



PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	17 October 2023
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
- **APPROVE** the Scheme of Delegation amendments as detailed in **2.1**
- **APPROVE** the losses as detailed in **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:
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	<p>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.</p> <p>3.10 The Committee will be responsible for reviewing the UHB's Standing Orders and Standing Financial Instructions and Scheme of Delegation annually, (including associated framework documents as appropriate), monitoring compliance, and reporting any proposed changes to the Board for consideration and approval.</p> <p>3.13 Approve the writing-off of losses or the making of special payments within delegated limits.</p> <p>3.15 Receive a report on all Single Tender Actions and extensions of contracts.</p>
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	BAF SO9-PR20 BAF SO10-PR33
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	2c Workforce and OD strategy 6a Clinical services plan 8c Financial Roadmap
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. 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 EOY – End of Year ERs NI – Employers National Insurance GGH – Glangwili General Hospital HMRC – His Majesty’s Revenue and Customs IFRS – International Financial Reporting Standards NWSSP – NHS Wales Shared Services Partnership PID – Patient Identifiable Data PO – Purchase Order POL – Probability of Loss PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy SFI – Standing Financial Instructions SLA – Service Level Agreement STA – Single Tender Action VAT – Value Added Tax WGH – Withybush General Hospital WRP – Welsh Risk Pool
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg Parties / Committees consulted prior to Audit and Risk Assurance Committee:	UHB’s Finance Team UHB’s Management Team

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

The Welsh Government Manual for Losses and Special Payments specifies the Health Board's delegated authorisation limits by type of loss. This limit is £50,000 in respect of ex gratia payments for personal property claims.

Currently, under financial procedure FP05/01 Losses And Special Payments, the delegated limit for approving ex gratia payments for personal property claims within directorates is as follows:

Up to £100 – Directorate Managers
Up to £250 – General Managers
Above £250 – Director of Finance

These limits were in place in 2009 and therefore it is proposed to update them as follow:

Up to £250 – Directorate Managers
Up to £1,000 – General Managers
Up to £1,500 – Senior Finance Business Partner (Accounting & Statutory Reporting)
Above £1,500 – Director of Finance

The Audit and Risk Assurance Committee are requested to recommend the amendment for ratification by the Board. Subject to agreement, the amended financial procedure will be taken to the next Sustainable Resources Committee meeting for approval.

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 August and September 2023 there were a total of 173 breaches with a combined value of £588k.

The cumulative position as at the end of September 2023 was a total of 273 breaches with a combined value of £320k. This is a significant improvement when compared to the cumulative position of 306 breaches in total with a combined value of £448k as at the end of July 2023. While recognising full compliance is required, it should be noted that the Health Board had the lowest level of non-compliance in comparison to the six other health boards in Wales (273 breaches out of 7,834 or 3.47%).

During this reporting period the Core Processing Team (CPT), Business Partners and Procurement have been undertaking further work collaboratively to address these holds and improve housekeeping.

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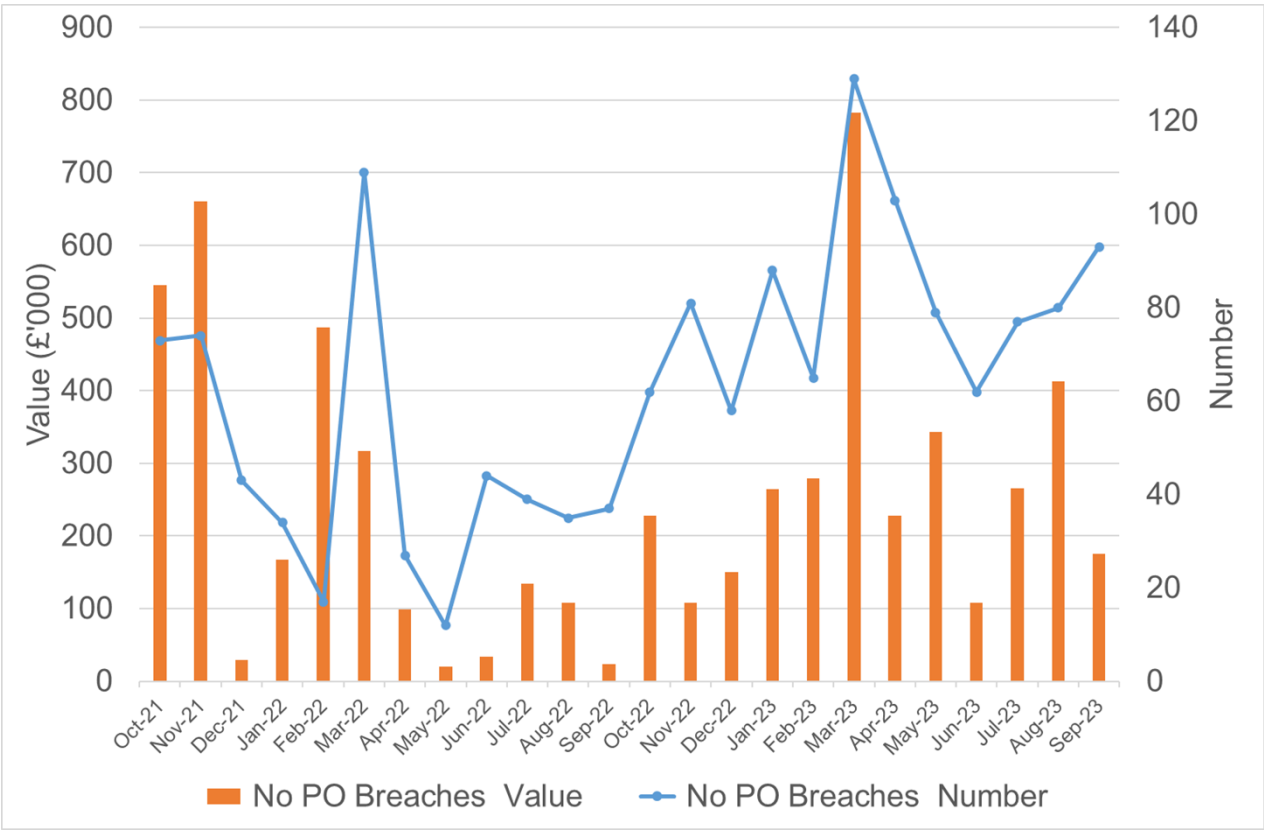
Below is a list of suppliers who frequently fail to provide a valid Purchase Order on submitted invoices, the number and value of these invoices on a cumulative basis and the actions being taken to improve:

Supplier	No. Inv	£
JUST WALES LTD	25	11,090.40
PHS GROUP LTD	22	1,858.28
ROYAL MAIL GROUP PLC	10	4,172.32
MEDTRONIC LTD	10	11,395.29

Supplier	Actions to improve:
JUST WALES LTD	Use of alternative supplier (Health Courier Services (HCS))
PHS GROUP LTD	Moved to 'catalogue' status
ROYAL MAIL GROUP PLC	New supplier (Hybrid Print & Post)
MEDTRONIC LTD	Procurement actively working with supplier to ensure PO details on invoices

Ongoing work is happening between CPT and Procurement to ensure that there is a robust process in place to address these holds on a timely basis.

Figure 1: No PO No Pay Breaches



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2.2.2 Public Sector Payment Policy (PSPP) Compliance

The Health Board has a statutory responsibility to pay 95% of its non-NHS invoices within 30 days.

The Health Board successfully achieved the target in both August and September 2023 (97.2% and 98.6% respectively) and on a cumulative basis with 96.5% as at 30 September 2023.

Regarding the payment of NHS invoices, the Health Board did not pay 95% of these in the months of August and September 2023 or on a cumulative basis.

In order to improve PSPP levels, the Assistant Director of Finance continues to engage with those colleagues who fail to approve invoices in a timely manner.

