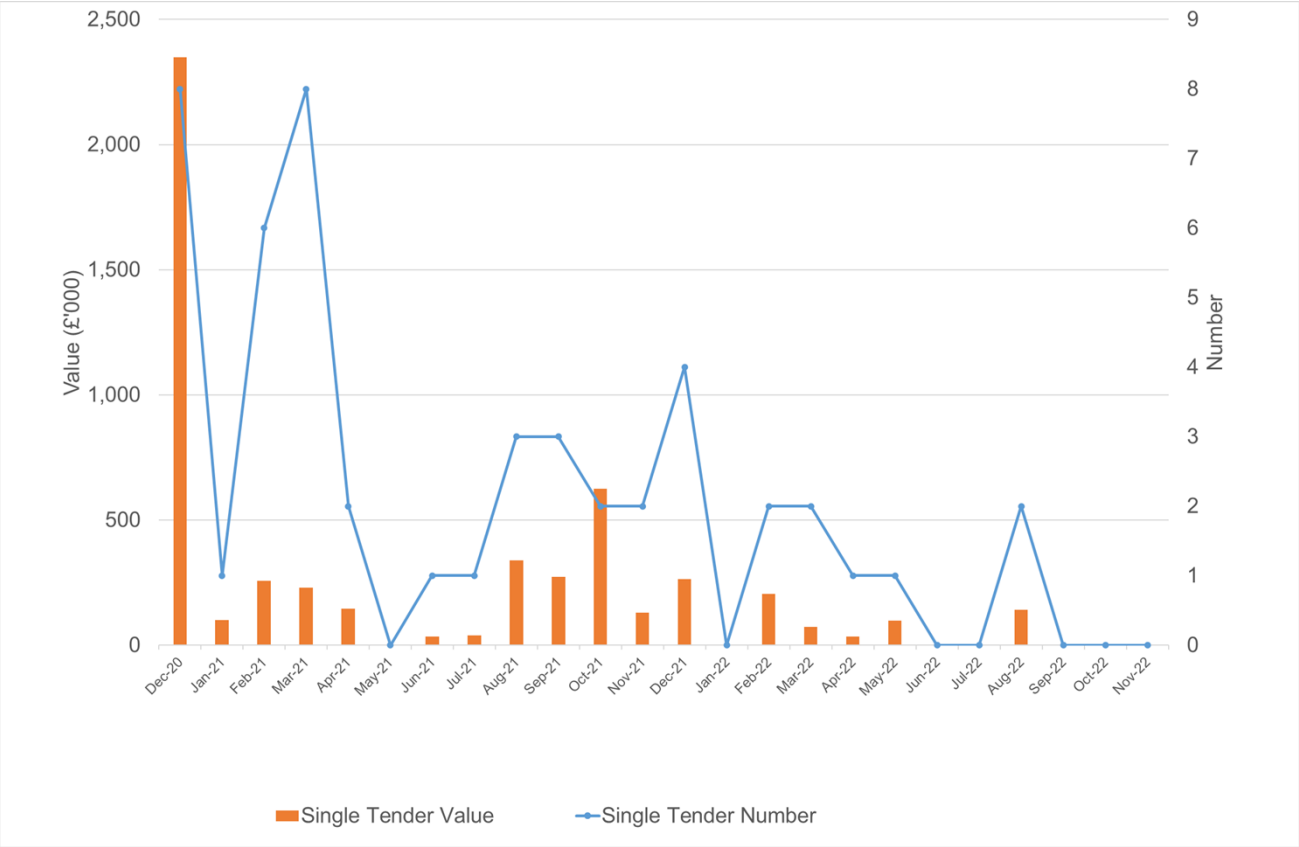
The use of single tender waivers is carefully managed and controlled by the Health Board.

There were no Single Tender Actions (in excess of £25,000) awarded during the period 1 October to 30 November.

The graph below (Figure 2) shows the trend of all Single Tender Actions (STA) approved from 1 December 2020 to 30 November 2022.

