

Non-Clinical Temporary Staffing Follow Up

Final Internal Audit Report

February 2023

Hywel Dda University Health Board

NWSSP Audit and Assurance

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Acknowledgement

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Executive Summary

Purpose

This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2122-39 refers], which concluded limited assurance over the arrangements in place for the management of non-clinical temporary staff.

Overview



Workforce & Organisational Development have established a new process for temporary staff use which involves early engagement with WOD to explore staff resource options and obtain prior approval for agency use (where appropriate), and engagement with NWSSP Procurement Services to ensure compliance with Public Contract Regulations and value for money is achieved.

These processes are very much in their infancy and whilst we observed evidence demonstrating recent and ongoing implementation, it is too early to fully assess compliance and impact.





We have concluded **Reasonable** assurance overall, with two medium priority matters arising in relation to:

- Completion of framework documentation and requisitions/purchase orders
- Monitoring and reporting of non-clinical temporary staff use.

Follow-up Report Classification

 <p>Reasonable</p>	<p>Follow up: No high priority recommendations implemented but progress on most of the medium and low priority recommendations.</p>	<p>Trend</p> 
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Progress Summary

Previous Matters Arising	Previous Priority Rating	Direction of Travel	Current Priority Rating
1 Policies and Procedures	Medium		Low
2 Necessity to engage non-clinical temporary staff	Medium		Closed
3 Procurement process	High		Medium
3 Identification & monitoring of non-clinical temporary staff use	High		Medium

1. Introduction

1.1 An audit of Non-Clinical Temporary Staffing was undertaken in 2021/22 (report HDUHB-2122-39 refers), focusing on the arrangements in place for non-clinical temporary staff procured from an external source (such as an agency). The review concluded Limited assurance overall with two high and two medium priority matters arising relating to:

- a. Lack of engagement with NWSSP Procurement Services in the procurement of temporary staff from external suppliers resulting in examples of incorrect use of framework agreements and non-compliance with Public Contract Regulations.
- b. Absence of a central record of non-clinical temporary staff usage, and difficulty in identifying this information within the ledger. Workforce were not aware of temporary staff usage within the health board, and there were no arrangements in place to monitor and report on associated expenditure.
- c. No documented policy or procedure in place for the appointment or management of non-clinical temporary staff.
- d. Lack of supporting evidence, such as resource requirements identified within an approved business case, to justify use of sampled temporary staff.

1.2 The potential risks considered in the original review were:

- non-compliance with Health Board policies and procedures; and
- failure to obtain value for money due to inappropriate use and onboarding of non-clinical temporary staffing resources

2. Findings

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

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

2.2 Full details of current findings and implementation status are provided in **Appendix A**. Where further action is required, new recommendations have been raised and are detailed in the Management Action Plan in **Appendix B**.

Appendix A: Status of Previous Matters Arising

Previous Matter Arising 1: Policies & Procedures (Design)		Impact
Original Recommendation		Priority
<p>The circumstances in which the engagement of non-clinical temporary staff is permitted and the processes to be followed in doing so should be reviewed and agreed, then formally documented and communicated with appropriate staff.</p> <p>Directorates involved in the engagement of non-clinical temporary staff should have input into the development of these processes.</p>		Medium
Management Response	Target Date	Responsible Officer
<ul style="list-style-type: none"> No agencies should be engaged with to directly hire staff without prior approval. A protocol will be developed by the Workforce & OD Directorate to cascade to all Directors and managers for implementation. The Directorates identified in the sample for the engagement of temporary staff will be asked to contribute to the development of this process. 	31/05/22	Assistant Director of Workforce & Organisational Development (Resourcing & Utilisation)
<ul style="list-style-type: none"> An interim process to follow for the use of non-clinical agency to be reinforced to Directors and Managers including a request for all agency usage presently in place to be confirmed so that appropriate checks and exit strategies can be agreed. 	30/03/22 (complete - message issued 10/3/22)	Director of Workforce & Organisational Development