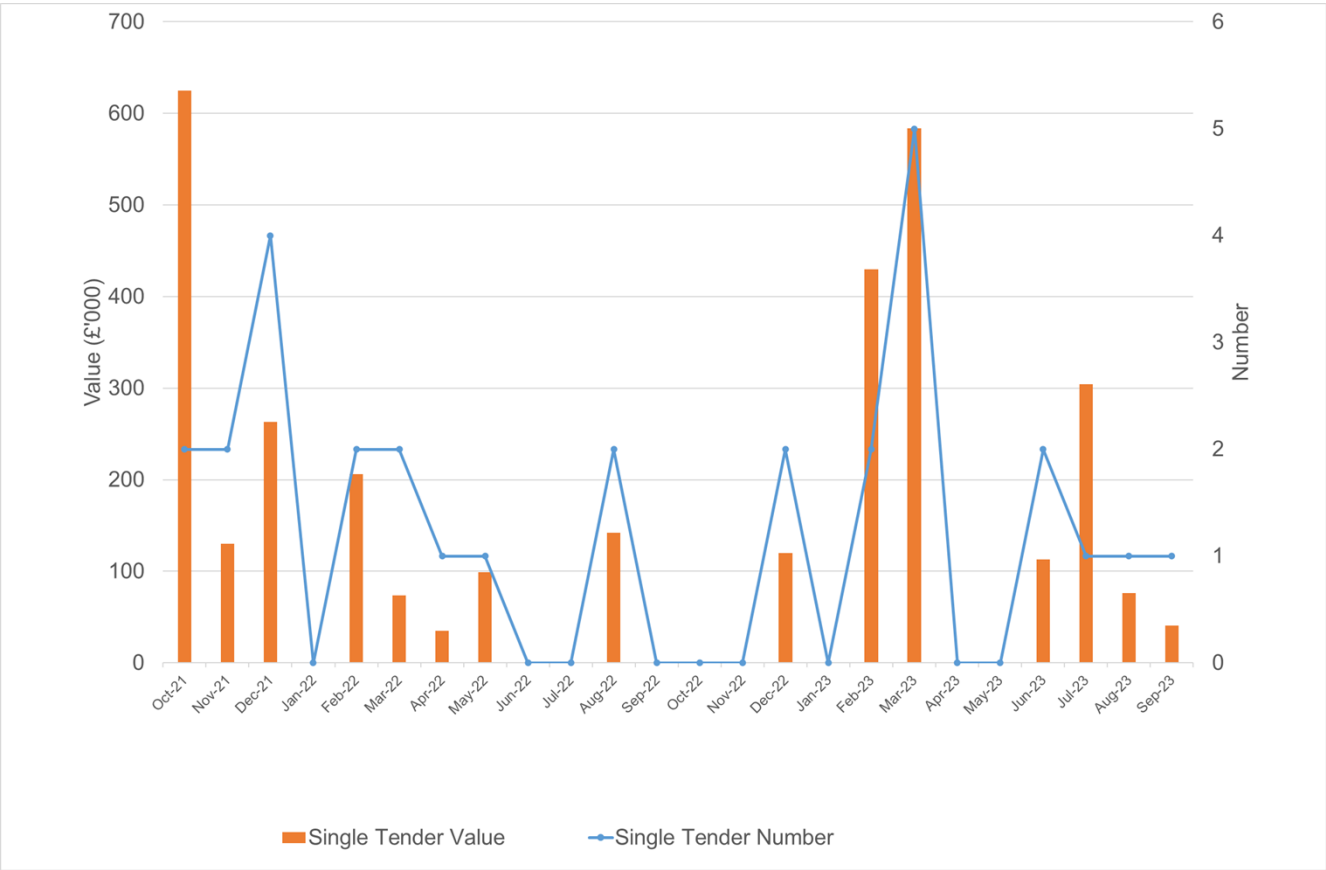
2.2.3 Single Tender Actions

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

Two Single Tender Actions (in excess of £25,000) totalling £117,756 were awarded during the period 1 August to 30 September 2023. Details are provided in Appendix 1.

The graph below (Figure 2) shows the trend of all Single Tender Actions (STA) approved from 1 October 2021 to 30 September 2023.

Figure 2: Numbers and value of Single Tender Actions



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2.2.4 Tenders Awarded

There were nine contracts awarded, including direct awards through framework (in excess of £25,000) during the period 1 August 2023 to 30 September 2023, totalling £1,405,573. Details of these contracts are provided in Appendix 2.

2.2.5 Consultancy contracts

There was one consultancy contract awarded during the period 1 August to 30 September 2023, details of which are included in Appendix 2.

Following concerns raised previously in respect of the use and definition of consultancy, details provided in the relevant appendix have been amended, where appropriate, to reflect those contracts which are deemed to be professional services and the nature of the framework under which the contract was awarded.

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.

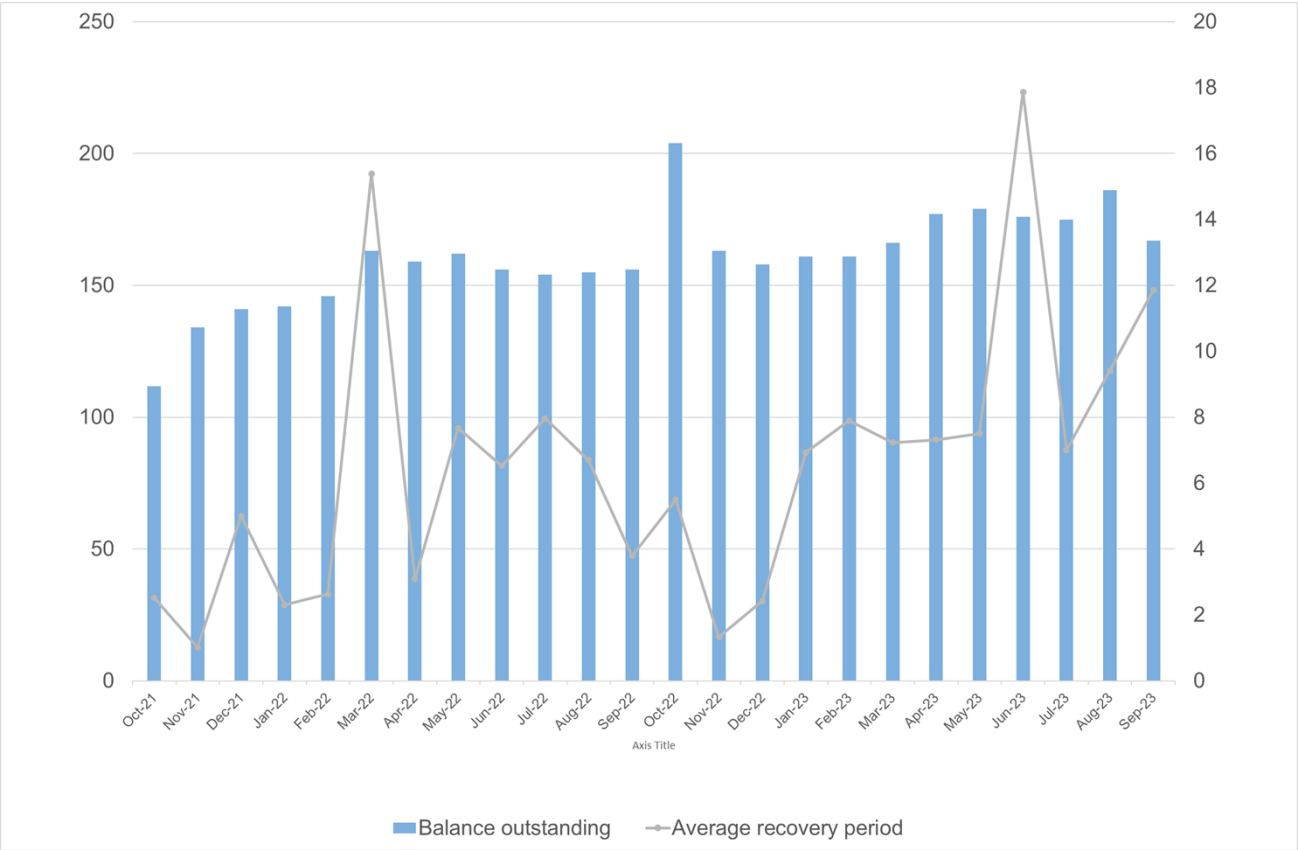
Appendix 3 shows the volume and value of invoices raised in respect of overpayments for the period 1 August to 30 September 2023; 25 cases totalling £48,712.

The graph below (Figure 3) demonstrates the total balance outstanding against the average recovery period. The average recovery period reflects the number of debts settled in the current period only. The value of invoices raised in the period 1 August to 30 September 2023 has increased, with the total value raised £49k compared to £20k in the previous period.

The overall debt balance has decreased to £167k in September 2023 compared to £175k at the end of July 2023, with the average recovery period increasing to 12 months at the end of this period, compared to seven months at the end of the previous period.

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Figure 3: Trend of aged overpayments and recoveries