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Figure 2: Numbers and value of Single Tender Actions



2.2.4 Tenders Awarded

There were four contracts awarded, including direct awards through framework (in excess of £25,000) during the period from 1 October 2022 to 30 November 2022, totalling £648,117, details of which can be seen in Appendix 2.

2.2.5 Consultancy contracts

There were no consultancy contracts awarded from 1 October 2022 to 30 November 2022 (Appendix 2).

2.3 Compliance with Income to Cash

2.3.1 Overpayment of Salaries

The Health Board has a duty to ensure that staff are paid appropriately, and that overpayments are not incurred.

Appendix 3 shows the volume and value of invoices raised in respect of overpayments for the period 1 October to 30 November 2022; 20 cases totalling £98,823.72.

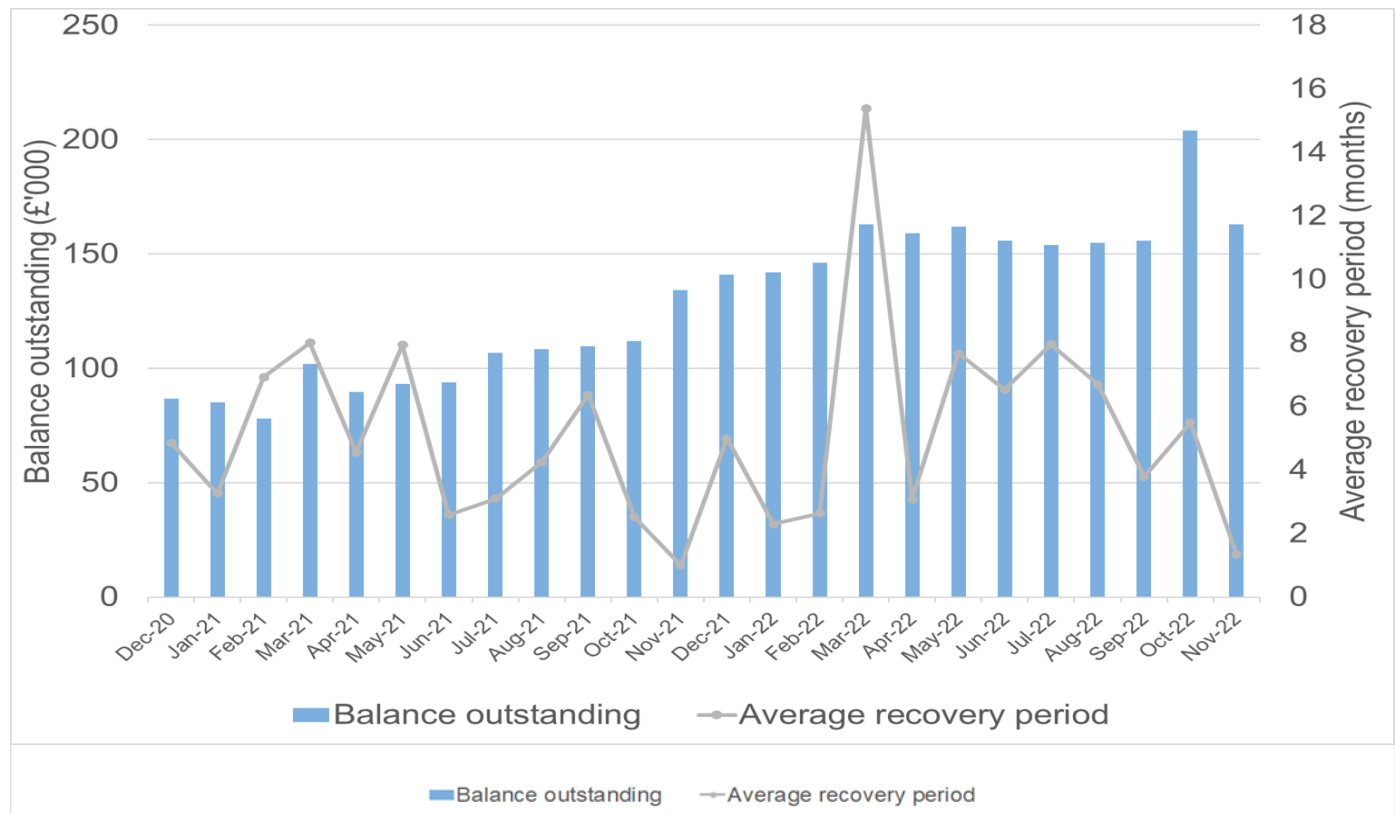
The graph below (Figure 3) outlines the total balance outstanding against the average recovery period. The average recovery period reflects the number of debts settled in the current period only. Although the volume of invoices raised in the period 1 October to 30 November decreased, the value of the invoices increased, with a total value raised of £99k