Current Findings	Residual Risk
<p>Following the initial audit, Workforce & Organisational Development (WOD) issued email correspondence to Executive Directors in March 2022 with a clear instruction that <i>"No agencies should be used as an alternative to recruitment"</i> and <i>"If a worker is required for a very short period meaning recruitment is not a feasible option a discussion can be held with the appropriate Executive Director who in turn will discuss with the Executive Director of Workforce & OD and this will be discussed with the wider executive team at the Use of Resources meeting. Extensions will not be considered as this could then lead to a need to attempt to recruit"</i>.</p> <p>WOD have developed a guidance document for the use of temporary staffing which focuses on the principles and process for engaging with an agency for temporary staff. It sets out the responsibilities of the hiring manager, NWSSP Procurement Services and WOD, describing engagement with agencies, approval requirements and financial coding of spend.</p> <p>It is too early to assess the impact of this guidance, which was issued to Executive Directors in November 2022 and only recently published on the Health Board intranet. However, WOD evidenced examples of engagement with hiring managers of existing temporary staff to educate them on the new requirements and to progress exit strategies or more appropriate solutions for existing temporary staff arrangements.</p> <p>Whilst the guidance has been communicated to Executive Directors and published on the intranet, the new process and requirements have not been more widely disseminated throughout the organisation in order to avoid promoting and potentially increasing temporary staff use.</p> <p>We also note that the guidance document does not reference the requirement to complete a framework call-off form, which sets out the terms and conditions of the engagement and offers protection to the contracting authority on price, contractual arrangements and compliance with the Public Contracts Regulations. (See also Matter Arising 2 regarding completion of framework documentation).</p> <p>Conclusion: <i>Action Ongoing – Further Action Required – See Matter Arising 1 in Appendix B</i></p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • value for money not achieved in the engagement of temporary staff • lack of clarity regarding the process for engaging temporary staff potentially resulting in non-compliance with Public Contract Regulations

Previous Matter Arising 2: Necessity to Engage Temporary Staff (Operation)		Impact
Original Recommendations		Priority
<p>The rationale for engaging temporary staff should be clear and discussed with Workforce to explore suitable alternatives (such as upskilling, fixed term contract or secondment) prior to engagement.</p> <p>Where an engagement relates to additional capacity/expertise for a specific task (e.g., the delivery of a project), the resource requirement should be clearly set out within the approved business case/project documentation, with evidence of approval for extensions.</p>		Medium
Management Response	Target Date	Responsible Officer
The Workforce Efficiency Team in the Resourcing and Utilisation function of the W&OD Directorate will develop a process for the engagement of non-clinical temporary staff. This process will include reference to the steps which need to be completed prior to any temporary staff engagement being authorised to ensure all efforts to avoid the need for temporary staffing are exhausted.	31/05/22	Assistant Director of Workforce & OD (Resourcing & Utilisation)
Current Findings		Residual Risk
<p>The previous audit identified two high-cost agency staff who had been engaged and extended over a period of 19 months with anticipated total costs in excess of £200k each. We confirmed that these individuals are no longer engaged by the Health Board.</p> <p>The new guidance requires completion of form AG1 Request to Use an Agency to Source Non-Clinical Temporary Workers which requires the hiring manager to state the reason for the request (from a list of acceptable options) and also explain why the role is required, including the business-critical tasks that the postholder will undertake and the impact on the organisation if the role wasn't filled. WOD have received one form to date.</p> <p>It is too early to fully assess compliance with this requirement the impact of this guidance, which was issued to Executive Directors in November 2022 and only recently published on the Health Board intranet. The six current/recent agency staff identified were in situ prior to the new guidance and requirements, but all were considered to have a valid reason for temporary staff use, and in all cases, there is evidence of ongoing engagement with WOD.</p> <p>Conclusion: <i>Implemented - No Further Action Required</i></p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> value for money not achieved in the engagement of temporary staff

Previous Matter Arising 3: Procurement Process (Operation)		Impact
Original Recommendations		Priority
<p>NWSSP Procurement Services should be engaged for support and advice in the procurement of non-clinical temporary staff to ensure procurements represent value for money and are compliant with the Public Contract Regulations.</p> <p>Framework documentation must be completed and approved by both parties for procurements via framework supplier.</p> <p>Purchase orders should be raised at the point of engagement rather than retrospectively.</p>		High
Management Response	Target Date	Responsible Officer
<ul style="list-style-type: none"> Director of Workforce & OD and Director of Finance to meet with Head of Procurement to develop a management guide which ensures all managers are aware of the actions they are required to take when procuring workers via frameworks. 	30/04/22	Director of Workforce & OD and Director of Finance
<ul style="list-style-type: none"> All paperwork to be linked into process identified in action above and documentation to be submitted to and checked by Resourcing team prior to authority to proceed is given. 	31/05/22	Assistant Director of Workforce & OD (Resourcing & Utilisation)
Current Findings		Residual Risk
<p>Engagement with NWSSP Procurement Services</p> <p>The guidance document developed by WOD sets out the measures in place to reduce and control agency expenditure. It requires that approved frameworks are utilised for all agency staff (clinical and non-clinical) and reinforces the need for budget holders to engage with NWSSP Procurement Services in the procurement of temporary staff from external suppliers in order to avoid incorrect use of frameworks and non-compliance with the Public Contract Regulations.</p> <p>The new process requires the hiring manager to seek WOD approval for agency use prior to engagement. WOD assign a reference number and notify NWSSP Procurement Services. The hiring manager engages with NWSSP</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> value for money not achieved in the engagement of temporary staff non-compliance with the Public Contract Regulations

Procurement Services and must receive their approval before raising an order and agreeing a start date with the agency.