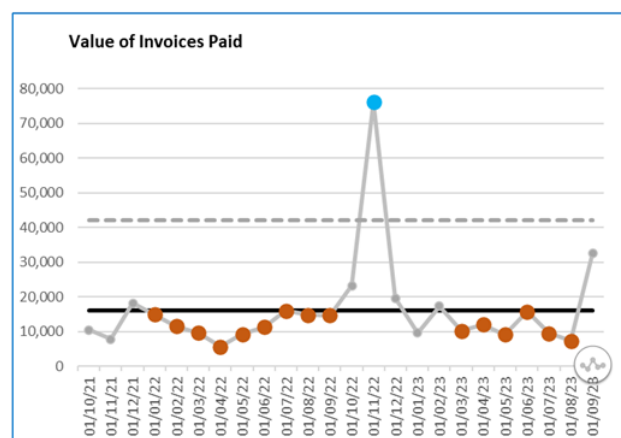
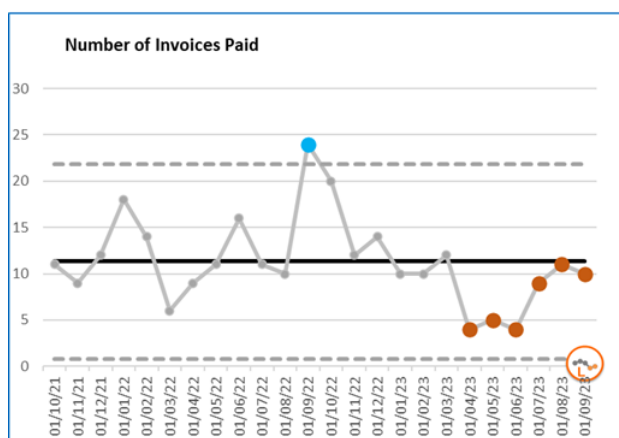
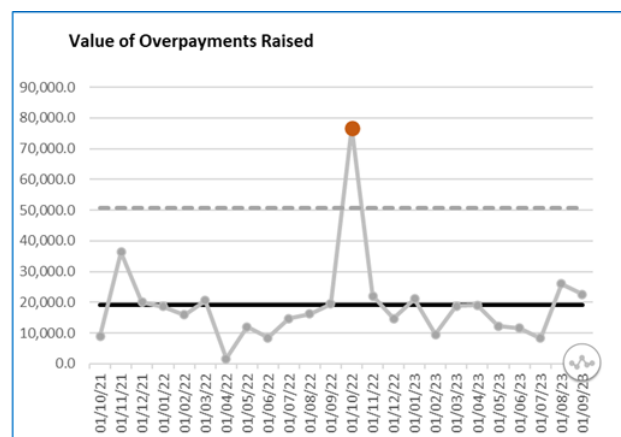
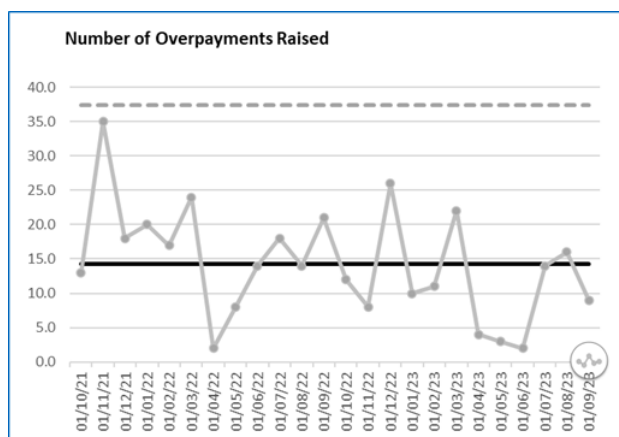
Further statistical analysis in respect of the overpayment of salaries is provided below:

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 October 2021 to September 2023.

The rate at which the invoices have been raised varies based on the information gathered by the Payroll Department. The average number of invoices raised has remained at 14 compared to the end of the last period in July 2023 and the average value per month has increased from £18k to £19k.

The rate at which the Health Board receives payment for these invoices and the value of the payments have remained consistent when compared to the end of the last period. As at the end of September 2023, on average 11 invoices are paid per month with an average value of £16k.

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2.3.2 Digitalisation of Payroll Forms and all Wales work on overpayments

As noted in the last report NWSSP are working on the digitalisation of payroll forms has commenced. The project that will cover new starters, leavers and changes to be known as Staff Movement Advice (SMA) is going to be accessed via an app. Initial rollout will be in Cardiff & Vale University Health Board in November 2023 and following evaluation in December 2023 rollout will start to other Health Boards in January 2024.

Overpayment of salary policy group – drafts of the proposed all Wales overpayment policy have been commented on. We await feedback from the project lead regarding next steps.

2.3.3 Underpayment of salaries

NWSSP have provided details of emergency payments requested and paid in August and September 2023 for underpaid salaries, the total of which was £57,320. Reasons for salary underpayments include:

- 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
- Monies due following termination of employment

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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.

There were two write-offs in the period in excess of £5k, totalling £19,731 (see Appendix 4). £7,231.20 related to expired drug stock held at the Glangwili site (excess stock as a result of the sharing of high-cost stock across two sites). Measures have now been put in place within Wellsky and site management to avoid these instances happening again. The remaining £12,500 related to a grievance settlement payment.

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 £48,947.

2.4.2 DWP – Overclaim of benefits

During the period 1 August to 30 September 2023 two fruitless payments totalling £27,133.09 were identified as being due to the DWP and Pembrokeshire County Council in respect of overclaiming benefits.

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).

There are two separate project bank accounts for the Glangwili Fire Enforcement Phase 1 and Withybush Fire Enforcement Decant Ward Projects, both set up by the supply chain partner IHP.

The PBAs have been in operation for a number of months and some issues have been identified in terms of how IHP (the supply chain partner) has been operating them. These issues are related to the timeliness of payments from the PBA and insufficient supporting information being received from IHP.

Regular meetings have been held with IHP to try and resolve these issues however, limited progress has been made in bringing them to a satisfactory conclusion. The health board is ensuring that the Design for Life Framework managers in NWSSP are aware that the PBAs are not currently operating as they should be.

The Health Board have met with the PBA policy lead in Welsh Government (WG) to discuss the issues and they will contact subcontractors directly for feedback on the operation of the PBA by IHP. Should the issues encountered not improve, WG have offered to arrange a meeting between themselves, health board representatives and IHP to discuss the operation of PBAs.

Further updates on the issues currently being encountered on PBAs will be provided as appropriate.

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2.6 Compliance with Tax Requirements

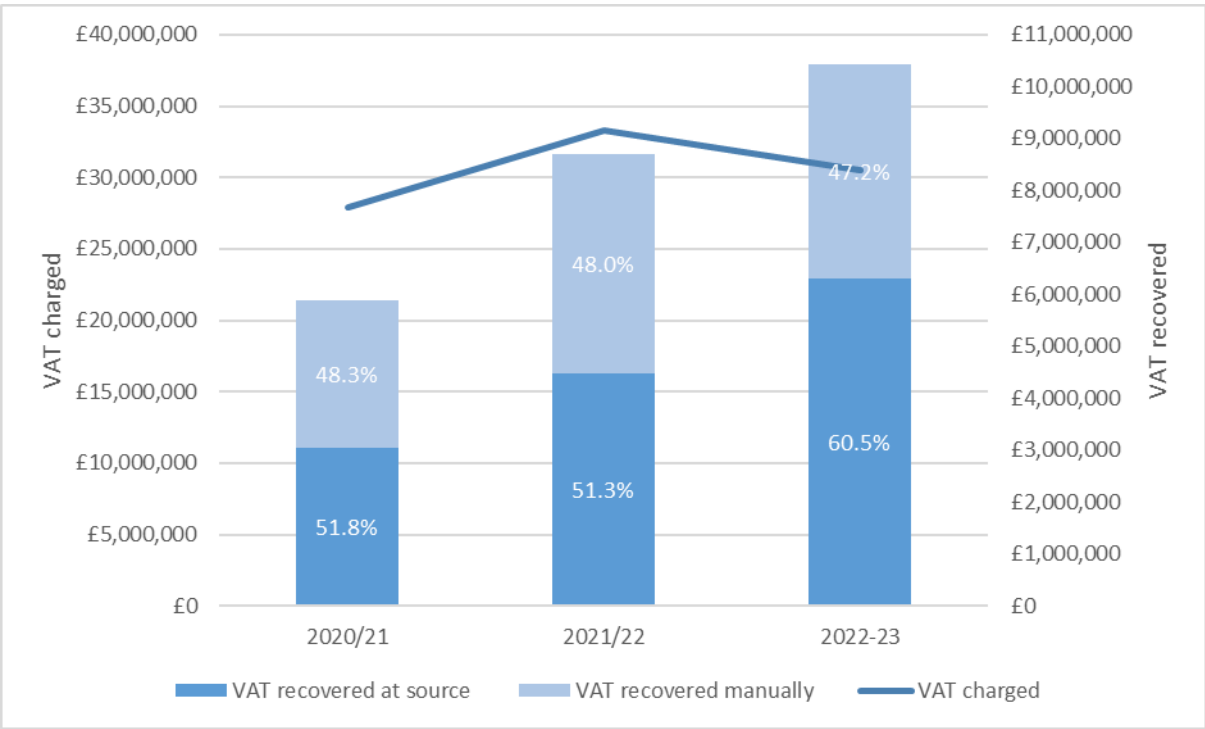
2.6.1 Compliance with VAT Requirements

The deadline for recovering VAT in respect of the 2022/23 financial year passed on 7 August 2023. Figure 4 below summarises the VAT recovery position for the year compared with the previous two financial years.

Total VAT recovered by the health board increased in 2022/23 despite the total amount of VAT charged to the organisation having decreased. This is reflected in the value of VAT recovered as a % of VAT incurred having increased to 34.1% in 2022/23 from 26.2% in the previous year. This was driven by a relative increase in VAT- recoverable expenditure in 2022/23, particularly nursing agency expenditure, a slight widening of the criteria for VAT recovery on IT infrastructure expenditure as well as continually improving processes in respect of the identification and timely recovery of recoverable VAT.

The % of VAT being recovered “at source” via the Procure to Pay process increased significantly from 51.3% in 2021-22 to 60.5% in 2022/23, reducing the proportion of VAT being recovered less-efficiently by way of manual reviews and subsequent VAT adjustment journals. This is the result of a joint effort by the Finance and Procurement departments, who continue to work closely together with a view of continuing to increase the proportion of VAT recovered at source.