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compared to £38k in the previous period. The increase in value was largely due to an invoice for £36,446 in respect of one individual.

The overall debt balance has increased slightly to £163k in November 2022 compared to £156k at the end of September 2022, with the average recovery period decreasing to one month at the end of this period, compared to four months at the end of September 2022.

Figure 3: Trend of aged overpayments and recoveries



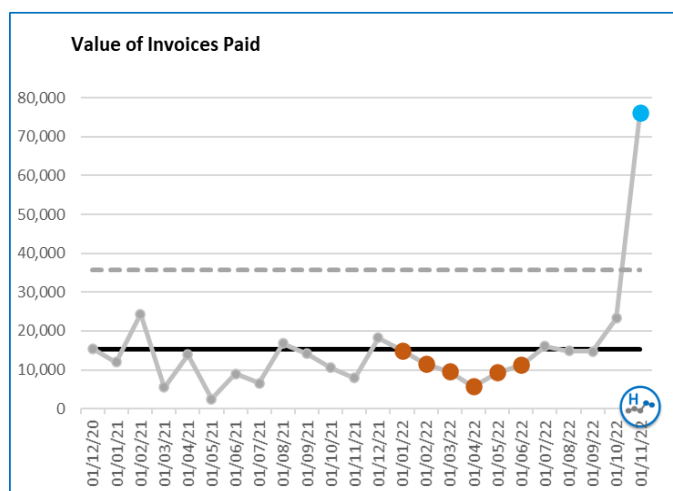
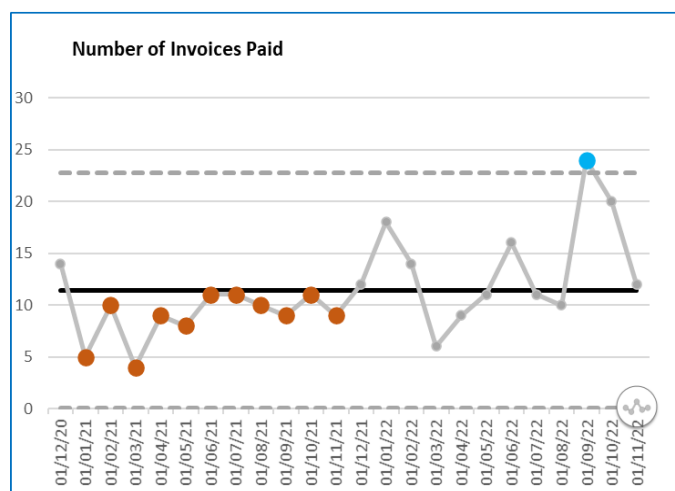
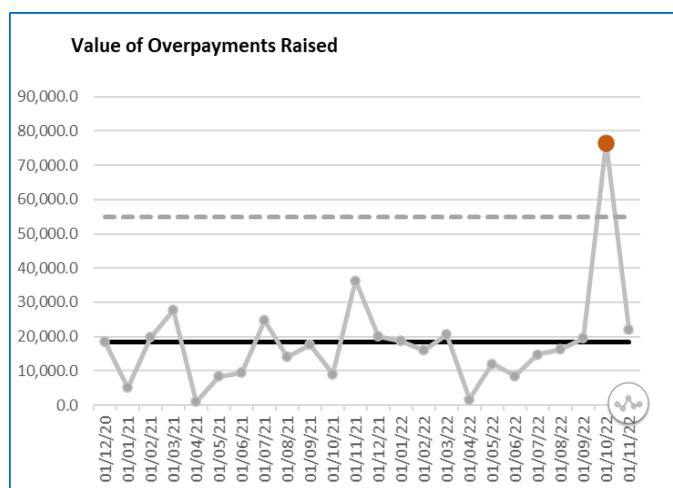
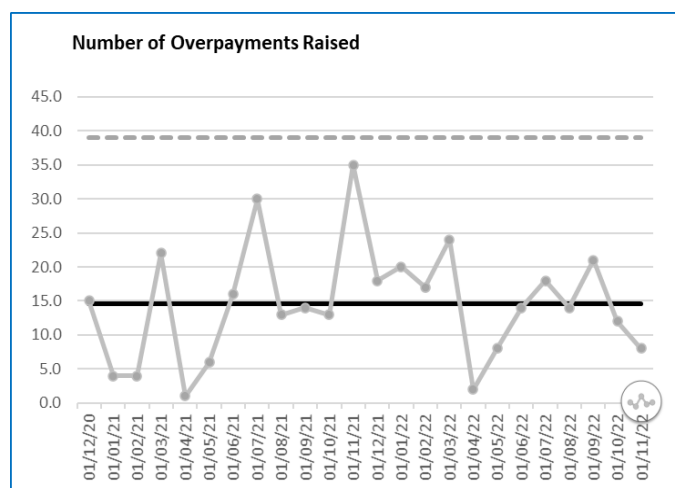
Further statistical analysis in respect of the overpayment of salaries is provided below:

The four charts below show the number and volume of invoices raised by the Health Board in respect of the overpayment of salaries during the period December 2020 to November 2022.

The rate at which the invoices have been raised varies based on the information gathered by the Payroll Department, but the average number of invoices and value per month is 15 and £18k respectively. Please note that there was an exception in October 2022 due to one invoice of £36.5k being raised.

The rate at which the Health Board has successfully received payments for these invoices has also increased steadily over the last two years. On average 11 invoices are paid per month with an average value of £15k. Please note that there was an exception in November 2022 for a part payment of £20k in respect of the invoice mentioned above.

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— Mean — Sum of Overpayments Outstanding — Process limits - 3σ ● Special cause - concern ● Special cause - improvement

2.3.2 The Overpayments Task & Finish group consists of representatives from Finance, Payroll, Workforce and Counter Fraud. The update on actions is highlighted below:

- Include in manager passport training – Counter Fraud (CF) will include a section on this issue within their Managers Passport input.

In progress – The rollout of the programme is still ongoing. However, Counter Fraud input will be provided, which will include a section on overpayments of salary, highlighting the new Over / Under payments policy and CF involvement

The use of digitalisation in the process has also been considered and the update on that area is noted below:

Digitalisation of Payroll Forms

A review of the current progress into the digitalisation of commencement, change and termination forms was undertaken and the following identified:

- NWSSP Payroll have confirmed that it is their ambition to digitalise and improve the current processes associated with new starters, staff changes and leavers, with a goal of establishing one process for all Health Boards, automating a number of the processes, and making it easier for all concerned. NWSSP Payroll have undertaken a review and have

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commenced a tendering process to identify a supplier who can develop such a system. The specification has been agreed and is in the process of being sent out for tender.

December update from NWSSP: Funding from Welsh Government has been secured, allowing the project to continue.

- In the interim, HDdUHB has simplified existing processes by allowing users to submit termination forms electronically via email. Management signatures will be reduced from two to one and electronic signatures will be accepted, negating the need for users to print, sign and scan documents. Once complete, the form will be attached to an email and sent to NWSSP Payroll. The email will provide confirmation of management approval.
- Workforce have issued guidance to supervisors via the global messaging system, which has included information on the new over and underpayments policy, the need for accurate submission of termination forms and the need to conduct exit interviews. In addition, this message was reinforced by the CF team during International Fraud Awareness week (IFAW), which took place in November 2022. Actions undertaken included raising awareness of over/underpayments and their impact on the NHS by way of media releases, webinars and face to face presentations.
- The Counter Fraud Department will undertake two pro-active exercises during the forthcoming financial year, looking at overpayments associated with leavers and movers. The first will take place in Quarter 1 and the second in Quarter 3; any system weaknesses will be reported to the Committee.