NWSSP Procurement Services were actively involved in the development of the guidance and associated processes. It was issued to Executive Directors (for wider dissemination) in November 2022 and is supported by a process flow chart for ease of reference.

It is too early to fully assess compliance with the new process and therefore the impact of this new guidance, although WOD highlighted examples where NWSSP Procurement Services have escalated recent requisitions where correct processes have not been followed (e.g., WOD approval not obtained), and were able to demonstrate ongoing engagement with the hiring managers to educate them on the requirements of the new process.

Framework Documentation

The guidance document does not reference the requirement to complete a framework call-off form, which sets out the terms and conditions of the engagement and offers protection to the contracting authority on price, contractual arrangements, and compliance with the Public Contracts Regulations. This has been dealt with under *Matter Arising 1* above.

We identified six current/recent agency staff from invoices received from agency suppliers in December 2022 and January 2023. All were framework suppliers, but NWSSP Procurement Services confirmed that framework call off documentation had not been received for these individuals.

We were advised that following implementation of the new guidance, requisitions for agency staff are not progressed to purchase order stage until the required documentation has been completed. Recent evidence was provided to demonstrate that this is being enforced by NWSSP Procurement Services with hiring managers, although in all cases the agency staff were in situ prior to November 2022.

Purchase Orders

Requisitions/purchase orders continue to be raised retrospectively, in many cases weekly on receipt of a timesheet or invoice. Those reviewed all related to individuals engaged prior to November 2022 and there is evidence of NWSSP Procurement Services challenging more recent instances of non-compliance.

Conclusion: *Action Ongoing – Further Action Required – See Matter Arising 2 in Appendix B*

Previous Matter Arising 4: Identification & Monitoring of Non-Clinical Temporary Staff Usage (Design & Operation)		Impact
Original Recommendations		Priority
<p>A central record of temporary staff usage should be maintained by Workforce so that they can proactively engage with appointing managers to assess resource requirements and explore longer-term, more cost-effective alternatives to agency usage. This information can also be used to inform the wider workforce planning and recruitment arrangements through the identification of gaps in resource /expertise and hard-to-fill posts.</p> <p>Appointing managers should liaise with finance colleagues to ensure the accuracy of temporary staff expenditure coding within the ledger. This would facilitate the maintenance and monitoring of a central record of temporary staff usage.</p> <p>Expenditure on non-clinical temporary staffing over and above the agreed establishment should be monitored and reported to an appropriate forum.</p>		High
Management Response	Target Date	Responsible Officer
<ul style="list-style-type: none"> Regular reporting of all agencies spend (clinical and non-clinical) to be sent to Assistant Director of Workforce & OD (Resourcing & Utilisation) monthly to ensure all non-clinical spend is known and any breaches to agreed procedure is managed appropriately. 	30/04/22	Director of Finance to ensure reports are produced, Assistant Director of Workforce & OD (Resourcing & Utilisation) for recording
<ul style="list-style-type: none"> The issuing of guidance referred to in point 1 will ensure managers are aware of their need to ensure regular discussion with Workforce and Finance to ensure usage is correctly recorded. 	31/05/22	Assistant Director of Workforce & OD (Resourcing & Utilisation)
<ul style="list-style-type: none"> All non-clinical agency will be reported as part of the workforce controls planning objective regardless of funded establishment as agency if not used in the right circumstances is poor financial management. This will be reported to the Executive Team. 	30/04/22	Director of Workforce & OD

Current Findings	Residual Risk
<p>WOD wrote to all Executive Directors in March 2022 requesting a list and details of non-clinical temporary staff in use. Despite follow up correspondence, limited response was received.</p> <p>On an ongoing basis non-clinical temporary staff are identified by WOD via three sources:</p> <ol style="list-style-type: none"> 1. <i>Notification by hiring managers seeking WOD approval to use agency</i> – this is a requirement of the new guidance/process introduced in November 2022. There are no examples of this happening yet, but the new process is in its infancy, and we observed evidence of WOD engaging with hiring managers of existing agency staff to educate them in the new requirements. 2. <i>Notification by NWSSP Procurement Services of agency staff requisitions received</i> – evidence was provided to demonstrate that this is happening, with three individuals notified to WOD to date. 3. <i>Identification of agency spend in Oracle/QlikView reports</i> – this is reliant on the accurate coding/classification of agency spend. It is also constrained by limited visibility in Oracle of the expenditure details or the individual(s) to which it relates, which also impacts on identification and correction of miscodings. We highlighted examples of recent coding errors to WOD who responded quickly to enhance the guidance/process documents to clarify financial coding requirements. This is an area of ongoing development, but WOD provided evidence to demonstrate recent engagement with budget holders to discuss identified spend and identify the individuals to which it relates. <p>Work is still ongoing by WOD to establish a central and complete record of temporary workers in use.</p> <p>Reporting to an appropriate forum / Executive Team has not yet commenced, recognising the work ongoing to identify and establish a central record of non-clinical temporary staffing use.</p> <p>Conclusion: <i>Action Ongoing – Further Action Required – See Matter Arising 3 in Appendix B</i></p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • excessive spend on temporary staffing over and above the agreed establishment • value for money is not achieved