Figure 4: VAT recovery summary 2020/21 to 2022/23



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

Key VAT issue	Update
BT PSBA network – VAT recovery non-statutory clearance request	<p>HMRC has been considering the recoverability of VAT charged on service charges connected with the all-Wales PSBA data network.</p> <p>In October 2023 our VAT advisors EY (Ernst & Young) have submitted a coordinated response to a recent request for information received from HMRC on behalf of four NHS Wales organisations currently subject to HMRC's enquiries regarding this service.</p> <p>The Health Board continues to recover the VAT in question in full based on the advice of its advisors. VAT potentially at risk of repayment to HMRC amounts to circa. £155k.</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>

2.6.2 Compliance with Employment Tax Requirements

No updates or issues to report.

2.7 Compliance with reporting requirements

IFRS 17 – Insurance Contracts. IFRS 17 Insurance contracts will be applicable in the public sector from 1 April 2025. The standard requires full retrospective adoption, so the transition date will be 1 April 2024 and it will have an impact on the accounting treatment for any organisation that has issued, or issues, a contract that meets the definition of an insurance contract.

Currently the Health Board is unlikely to have issued any insurance contracts but it will have to be able to demonstrate this to the external auditors.

Audited Annual Accounts 2022/23 – in September, Audit Wales provided the Finance Team with their informal Final Accounts Memorandum. This memorandum details informal observations on improvements the Finance Team can make, which were not considered significant by Audit Wales for inclusion in their formal ISA 260 document.

Reinforced Autoclaved Aerated Concrete (RAAC)

The health board has received funding from WG of £12.8m to undertake remediation work on those roof planks in Withybush General Hospital (WGH) containing RAAC and which are assessed as requiring repair.

Finance team staff have examined the scope of works to be undertaken in conjunction with the Estates team and have determined it to be capital in nature rather than revenue.

We have discussed this with our audit leads at Audit Wales and a detailed schedule of works has been shared with them. No issues or concerns were raised by Audit Wales regarding the proposed accounting practice in response to the issue.

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RAAC is likely to have an impact on the useful life and the value of WGH, therefore in order to ensure an accurate representation of asset value on our balance sheet we are engaging with the District Valuer and WG.

Further updates will be provided as appropriate.

2.8 Welsh Risk Pool – Risk Sharing Agreement 2023/24

The Welsh Risk Pool (WRP) receives an annual funding stream to meet in year costs associated with settled claims, the Departmental Expenditure Limit (DEL).

When expenditure rises above the DEL allocation, the excess is recouped from Health Boards and Trusts via a Risk Sharing Agreement approved by the Shared Services Partnership Committee.

The core DEL allocation is currently £109.435m per annum for Clinical Negligence, Personal Injury and Redress claims. The 2023/24 IMTP DEL forecast is £135.929m and therefore the estimated Risk Share charge for 2023/24 is £26.494m. Health boards shares are determined on a formula which includes the assessed level of risk and claims history. It is pleasing to note that Hywel Dda's share of the total has decreased compared with last year leading to a smaller increase than was anticipated. The Health Board's estimate risk share of the £26.484m is £2,769,214, compared with a planned £2,845,279.

The full report is detailed in Appendix 5.

2.9 Financial Compliance

Ensuring compliance with financial governance and reporting procedures is an increasing and urgent imperative for the Health Board given the increasing financial pressure across the public sector; and the need to ensure robust financial reporting within that context.

While the Health Board has responded to all the issues raised during Targeted Intervention, and the adoption of the 'True North' by the Finance Team has enhanced the cultural understanding of the imperative of good governance, there remains a gap in assuring that compliance is embedded across the organisation.

This is no different to any other Health Board, especially given the complexity of delivering services within an integrated setting.

The Finance Team is tasked with developing a reporting pack, which will confirm compliance with key controls and to work with Internal Audit on a programme of audit work which tests compliance on a risk-based approach. As part of the task the proposed process is as follows:

- a) Map chart of accounts (CoA) to underlying sources of data (in progress)
- b) Develop process charts to understand link from CoA to key systems.
- c) Expand b) to include controls within key systems.
- d) Assess design effectiveness of controls.
- e) Develop reporting pack to confirm compliance with key controls.
- f) Develop audit work programme.

It is recognised that this is a major piece of work (provisional completion date of end of March 2024) and may require support from other teams within the Health Board. Further details are provided in Appendix 6 and 7.

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3.1 Recommendations

The Committee is asked to:

Discuss and note the report;

Approve the Scheme of Delegation amendments as detailed in 2.1

Approve the losses as detailed in 2.4

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Appendix 1: Single Tender Actions

	Period covered by this report:		Aug-23	Sept-23				
Ref	Supplier	Value (£) (Inc VAT)	One-off or Period	Request submitted by/Dept:	Date Approved	Consultancy / Professional Service	Compliant	Justification
HDD-STA-639	St John Ambulance Cymru	£76,176	01/07/2023 – 31/12/2023	Community	26/09/2023	No	No	<p>In December 2022 a presentation was made to the Pembrokeshire County Management Team recommending we pilot a Level 1 non-injurious falls and frailty response in Pembs with St John Ambulance Cymru from January to March 2023. St John Ambulance Cymru is currently providing this service across Hywel Dda but the dedicated car sits in Llanelli so their response in Pembrokeshire is very low. Therefore, when the opportunity came to commission a dedicated vehicle in Pembrokeshire, the County Team supported this proposal as this pilot was also part of the Value Based Healthcare Programme to</p>

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								<p>demonstrate the value added to the system in this provision.</p> <p>As we went through the VBHC programme and we were demonstrating the value of delivery, it was again supported to extend the pilot for another three months from April to June 2023.</p> <p>This pilot ended on 30 June, and we have demonstrated the value of the service through the VBHC programme, so propose to extend for a further 6 months to 31 December 2023, which will ensure service continuity, whilst carrying out a competitive tender process.</p>
HDD-STA-640	NuvoAir	£41,580	01/09/2023 – 30/09/2024	Community	13/09/2023	No	No	<p>Hywel Dda University Health Board are currently trialling Nuvoair technology and associated patient onboarding service for its COPD patient cohort. This is part of a real-world evidence evaluation project undertaken with the full financial support from the supplier during its first year. Data sets are incomplete there is a need to continue the</p>

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								monitoring of patients currently enrolled so we can follow them for a minimum of a full calendar year. By doing so we can compare seasonal effects on disease and provide a comprehensive data for analysis which will aid decision making on future monitoring/treatment pathway methods
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Appendix 2: Contracts awarded (including direct awards through framework) – current report period

Contracts awarded post competitive tender										
Reference	Professional Service	Supplier	Value ex VAT £	Period covered by this report		01-08-2023	30-09-2023	Date of Board Approval (if applicable)	Compliant	Comment
				One off or period		Department	Description			
				Start	End					
HDD-MIN-52803	No	Healthcare Business Solutions	£276,480	01/08/2023	31/03/2024	Scheduled Care	Insourcing Dermatology	N/A	Yes	Following a competitive tender, Healthcare Business Solutions were awarded an eight (8) month contract for insourcing of support services for dermatology across the health board. This contract award does not allow for an extension.
HDD-RFQ-RA330641	No	Argies Coffee	£27,387	11/09/2023	10/09/2026	Facilities (Hotel Services)	Micro Market Solution for Hafan Derwen	N/A	Yes	Following a competitive tender, Argies Coffee were awarded a thirty-six (36) month

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										contract for provisions for a micro market solution, to include lease rental of vending cabinetry, catering appliances, and payment kiosks. This contract award does not allow for an extension.
HDD-OJEULT-50373	No	Evans & Hughes Ltd Jones & Murphy Maggs Optics Ltd Michael Charlton Optometrists Specsavers Tenby Optics	£38,208	01/09/2023	31/01/2024	Primary Care	Glaucoma Optometric Data Collection Scheme Framework	N/A	Yes	Following a competitive tender, multiple suppliers were awarded onto a framework for the provision of a glaucoma data capture community service across the health board for five (5) months. An option to extend the contract for a further six (6)

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										months is included in the award.
HDD-OJEULT-50322	No	Supportive Care UK Ltd	£149,760	01/10/2023	30/09/2026	Community	Palliative Care Specialist Remote Support	N/A	Yes	Following a competitive tender, Supportive Care UK Ltd were awarded a thirty-six (36) month contract for provision of remote specialist Consultant services for palliative medicine. An option to extend the contract for a further twelve (12) months is included in the award.
HDD-OJEU-39126	No	CP Plus Ltd	£105,758	01/09/2023	31/03/2024	Transport	Car Park Management	N/A	Yes	An extension option within initial contract has been initiated for a further seven (7) months.