Actioned – Both exercises have been completed and reports are nearing completion. Counter Fraud have provided an update to the Committee via the Counter Fraud paper. A completed Pro-active exercise report is scheduled to be presented to the committee in Q3.

2.3.3 Underpayment of salaries

As per the request made by ARAC members at the June 2022 meeting, details were sought regarding the underpayment of salaries. NWSSP have provided details of emergency payments requested and paid in October and November for underpaid salaries, the total of which was £38,953. Reasons for these underpayments included:

- Late submission of appointment forms
- Employee returned from maternity leave/late notification received from manager
- Wrong bank account details provided
- Incorrect recording of sick leave
- Nurse bank shifts not verified
- Court order deduction error

2.4 Losses and Special Payments for Approval

2.4.1 General Losses and Special Payments

Losses and special payments require the Audit & Risk Assurance Committee's approval given their contentious nature. These are outlined in Appendices 4 and 5.

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There were four write-offs in excess of £5k during the period 1 October 2022 to 30 November 2022 totalling £128,799. £95,000 related to damaged goods at the Selwyn Samuel Field Hospital (see Appendix 5a); £17,900 related to expired drugs (Withybush - £8,180 and Prince Phillip - £9,720) and the remaining £15,899 related to drugs that had been purchased for patients in Glangwili who are no longer receiving the treatment. Every effort was made to utilise the drugs within the Health Board, but this was not successful.

Written approval for the £95,000 payment related to damaged goods at the Selwyn Samuel Field Hospital was received from Welsh Government's H&SSG Finance Director on the 30 November (see Appendix 5b).

Losses and write offs under £5k, as per requirement under FP02 – Income and Cash Collection, have been presented and approved by Director of Finance and Chief Executive. In total these amounted to £45,969.56.

2.5 Compliance with Capital Requirements

The Health Board is now required to make payments for new major capital schemes through a Project Bank Account (PBA).

No new project bank accounts were required during the period covered by this report.

2.6 Compliance with Tax Requirements

As previously reported, on 6 October 2022, HMRC communicated to the Health Board the result of the Health Board's Business Risk Review along with a supporting report.

The Finance Department is pleased to report that the Health Board has been assigned a risk rating of "Low Risk", the lowest of four possible risk ratings.

HMRC's conclusion is based on a compliance visit and a series of compliance activities undertaken in line with HMRC's Business Risk Review framework. Compliance activities commenced in Q4 2017 and concluded in October 2022 following a lengthy pause during the Covid-19 pandemic.

HMRC's key conclusions are summarised as follows under the following headings:

Systems and Delivery

- Systems and processes are fit for purpose and are able to deliver the right tax at the right time.
- The tax team has adequate skills and knowledge with suitable training and development.
- No returns or payments have been submitted late.
- HMRC interventions have not yielded significant amounts of incorrectly declared or claimed tax.

Governance

- The Health Board has clear accountabilities, up to and including the Board, for managing tax compliance risk and tax planning and for keeping proper accounting records to enable accurate tax reporting.

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Approach to tax compliance

- The Health Board has an open, honest and transparent relationship with HMRC. Transactions or issues with significant tax implications are discussed in real time. The Health Board has made use of Non-Statutory Clearance Requests to firm up the correct VAT treatment for areas of uncertainty.
- The Health Board has provided prompt, accurate and helpful responses to HMRC's queries and information requests throughout the Business Risk Review.

The Health Board has thanked HMRC for the outcome of its review and is pleased that the collaborative relationship between the parties was acknowledged.