Appendix B: Management Action Plan

Matter Arising 1: Policies & Procedures (Design)	Impact	
<p>Whilst the guidance document has been communicated to Executive Directors and published on the intranet, the new process and requirements have not been more widely disseminated throughout the organisation in order to avoid promoting and potentially increasing temporary staff use.</p> <p>We also note that the guidance document does not reference the requirement to complete a framework call-off form, which sets out the terms and conditions of the engagement and offers protection to the contracting authority on price, contractual arrangements and compliance with the Public Contracts Regulations. (See also Matter Arising 2 regarding completion of framework documentation).</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> lack of clarity regarding the process for engaging temporary staff potentially resulting in non-compliance with Public Contract Regulations 	
Recommendations	Priority	
<p>Further enhancement of the guidance document/process chart to reflect the requirement and process for completing framework call off documentation.</p> <p>Consider wider dissemination of the guidance/policy/procedure to ensure hiring managers are aware of the process and requirements for non-clinical temporary staff use.</p>	<p>Low</p>	
Agreed Management Action	Target Date	Responsible Officer

<ul style="list-style-type: none"> Guidance and flow chart to be updated to include the requirement and process for completing framework call off documentation. 	28/02/23	Senior Workforce Manager: Job Evaluation, Workforce Efficiency and Business Support
<ul style="list-style-type: none"> Wider dissemination of guidance to appointing managers via Trac and Global Emails 	28/02/23	

Matter Arising 2: Procurement Process (Operation)	Impact
<p>We identified six current/recent agency staff from invoices received from agency suppliers in December 2022 and January 2023. All were framework suppliers, but NWSSP Procurement Services confirmed that framework call off documentation had not been received for these individuals.</p> <p>Requisitions/purchase orders continue to be raised retrospectively, in many cases weekly on receipt of a timesheet or invoice.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> value for money not achieved in the engagement of temporary staff non-compliance with the Public Contract Regulations
Recommendations	Priority
<p>Requisitions/purchase orders should be raised in advance of the engagement, on completion of the framework documentation (where applicable), and for the anticipated duration and total value of the engagement. This would facilitate monitoring and control of agency use, ensuring aggregate spend for each engagement is approved in line with the scheme of delegation, and would prompt review of the engagement once the original agreement is fully utilised or expired.</p>	<p>Medium</p>






Agreed Management Action	Target Date	Responsible Officer
Guidance and flow chart to be strengthened to include and highlight the requirement to raise requisitions / purchase orders in advance of the engagement and to confirm that retrospective approval will not be granted. This to be reinforced when disseminating guidance more widely to appointing managers.	28/03/23	Senior Workforce Manager: Job Evaluation, Workforce Efficiency and Business Support

Matter Arising 3: Identification & Monitoring of Non-Clinical Temporary Staff Usage (Design & Operation)		Impact
<p>Mechanisms have now been established to identify non-clinical temporary staff use and work is ongoing to refine the effectiveness of these. Whilst there is evidence that these mechanisms are starting to provide information to WOD and action is being taken to engage with hiring managers to explore more cost-effective alternatives, a central record of non-clinical temporary staff is yet to be established.</p> <p>Reporting to an appropriate forum / Executive Team has not yet commenced, recognising the work ongoing to identify and establish a central record of non-clinical temporary staffing use.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> excessive spend on temporary staffing over and above the agreed establishment value for money is not achieved 	
Recommendations	Priority	
<p>A central record of non-clinical temporary staff usage should be established and used to inform the wider workforce planning and recruitment arrangements through the identification of gaps in resource /expertise and hard to fill posts.</p> <p>Once the central record is established and sufficient information is available, expenditure on non-clinical temporary staffing over and above the agreed establishment should be monitored and reported to an appropriate forum.</p>	<p>Medium</p>	
Agreed Management Action	Target Date	Responsible Officer
<p>A central record has been established although the process for sharing across Workforce colleagues has yet to be established. This will be included in future workforce reports to People, OD and Culture committee.</p>	<p>31/03/23</p>	<p>Senior Workforce Manager: Job Evaluation, Workforce Efficiency and Business Support</p>

Appendix C: Assurance opinion and action plan risk rating

Audit Assurance Ratings

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

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

Prioritisation of Recommendations

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

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

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



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