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Direct awards via Framework Agreement										
Reference & Framework Used	Period covered by this report					01-08-2023	30-09-2023			
	Professional Service	Supplier	Value ex VAT £	One off or period		Department	Description	Date of Board Approval (if applicable)	Compliant	Comment
				Start	End					
HDD-DCO-23-13 Yorkshire Purchasing Organisation (YPO)	No	Torton Bodies Ltd	£66,300	27/07/2023	26/07/2024	Primary Care	Supply Temporary Mobile Dental Unit	N/A	Yes	A direct award via a Yorkshire Purchasing Organisation (YPO) framework has been awarded to Torton Bodies Ltd for the supply of temporary mobile dental unit for twelve (12) months. An option to extend the contract for a further six (6) months is included in the award.
HDD-DCO-23-16 NHS Shared Business Services (SBS)	No	Softcat Ltd	£76,003	04/09/2023	31/03/2024	Digital	Supply and Installation of Fibre Ducting & Blown Fibres - WGH	N/A	Yes	A direct award via an NHS Shared Business Services (SBS) framework has been awarded to Softcat Ltd for the supply and installation of fibre ducting & blown fibres

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										(fibre optic cables) across the Witherbush General Hospital site, for seven (7) months. This contract award does not allow for an extension.
HDD-DCO-23-18 National Procurement Services (NPS)	No	D & G Office Interiors	£120,111	18/09/2023	17/09/2024	Estates	Provision of Office Furniture	N/A	Yes	A direct award via a National Procurement Services (NPS) framework has been awarded to D & G Office Interiors for the supply of office furniture for twelve (12) months. An option to extend the contract for a further twelve (12) months is included in the award.
HDD-DCO-22-12 ESPO Framework	No	Biffa Waste Services	£545,566.00	01/10/2023	31/03/2024	Estates	General Waste & Recycling Services	N/A	Yes	An extension option within initial contract has been initiated for a further six (6) months.

Financial Assurance Report

Consultancy										
Reference	Period covered by this report					01-08-2023	30-09-2023			
	STA/ Competitive Tender/ Direct Award	Supplier	Value ex VAT £	One off or period		Department	Description	Date of Board Approval (if applicable)	Compliant	Comment
				Start	End					
HDD-DCO-23-15	Direct Award against ESPO framework	ORS	£37,175	04/08/2023	31/01/2024	Corporate	Consultancy for Clinical Services Plan	01/03/2023	Yes	A direct award via an ESPO framework was awarded to ORS for consultancy for Clinical Services Plan, to support the health board in engagement and produce independent analysis of findings for five (5) months. This contract award does not allow for an extension.

Financial Assurance Report

Direct awards via VEAT* process										
Reference & Framework Used	Period covered by this report					01-08-2023	30-09-2023			
	Professional Service	Supplier	Value ex VAT £	One off or period		Department	Description	Date of Board Approval (if applicable)	Compliant	Comment
				Start	End					

***VEAT:** Voluntary Ex-Ante Transparency Notice can be published when a contracting authority has chosen a particular route to market. This route falls under the label of a closed competition tender. When there is no available framework we can link to, we can announce our intention to award to a single supplier to the market and there is time for responses or objections. If none come through, we can award. Some similarities to an STA but external open process.

There were no direct awards via the VEAT process during this period.

Financial Assurance Report

Appendix 3: Overpayment of Salaries

	Period covered by this report: 1 August 2023 – 30 September 2023		
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Unauthorised leave	£161.24	1
2	Annual Leave Entitlement Exceeded on Termination	£2,346.80	1
3	Overpayment of Maternity Pay	£2,365.60	1
4	Overpayment of Sick Pay	£11,855.70	1
5	Late notification of Termination	£12,729.25	15
6	Overpayment of Hours Worked	£19,253.86	6
		£48,712.45	25


Financial Assurance Report

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

	Period covered by this report:		1 August 2023 to 30 September 2023
Ref	Losses and Special Payments Category	Value (£)	Explanation
	Ex-Gratia	£7,231.20	P06-24 Glangwili Hospital EXPIRED STOCK GGH
	Ex-Gratia	£12,500.00	P06-24 Settlement payment grievance
	Total Losses (for approval)	£19,731.20	

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

Appendix 5: Welsh Risk Pool – Risk Sharing Agreement 2023/24

 GIG CYMRU NHS WALES	Partneriaeth Cydwasaethau Shared Services Partnership	AGENDA ITEM:4.3 21 September 2023
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The report is not Exempt

Teitl yr Adroddiad/Title of Report

Risk Sharing Agreement 2023/24

ARWEINYDD: LEAD:	Andy Butler, Director of Finance & Corporate Services
AWDUR: AUTHOR:	Sue Saunders Legal & Risk Finance Business Partner
SWYDDOG ADRODD: REPORTING OFFICER:	Andy Butler, Director of Finance & Corporate Services
MANYLION CYSWLLT: CONTACT DETAILS:	Andy.butler@wales.nhs.uk

**Pwrpas yr Adroddiad:
Purpose of the Report:**

The purpose of this report is to confirm the NHS Wales Risk Share charges for 2023/24 arising from excess expenditure above the Welsh Government annual allocation for Clinical Negligence and Personal Injury claims

Llywodraethu/Governance

**Amcanion:
Objectives:** Excellence – to develop an organisation that delivers a process excellence through a focus on continuous service improvement

**Tystiolaeth:
Supporting
evidence:**

Ymgynghoriad/Consultation :

Welsh Risk Pool Committee

Adduned y Pwyllgor/Committee Resolution (insert ✓):

DERBYN/ APPROVE	✓	ARNODI/ ENDORSE		TRAFOD/ DISCUSS		NODI/ NOTE	
Argymhelliad/ Recommendation	The Shared Services Partnership Committee is asked to APPROVE the updated Risk Share charges to NHS Wales for 2023/24.						

Crynodeb Dadansoddiad Effaith: Summary Impact Analysis:	
Cydraddoldeb ac amrywiaeth: Equality and diversity:	N/a
Cyfreithiol: Legal:	N/a
Iechyd Poblogaeth: Population Health:	N/a
Ansawdd, Diogelwch a Profiad y Claf: Quality, Safety & Patient Experience:	N/a
Ariannol: Financial:	Considered where appropriate below.
Risg a Aswiriant: Risk and Assurance:	Considered where appropriate below.
Dyletswydd Ansawdd / Duty of Quality:	N/a
Gweithlu: Workforce:	N/a
Deddf Rhyddid Gwybodaeth/ Freedom of Information	Closed

1. Introduction

The purpose of this report is to confirm the NHS Wales Risk Share charges for 2023/24 arising from excess expenditure above the Welsh Government annual allocation for Clinical Negligence and Personal Injury claims.

The Welsh Risk Pool receives an annual funding stream to meet in year costs associated with settled claims, the Departmental Expenditure Limit (DEL).

When expenditure rises above the DEL allocation, the excess is recouped from Health Boards and Trusts via a Risk Sharing Agreement approved by the Shared Services Partnership Committee.

The core DEL allocation is currently £109.435m per annum for Clinical Negligence, Personal Injury and Redress claims. The 2023/24 IMTP DEL forecast is £135.929m and therefore the estimated Risk Share charge for 2023/24 is £26.494m.

The significance of annual Risk Share apportionments has increased in recent years. A £3.974m charge was levied on NHS Wales for the first time in 2019/20. The charge increased to £13.779m in 2020/21, £16.495m in 2021/22, £25.345m in 2022/23 and we are forecasting £26.494m for 2023/24 in line with our IMTP. This reflects the continuous pressure on the DEL budget year on year.

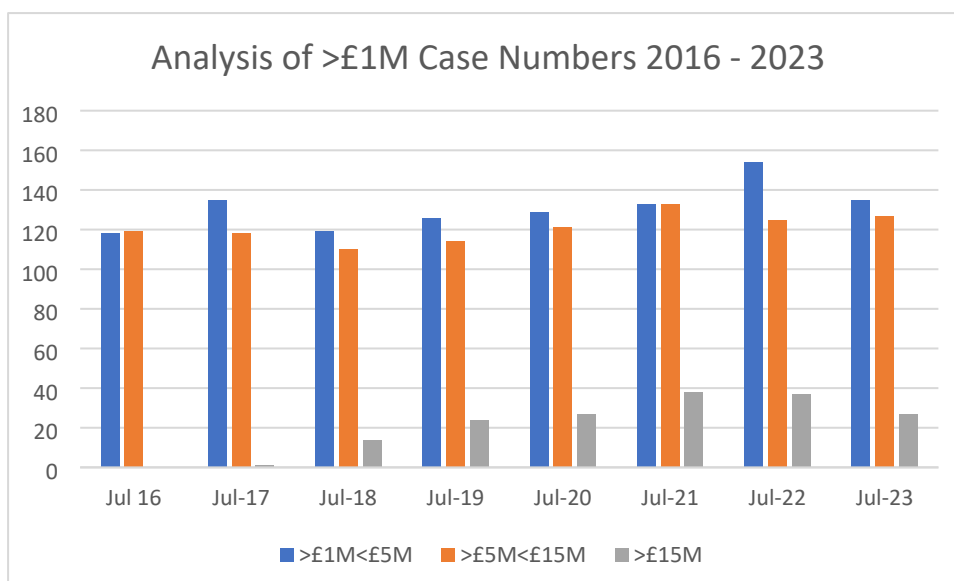
The high level IMTP DEL forecast shows Risk Share charges are expected to rise over the next few years:-

Risk Share Forecast 2023/24 to 2027/28

	23/24 £m	24/25 £m	25/26 £m	26/27 £m	27/28 £m
Month 4 2023/24 updated	26.49 4	28.29 7	29.71 9	31.81 3	33.05 2
2022/23 IMTP	26.49 4	27.91 1	30.85 7	32.10 6	33.36 4
Difference to IMTP	0.000	0.386	-1.138	-0.293	- 0.312

The figures above were refreshed in August 2023 following the Month 4 returns from Health Boards and Trusts. The forecasts will be updated and confirmed following receipt of the Month 7 returns in early November and these will be shared with Health Boards and Trusts for inclusion in their 2024/25 planning process.