2.6.1 Compliance with VAT Requirements

Updates regarding existing matters are set out in the following table:

Key VAT issue	Update
Pharmacy rebates VAT reclaim	<p>In May 2022, the Health Board submitted a claim to HMRC on the Health Board's behalf for the repayment of VAT which it had accounted for on invoices which it has incorrectly raised to a pharmaceutical supplier for the purpose of requesting the payment of volume rebates – the correct process should have been for the supplier to issue partial credit notes to the Health Board.</p> <p>HMRC has responded in September 2022 confirming that the error should be corrected, not by way of a direct repayment from HMRC, but by way of the issuing of credit notes to the supplier in order to reverse the invoices incorrectly raised so that the supplier can replace with the issue of volume rebate credit notes. The Health Board is now in discussion with the supplier regarding making this correction. The total amount of VAT overpaid to HMRC is £96k.</p>
BT PSBA network – VAT recovery non-statutory clearance request	<p>The Health Board continues to await HMRC's conclusion on the recoverability of the VAT being incurred on the Health Board's service charges for the BT PSBA network. An update was received in May 2022 confirming that the matter is still under consideration. The Health Board continues to recover the VAT in question in full. VAT potentially repayable to HMRC amounts to circa. £120k.</p>
Pembrokeshire field hospital VAT recovery clearance request	<p>In October 2021, the Health Board was informed by HMRC that it does not consider the VAT incurred on the Licence to Occupy agreement entered into with Bluestone Resorts Ltd to be recoverable. Based on the advice of its VAT advisors, the Health Board requested a reconsideration by an independent HMRC officer. The reconsideration was completed in September 2022 with the result that the VAT in question is not recoverable for the Health Board. The Health Board does not intend to pursue this matter further.</p>
Capital Front of House Scheme (Bronglais Hospital)	<p>The Health Board continues to await HMRC's decision on whether to accept the Health Board's current VAT recovery position in respect of this scheme or raise a formal assessment for VAT which it believes has been over-claimed by the Health Board. Any VAT which may become repayable to HMRC has been fully provided.</p>

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Key VAT issue	Update
HMRC 2018-19 COS VAT recovery review	The recently received Business Risk Review report from HMRC confirms this compliance review as complete. No review findings were reported.

2.6.2 Compliance with Employment Tax Requirements

No updates or issues to report.

2.7 Compliance with reporting requirements

IFRS 17 – Insurance Contracts. Following the deferred implementation of the standard, we await advice from Welsh Government. This will be issued once the IFRS 17 working group at Treasury reconvenes. There is no further update on this.

Annual Accounts 2022/23 – We await a submission date from Welsh Government for the draft and audited accounts.

3.1 Recommendations

The Committee is asked to:

- note the report
- recommend Board approval of the Scheme of delegation changes (see **2.1**)
- approve the write-off of Losses and Special Payments over £5k (see **2.4**)

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Appendix 1: Scheme of delegation changes

Continuing Health Care (CHC)

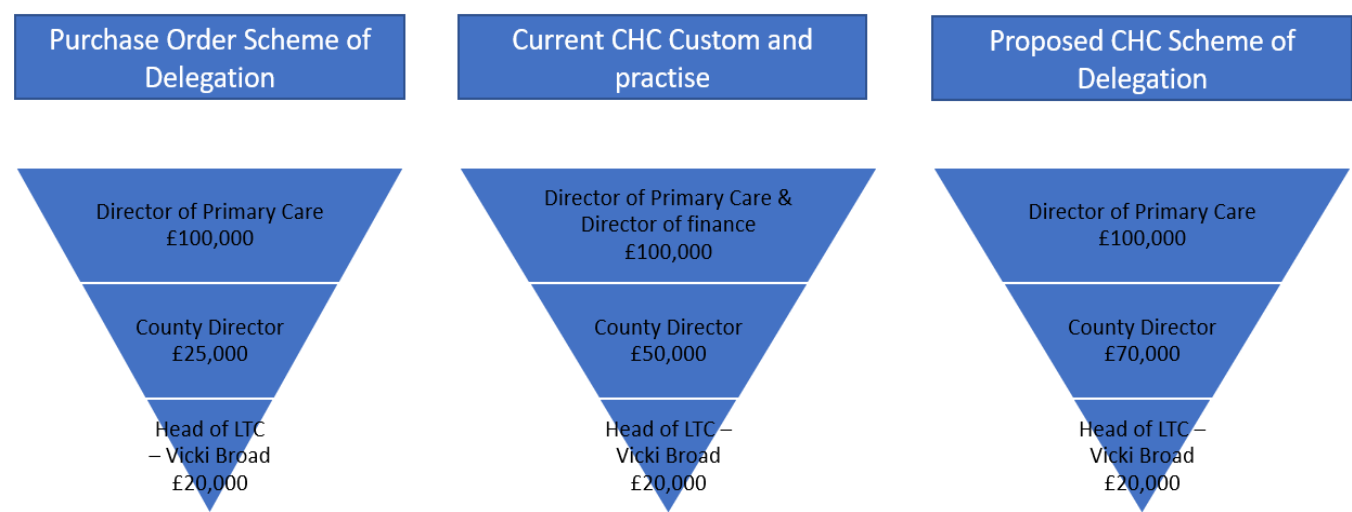
Within long term care there are currently 118 general nursing and 188 EMI packages. The average annual cost of these packages is approximately £1,000 per week (or £52,000 per annum). These packages are standard packages at annual agreed rates. It is proposed that the delegated authority limits be re-aligned to coincide with normal annual care costs. This is because of the current delay in authorising fairly standard packages of care. Due to the increasing care cost over a number of years, more packages are requiring a higher level of sign off than previously required, thereby delaying the process.

The current Scheme of Delegation does not clearly articulate where the continuing health care authority limits should sit. These orders are exceptions and sit outside the normal purchase order process. However, the inferred limits from those purchase orders would not be sufficient to enable this process to run smoothly. Custom and practice means that County Directors are currently authorising packages up to £50,000 per annum. It is worth noting that sign off in principle is for a weekly amount as there is no certainty providing the length of stay of the client.

It is therefore proposed that the following exceptions are applied to long term care.

Position	Authority
Head of Long Term Care	up to £20,000
County Director	£20,001 to £70,000
Director of Primary Care, Community and Long Term Care	£70,001 - £100,000

Current & Proposed delegation limits:



These changes only apply to long term care packages. Outside of these changes the normal scheme of delegation should apply.

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Appendix 2: Contracts awarded (including direct awards through framework)

	Period covered by this report:		1 October 2022	30 November 2022	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
Direct Awards via Framework Agreement					
HDD-DCO-22-27	Faculty Science Ltd	£230,000.00	2 years	Digital Services	Faculty Frontier Decision Intelligence Platform
HDD-DCO-22-28	Insight Direct UK Ltd	£114,983.40	3 Years	Digital Services	IT Security/Protection Licenses
HDD-DCO-22-30	CGI IT UK LTD	£178,904.00	8 Weeks	Digital Services	IT G-CLOUD - Digital Enablement
HDD-DCO-22-25	Patient Knows Best	£124,230.00	12 Months	Digital Services	Personal Health Record (PHR) Portal G Cloud - PKB
	Total	£648,117.40			
Awarded post competitive tender process					
None in period					
	Total	£648,117.40			

Consultancy Contract awarded:

	Period covered by this report:		1 October 2022	30 November 2022	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
None in period					
	Total	£Nil			

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Appendix 3: Overpayment of Salaries

	Period covered by this report: 1 October – 30 November 2022		
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Payment processed in error	£3,404.42	1
2	Overpayment of Shifts / Hours / Unauthorised Leave	£95,419.72	19
		£98,823.72	20

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Appendix 4: Losses and Special Payments over £5,000

	Period covered by this report:		1 October – 30 November 2022
Ref	Losses and Special Payments Category	Value (£)	Explanation
1	EX GRATIA	£8,180.35	P07-23 - WITHYBUSH HOSPITAL - EXPIRED STOCK WGH
2	EX GRATIA	£9,720.00	P07-23 - PRINCE PHILIP HOSPITAL - EXPIRED STOCK PPH
3	EX GRATIA	£15,898.60	P08-23 - GLANGWILI HOSPITAL - G EXPIRED STOCK GGH
4	EX GRATIA	£95,000.00	Damaged goods at Selwyn Samuel Field Hospital – see Appendix 5
	Total Losses (for approval)	£128,798.95	

Recommendation: The Committee is asked to approve the losses in excess of £5k noted above.