The graph below shows the increase in the number of high value cases over the past few years. In July 2016, there were no cases valued above £15m compared to 27 cases in July 2023. The increasing trend over the past few years has slowed recently with fewer cases in the >£1m<£5m and >£15m cohorts of cases compared to last year. Overall, case numbers valued above £1m have decreased from 316 cases as at 31st July 2022 to 289 cases as at 31st July 2023.



2. The Risk Share Mechanism

The current Risk Share methodology was approved by the Welsh Risk Pool Committee and Directors of Finance in March 2017. Prior to this, charges were based on each Health Board's share of the NHS Wales core Hospital, Community and Health Services and Prescribing (HCHSP) allocation only and Trusts were outside the scope.

The current model encompasses principles based on the English NHSLA model. Draft principles were developed from the English analysis and were shared with;

- Directors of Finance
- Deputy Directors of Finance Group
- Senior Welsh Government Finance Officials
- WRPS Technical Accounting Group

The overarching principles from the NHSLA model are set out below and have been incorporated into the Welsh Risk Pool model and amended for local relevance where appropriate.

- a risk based contribution, based on size and activity levels
- a contribution based on paid claims experience over five years and
- a contribution based on known outstanding claims

The five areas for the Welsh version which determine how much of the excess expenditure above the Welsh Government allocation is apportioned to each Health Board or Trust is set out in the tables below:-

Area	No. of Measures	Weighting
------	-----------------	-----------

HCHS and Prescribing Allocation	1	30%
Claims History	1	20%
New Claims transferred from the Service to LARS	1	10%
Claims potentially affecting next years' spend	2	25%
Management of Concerns and Learning from Events	2	15%
		100%

These have been weighted according to the significance placed on each in terms of driving claims expenditure. The table below sets out further detail:-

	Measure	Detail	Weighting
A	HCHS and Prescribing Allocation	<i>Current measure</i>	30%
B	Claims History	<i>Last 3 years – rolling basis</i>	20%
C	New Claims transferred from the Service to LARS: Number of New Cases < £25k	<i>Last 12 months</i>	10%
D	Claims potentially affecting next years' spend: 1. Cases with cash flows < 1 yr 2. PPO Allocation Utilisation	<i>From CN database : 15% Actual Costs : 10%</i>	25%
E	Management of Concerns and Learning from Events 1. Management of Concerns 2. Learning from Events	<i>Annual Audit : 7.5% Annual Audit : 7.5%</i>	15%

A. HCHS and Prescribing Allocation

Takes account of the annual revenue allocation per Health Board as a relevant measure of the size and complexity of each organisation.

B. Claims History

Allows historic large settlements over the past 3 years to affect the overall rating. Whilst claims history is important and should have an impact on the risk weighting of each organisation it is also vital to ensure that the majority of the weighting relates to current and future impacts on the allocation.

C. New Claims <£25K Transferred from the Service to L&Rs

This element reflects the impact of cases passed to Legal and Risk Services over the last year that otherwise would have been managed by the Health Board under the Putting Things Right (PTR) scheme. PTR cases are typically managed at a local level when damages are estimated at less than £25K and negotiations can result in the avoidance of costly litigation. In financial terms the difference between the costs once the case enters full litigation as opposed to PTR is approximately £44K per case

D. Claims Potentially Affecting Next Year's Spend

This element is comprised of two measures. The first measure takes account of the financial burden each Health Organisation places on the NHS in the future:-

i. Cases with estimated cash flows within a year

- All Remote and Possible cases are ignored, includes Probable and Certain cases only
- All cases with estimated cash flows within the next year to March 2024 on the LARS database are included.
- The risk weightings have been skewed to ensure cases settling sooner have a bigger impact than those that are not at such an advanced stage of negotiation/settlement.

Whilst not all cases predicted to settle will actually settle as forecast, as there will inevitably be delays in many cases, this provides a robust estimate of the imminent pressures faced by NHS Wales and is therefore deemed a robust, current and relevant measure. It therefore generates a high-risk weighting.

The second measure takes account of the increasing call on the DEL for annual Periodical Payment Order expenditure.

ii. Periodic Payment Orders (PPO)

PPO's are increasingly utilising a larger percentage of the in-year budget. The cost of PPOs has more than quadrupled since 2011/12. PPOs cost NHS Wales £4.61m in 2011/12 and £19.5m in 2022/23, an increase of over 423%. This year's annual payment total is forecast to reach £21.2m following the release of the 2023/24 HMT rate changes for inflationary uplifts to be applied in December.

In percentage terms an increasing proportion of the DEL budget is utilised on PPOs which reduces the funding available for in-year payments. In 2011/12, PPOs accounted for 8.2% of the available allocation when the WG DEL allocation was £75m. By 2022/23 the % had increased to 14.3% despite a 43% increase in core funding from £75m to £107m in 2017. (Funding has since increased to £109m to include Redress. The core funding increase in 2017 was provided to accommodate the effect of the Personal Injury Discount change from a positive 2.5% in March 2017 to a minus -0.25% in August 2019).

As this is the first call on the allocation each year then the relevant percentage of the budget used by each organisation is used in the risk sharing agreement.

E. Management of Concerns & Learning from Events

The Concerns and Compensation Claims Standard is a framework to support compliance by health bodies with the NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (the Regulations) and the Welsh Government's Guidance on Putting Things Right (the Guidance).

The Standard is drafted by the Welsh Risk Pool Service in conjunction with the Welsh Government and colleagues from the service to ensure that it properly reflects the spirit of the Regulations and Guidance. It is assessed annually by a joint team from the Welsh Risk Pool Service and Legal & Risk Services.

The Standard is broadly split into the following distinct areas:

1. Management of Concerns
2. Management of Redress cases
3. Claims Management
4. Learning From Events

The risk sharing agreement focuses on the Management of Concerns and the Learning from Events areas as the most appropriate and relevant in determining a risk weighting.

Management of Concerns

The key timescales for the management of concerns are:

- Acknowledgment within 2 working days
 - Initial response within 30 working days
 - Final report within 6 months if the matter cannot be concluded within 30 working days and no qualifying liability in tort is identified
 - An offer of Redress within 12 months if a qualifying liability in tort is present.
- Learning from Events

The need to learn from events is critical to ongoing improvements in quality and safety across NHS Wales. The Evans review highlighted the significant challenges being experienced by NHS Wales and recognised that it is a complex area and the basis of Putting Things Right is predicated on learning.

This is a key part of the assessment as the success of the PTR Regulations is predicated upon learning from concerns. The assessments consider how each health bodies states that it learns from events and then how this is evidenced from concerns (incidents, complaints and claims) and all other events at all levels including provision of Board level assurance. The two elements above have not been updated since 2016. The two scores are derived from inspections led by the Welsh Risk Pool Safety & Learning Team.

Welsh Government requested a pause to the annual assessments in 2017 as the methodology was deemed out of date. It was agreed a period of time was required to establish the new Learning From Events process before commencing inspections again in 2020. The pause was approved by the WRP committee in 2017.

The inspections planned for the 2020/21 financial year were delayed due to the impact of the Coronavirus pandemic. Obtaining updated measures for 2021/22 was also problematic. Delays arising from the necessary relaxation of timescales for submissions during the pandemic lockdown period would have resulted in skewed results. It was not appropriate to measure Health Boards and Trusts on the usual metrics for timescales when they were given authority to submit beyond the usual deadlines.

Normal timescales for inspections and submission dates resumed in 2023. Scores will remain the same for the financial year 2023/24 for the Audit/Lessons Learned principle, i.e, from 2016 with a resumption of inspections and data collection in 2023/24 for the 2024/25 Risk Share apportionments.

3. Risk Share Charges 2023/24

The Risk Share Agreement was invoked for the first time in 2019/20 with a £3.974m charge to NHS Wales. The 2020/21, 2021/22 and 2022/23 charges

were £13.779m, £16.495m and £25.345m respectively, and the forecast charge for 2023/24 is £26.494m.

The table below sets out the apportionment %'s and charges for 2023/24 per Health Board and Trusts with the 2022/23 comparatives:-

	2022/23	2023/24	% change	2022/23	2023/24	£ change
Risk Share %'s				Risk Share £'s		
Aneurin Bevan Health Board	16.80%	18.08%	1.28%	£4,261,419	£4,790,198	£528,779
Swansea Bay Health Board	16.38%	13.45%	-2.93%	£4,150,433	£3,562,369	-£588,064
Betsi Cadwaladr Health Board	19.71%	18.56%	-1.15%	£4,997,106	£4,916,201	-£80,905
Cardiff & Vale University Health Board	14.43%	16.03%	1.60%	£3,657,387	£4,246,969	£589,582
Cwm Taf Morgannwg Health Board	13.15%	15.12%	1.97%	£3,332,279	£4,005,958	£673,679
Hywel Dda Health Board	10.74%	10.45%	-0.29%	£2,721,884	£2,769,214	£47,330
Powys NHS Trust	4.51%	4.13%	-0.38%	£1,142,601	£1,095,377	-£47,224
Public Health Wales NHS Trust	1.34%	1.16%	-0.18%	£338,627	£308,635	-£29,992
Velindre University NHS Trust	1.10%	1.09%	-0.01%	£277,640	£287,799	£10,159
WAST	1.84%	1.93%	0.09%	£465,624	£511,280	£45,656
	100.00%	100.00%	0.00%	25,345,000	26,494,000	1,149,000

The Risk Share for 2023/24 excludes any charges for Health Education and Improvement Wales (HEIW) or Digital Health and Care Wales (DHCW). Neither organisation incurred the relevant costs during the 3-year period to 2022/23 which trigger the cost drivers. These organisations do not typically incur negligence costs but there is the potential for property and personal injury claims from either and both have access to Welsh Risk Pool funds.

Health Boards and Trusts were advised of the estimated split of the £26.494m as part of the 2023/24 IMTP planning process for inclusion in their respective financial plans. The table below shows the difference between the apportionments provided for planning purposes and the updated forecast risk share apportionments by Organisation.

	Planned RSA 2023/24 - IMTP	RSA 2023/24 Updated %	RSA 2023/24 Updated £	Movement from forecast
ANEURIN BEVAN	4,454,607	18.08%	4,790,198	335,591
SWANSEA BAY	4,338,590	13.45%	3,562,369	-776,221
BETSI CADWALADR	5,223,647	18.56%	4,916,201	-307,446
CARDIFF & VALE	3,823,193	16.03%	4,246,969	423,776
CTM	3,483,346	15.12%	4,005,958	522,612
HYWEL DDA	2,845,279	10.45%	2,769,214	-76,065

POWYS	1,194,401	4.13%	1,095,377	-99,024
PHW	353,978	1.16%	308,635	-45,343
VELINDRE	290,226	1.09%	287,799	-2,427
WAST	486,733	1.93%	511,280	24,547
TOTAL	26,494,000	100%	26,494,000	0

Detailed analysis of the movement on the Risk Share elements from 2022/23 to 2023/24

The table above, shows Swansea Bay has the largest reduction in their % share of the Risk Share charge whilst Cwm Taf has the largest increase compared to last year. Swansea Bay's result is due to an *improvement* in four of the six cost drivers and Cwm Taf's result is due to a *deterioration* in four of the six cost drivers since last year. Some of the other organisations have as many cost drivers affected but with smaller changes in % per cost driver.

The detailed change for all organisations is set out below. These identify the underlying causes of the percentage movements year on year.

SWANSEA BAY

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Swansea Bay UHB	13.45%	3.84%	2.98%	1.23%	0.99%	2.66%	1.74%
2022/23	Swansea Bay UHB	16.38%	3.80%	3.65%	2.05%	2.08%	3.06%	1.74%

Swansea Bay's share has decreased significantly since last year from 16.38% to 13.45%. The drivers for the decrease relate to the Claims History, PTR, Cashflow <1 Year and PPO elements.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Swansea Bay's proportion has decreased from 3.65% in the previous 3 year rolling period (2019/20 to 2021/22) to 2.98% for 2020/21 to 2022/23.

Although the total value of reimbursements paid to Swansea Bay for the 3-year rolling period to 2021/22 was £2m or 5% higher than for the previous 3 year period to 2020/21, total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

The PTR % – is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. SBU have passed less claims proportionately and numerically to L&RS compared to last year.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A lower proportion of forecast expenditure on the L&Rs database relates to SBU than in 2022/23.

PPO % – Annual PPO expenditure for SBU settled cases in 2022/23 was less proportionately than in the previous year.

ANEURIN BEVAN

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Aneurin Bevan UHB	18.08%	5.68%	2.24%	2.25%	4.02%	2.72%	1.16%
2022/23	Aneurin Bevan UHB	16.80%	5.59%	1.65%	2.29%	3.53%	2.59%	1.16%

Aneurin Bevan's share has increased since last year from 16.80% to 18.08%. The main driver for the increase relates to the Claims History element (which has the second highest weighting at 20%), although the HCHS, PPO and Cashflow <1 Year elements have also increased to a lesser extent compared to last year.

HCHS Allocation – The Aneurin Bevan core revenue allocation in absolute terms has reduced by 14.54% compared to last year. Previous years' core funding from 2020/21 included additional Covid funding for each organisation. However, as a proportion of the total NHS Wales allocation, Aneurin Bevan's share has risen to 18.95% compared to 18.63% last year.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Aneurin Bevan's proportion has increased from 1.65% in the previous 3 year rolling period (2019/20 to 2021/22) to 2.24% for 2020/21 to 2022/23.

The total value of reimbursements paid to Aneurin Bevan for the 3 year rolling period to 2021/22 was £14m or 74% higher than for the previous 3 year period to 2020/21.

Total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

PPO % – Annual PPO expenditure for Aneurin Bevan settled cases in 2022/23 was higher numerically and proportionately than in the previous year.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A higher proportion of forecast expenditure on the L&Rs database relates to Aneurin Bevan than in 2022/23.

CARDIFF & VALE

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Cardiff & Vale Health Board	16.03%	4.10%	3.53%	1.57%	4.46%	1.14%	1.22%
2022/23	Cardiff & Vale Health Board	14.43%	4.14%	4.45%	0.73%	2.90%	0.99%	1.22%

The Cardiff & Vale table shows the % has increased since last year. The overall increase from 14.43% to 16.03% mostly relates to two elements, 'PTR' and 'Cashflow < 1 year,' partially offset by the decrease in the Claims History %.

The PTR % – is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. C&V passed over twice as many claims to L&RS compared to the previous year.

Cashflow < 1 Year % – refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. The forecast cashflow value for Cardiff & Vale is almost twice the value of the previous year and represents a higher proportion of forecast expenditure on the L&Rs database compared to the previous year.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Cardiff & Vale's proportion has reduced from 4.45% in the previous 3 year rolling period (2019/20 to 2021/22) to 3.53% for 2020/21 to 2022/23.

Although the total value of reimbursements paid to Cardiff & Vale for the 3 year rolling period to 2022/23 was £1m or 2% higher than for the previous 3 year period to 2021/22, total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m reducing the % share for Cardiff & Vale overall.

BETSI CADWALADR

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Betsi Cadwaladr Health Board	18.56%	6.69%	3.95%	1.57%	2.40%	1.82%	2.14%
2022/23	Betsi Cadwaladr Health Board	19.71%	6.93%	3.64%	2.15%	3.06%	1.80%	2.14%

The Betsi Cadwaladr table shows a decrease overall compared to last year from 19.71% to 18.56%.

The overall decrease relates to the HSCS allocation % compared to last year, a decrease in the PTR % and a decrease in the Cashflow < 1 year' element, these are being partially offset by an increase in the Claims History element. HCHS Allocation – The Betsi Cadwaladr core revenue allocation has reduced by 18.88% compared to last year, the largest absolute and % decrease across NHS Wales. Previous years' funding from 2020/21 onwards included additional Covid funding for each organisation but BCU have seen the largest reduction proportionately and numerically compared to the previous year. BCU's share of the NHS Wales total core allocation reduced from 23.10% in 2022/23 to 22.29% in 2023/24.

The PTR % – is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. BCU passed fewer claims to L&RS compared to the previous year.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A lower proportion of forecast expenditure on the L&Rs database relates to BCU than in 2022/23.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Betsi Cadwaladr's proportion has increased from 3.64% in the previous 3 year rolling period (2019/20 to 2021/22) to 3.95% for 2020/21 to 2022/23.

The total value of reimbursements paid to Betsi Cadwaladr for the 3-year rolling period to 2021/22 was £17m or 40% higher than for the previous 3 year period to 2021/22. Total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

CWM TAF MORGANNWG HEALTH BOARD

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Cwm Taf Health Board	15.12%	4.55%	4.08%	2.35%	1.82%	0.99%	1.33%
2022/23	Cwm Taf Health Board	13.15%	4.47%	3.19%	1.41%	1.88%	0.87%	1.33%

The Cwm Taf Morgannwg table shows the % has increased since last year. The overall increase from 13.15% to 15.12% mostly relates to the 'Claims History' and PTR elements with smaller increases in the PPO % and HCHS allocation. The only cost driver with a decrease in % is for the Cashflow <1 year element, but the decrease is small and not sufficient to avoid an overall increase in the apportionment.

HCHS Allocation – The Cwm Taf core revenue allocation in absolute terms has reduced by 14.22% compared to last year. Previous years' core funding from 2020/21 included additional Covid funding for each organisation. However, as a proportion of the total NHS Wales allocation, Cwm Taf Morgannwg's share has risen to 15.17% compared to 14.86% last year.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Cwm Taf Morgannwg's proportion has increased from 3.19% in the previous 3 year rolling period (2019/20 to 2021/22) to 4.08% for 2020/21 to 2022/23.