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Appendix 5a: Ex-gratia payment to third party due to damaged goods at Selwyn Samuel Field Hospital

The Health Board commissioned nine Field Hospitals over a three-week period in March / April 2020 in response to the Covid pandemic.

It has been identified that goods which were stored in the Selwyn Samuel Field Hospital at the commissioning stage were damaged. The damage was caused by contractors working indirectly for the Health Board removing goods belonging to the third party and storing these in an unsuitable nature or directing to waste. The containers were not of a suitable nature or standard for long term storage over two winter periods due to both their location and their non-weather resistant properties.

The initial claim made by the third party was for reimbursement of inventory totalling approximately £240,000.

Several of the items found to be damaged have been repaired at the Health Board's expense. This includes bar equipment and staging. However, a significant number of items were not repairable / unable to be located.

The Health Board have negotiated a settlement of £95,000 with the third party.

This payment is classed as a special payment as it falls outside the normal day-to-day business of the Health Board. NHS Wales health bodies do not have unlimited powers to make special payments or to write-off losses. They must obtain the written approval of the Welsh Government Health & Social Services Group (H&SSG) Finance Director before writing-off a loss or making, or undertaking to make, any special payment that exceeds their delegated limit. The delegated limit to the Health Board for ex-gratia payments is £50,000.

Written approval for this payment was received from Welsh Government's H&SSG Finance Director on the 30 November.

This is attached in **Appendix 5b**

As the Field Hospitals were commissioned over a three-week timescale, procedures which would normally have been followed such as keeping a detailed inventory of all goods which were removed from site was not undertaken at the time. Procedures to be followed to minimise risk and loss in such cases in the future are in a generally already in place. Disposal of property belonging to others would not ordinarily be directed to disposal, however the difference in this case was the requirement to deliver 1,000 field hospital beds in a three-week period.

An Internal audit advisory report about the decommissioning arrangements of the Field Hospitals was presented to the Audit Risk and Assurance in August 2021. It was noted that due to the urgency of operationalising the field hospitals, "schedules of condition" were not completed to document and agree the condition of property, fixtures and fittings at the outset. It was acknowledged within the report that the Health Board would take up the opportunity to embed the learning recorded in the report into future practice if it is to improve on similar processes in the future.

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The Audit and Risk Assurance Committee are asked to note the circumstances which led to the requirement for this ex-gratia payment and the approval received by WG's H&SSG Finance Director.



Sarah Welsby,
Hywel Dda Health Board
Ty Gorwel
Hafan Derwen
Heol Ffynon Road
Carmarthen
SA31 3BB

Our Ref: LSP22-23-01
30 November, 2022

Dear Sarah,

Request to make ex-gratia payment in relation to inventory losses at Selwyn Samuels centre

Thank you for your letter of 21st November requesting consent to make a payment to a third party supplier, in relation to a claim made by the third party for damages to goods which were stored at the Selwyn Samuels Centre during the time of construction of the Selwyn Samuel Field Hospital.

I note that the items were removed on the instruction of the Health Board by the contractors who were working on behalf of the Health Board and were either stored in unsuitable containers or sent to waste during the construction of the field hospital. In addition, the value of the claim has been negotiated from £240,000 to £95,000 by the Health Board.

I recognise that the Field Hospitals were commissioned over a three week period and that normal control procedures were not undertaken due to the imperative to complete the project on time. I am satisfied that appropriate procedures have now been put in place to prevent a repetition and that the lessons learned will be presented to your Audit, Risk and Assurance Committee. After taking these factors into consideration I am prepared to give consent in this instance, to the Health Board to make the ex-gratia payment due to the exceptional circumstances in which the Health Board and contractor were operating in the first wave of the COVID pandemic.



Yours sincerely

A handwritten signature in black ink, appearing to read 'SR Elliot'.

Steve Elliot

Cyfarwyddwr Cyllid dros dro | Interim Director of Finance