The total value of reimbursements paid to Cwm Taf Morgannwg for the 3-year rolling period to 2022/23 was £24m or 65% higher than for the previous 3 year period to 2021/22. This follows a catch up of reimbursements following a backlog of submitted claims for reimbursement in 2021/22 and 2022/23. Total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

PTR – this element is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. Cwm Taf Morgannwg have passed more claims proportionately and numerically, to L&RS compared to last year.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A lower proportion of forecast expenditure on the L&Rs database relates to Cwm Taf Morgannwg than in 2022/23, although in absolute terms, the total forecast for Cwm Taf is £4m higher.

HYWEL DDA

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Hywel Dda Health Board	10.45%	3.82%	2.89%	0.74%	1.07%	0.37%	1.57%
2022/23	Hywel Dda Health Board	10.74%	3.75%	2.96%	1.02%	1.12%	0.32%	1.57%

The Hywel Dda table shows the % has decreased since last year. The overall decrease from 10.74% to 10.45% relates to three elements, 'Claims History,' 'PTR' and 'Cashflow < 1 Year'. These are partially offset via increases in % for the 'HCHS' and 'PPO' elements.

HCHS Allocation – The Hywel Dda core revenue allocation in absolute terms has reduced by 14.45% compared to last year. Previous years' funding from 2020/21 onwards included additional Covid funding for each organisation. However, as a proportion of the total NHS Wales allocation, Hywel Dda's share has risen to 12.72% compared to 12.50% last year.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Hywel Dda's proportion has decreased from 2.96% in the previous 3 year rolling period (2019/20 to 2021/22) to 2.89% for 2020/21 to 2022/23.

The total value of reimbursements paid to Hywel Dda for the 3-year rolling period to 2022/23 was £9m or 26% higher than for the previous 3 year period to 2021/22. However, total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

PTR – this element is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. Hywel Dda have passed fewer claims proportionately and numerically, to L&RS compared to last year.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A lower proportion of forecast expenditure on the L&Rs database relates to Hywel Dda than in 2022/23. This is despite an absolute forecast increase of £3.4m for Hywel Dda cases expected to settle this year compared to the previous year.

PPO % – Annual PPO expenditure for Hywel Dda settled cases in 2022/23 was higher proportionately and numerically than in the previous year.

POWYS

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Powys Health Board	4.13%	1.31%	0.02%	0.10%	0.01%	0.20%	2.50%
2022/23	Powys Health Board	4.51%	1.33%	0.02%	0.10%	0.25%	0.31%	2.50%

The Powys table shows the % has decreased since last year. The overall decrease from 4.51% to 4.13% relates mainly to the Cashflow < 1 Year and PPO elements.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A lower proportion of forecast expenditure on the L&Rs database relates to Powys than in 2022/23.

PPO % – Annual PPO expenditure for Powys settled cases in 2022/23 was lower numerically and proportionately than in the previous year. The decrease is mainly due to the proportionality of payments compared to other organisations. Proportionately, other Health Boards typically settle cases with a Periodical Payment Order far more frequently, and therefore, Powys payments have a diminishing proportion of the total payments year on year.

PUBLIC HEALTH WALES

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Public Health Wales	1.16%	0.00%	0.06%	0.10%	0.09%	0.00%	0.92%
2022/23	Public Health Wales	1.34%	0.00%	0.26%	0.05%	0.11%	0.00%	0.92%

The Public Health Wales table shows the % has decreased since last year. The overall decrease from 1.34% to 1.16% mainly relates to the 'Claims History' element.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, Public Health Wales proportion has reduced from 0.26% in the previous 3 year rolling period (2019/20 to 2021/22) to 0.06% for 2020/21 to 2022/23.

The total value of reimbursements paid to Public Health Wales for the 3-year rolling period to 2022/23 was £2m or 72% lower than for the previous 3 year period to 2021/22. However, total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

VELINDRE

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Velindre NHS Trust	1.09%	0.00%	0.04%	0.00%	0.00%	0.00%	1.05%
2022/23	Velindre NHS Trust	1.10%	0.00%	0.05%	0.00%	0.00%	0.00%	1.05%

The Velindre table shows the % has remained relatively stable since last year. The 'Claims History' element has reduced marginally due to a slight reduction in the value of reimbursements for the 3-year period to 2022/23 compared to the 3 year period to 2021/22.

WELSH AMBULANCE SERVICE

Year	Health Board/Trust	TOTAL	HCHS Allocation A	Claims History B	PTR C	Cashflow < 1 year D (i)	PPO D (ii)	Audits / Lessons Learned E
Risk Weightings			30%	20%	10%	15%	10%	15%
2023/24	Welsh Ambulance NHS Trust	1.93%	0.00%	0.23%	0.10%	0.14%	0.10%	1.36%
2022/23	Welsh Ambulance NHS Trust	1.84%	0.00%	0.15%	0.20%	0.06%	0.07%	1.36%

The Welsh Ambulance Trust table shows the % has increased since last year. The overall increase from 1.84% to 1.93% mainly relates to two elements, 'Claims History' and 'Cashflow <1 year'. These are being partially offset via decreases in % for the 'PTR' element.

The Claims History % relates to the value of reimbursements approved via the Welsh Risk Pool committee over the past three years as a proportion of the total for reimbursements across NHS Wales over the same period. Within the 20% weighting for the Claims History element, the Welsh Ambulance Service's proportion has increased from 0.15% in the previous 3 year rolling period (2019/20 to 2021/22) to 0.23% for 2020/21 to 2022/23.

The total value of reimbursements paid to the Welsh Ambulance Service for the 3-year rolling period to 2022/23 was £1.7m or 96% higher than for the previous 3-year period to 2021/22. Total reimbursements to NHS Wales increased by 29% over the same period from £234m to £302m.

Cashflow < 1 Year refers to the value of 2023/24 forecast cashflows for case settlements on the L&Rs database. A higher proportion of forecast expenditure on the L&Rs database relates to the Welsh Ambulance Service than in 2022/23.

PTR – this element is based on the number of claims with damages estimated at less than £25K passed to L&Rs in the previous financial year instead of being managed locally under the PTR scheme. WAST have passed fewer claims proportionately and numerically, to L&RS compared to last year.

CONCLUSION

The current Risk Share methodology,

- weights various contributory factors in order to provide a balanced and equitable system
- is transparent and auditable in its application
- does not rely heavily on past events
- provides emphasis on activity and behaviour of the last year
- measures the impact of short term cash flows (within 12 months)
- accounts for the percentage of the allocation (PPO) that is utilised before any in-year settlements
- provides reward for managing Putting Things Right effectively
- can be updated every year to reflect recent activity and progress
- allows the inclusion of NHS Trusts that impact on the allocation usage but which were ignored from the previous formula
- utilises systems and databases that can be easily manipulated and analysed in a timely manner to derive the formula for forthcoming years to meet organisations IMTP submissions.

The percentages above will only apply for 2023/24. Behaviours and patterns will change over the course of the next year and each of the areas will be recalculated as outlined in this report.

Over the longer term, successful strategies will yield lower risk weightings whilst health organisations that continue to yield high and expensive case loads will incur a larger proportion of the risk weighting.

RECOMMENDATION

The Shared Services Partnership Committee is asked to **APPROVE** the updated Risk Share charges to NHS Wales for 2023/24.

Appendix 6: Financial Compliance

Author: Huw Thomas, Director of Finance

Financial compliance in Hywel Dda UHB

Ensuring compliance with financial governance and reporting procedures is an increasing and urgent imperative for the Health Board given the increasing financial pressure across the public sector; and the need to ensure robust financial reporting within that context.

While the Health Board has responded to all the issues raised during Targeted Intervention, and the adoption of the 'True North' by the finance team has enhanced the cultural understanding of the imperative of good governance, there remains a gap in assuring that compliance is embedded across the organisation.

This is no different to any other Health Board, especially given the complexity of delivering services within an integrated setting.

This document sets out a proposal to address this issue.

Background

There are two developments in corporate reporting which have led to improved reporting to those organisations listed on the Stock Exchange, and from which the Health Board can learn.

1. The Committee of Sponsoring Organisations of the Treadway Commission. This was formed in the 90s as a result of financial misreporting and frauds in the 1970s and 80s. The Committee developed a number of frameworks for financial governance over the years, the most recent of which is the Enterprise Risk Management Framework of 2017.
2. The Sarbanes-Oxley Act is a US law passed in 2002 as a result of corporate scandals in organisations such as Enron and WorldCom. The Act applies to large companies listed in the US, but also apply to a number of UK registered companies who have dual-registration. The sections of relevance are:
 - a. Section 302 which requires the CEO and CFO to certify the accuracy of quarterly and annual financial statements and to disclose any material weaknesses or changes in internal controls over the reporting period.
 - b. Section 404 which requires management to report on the effectiveness of internal controls, and for auditors to attest to and report on management's assessment.
 - c. Section 409 requires management to disclose any material changes in their financial or operations on a rapid and current basis.

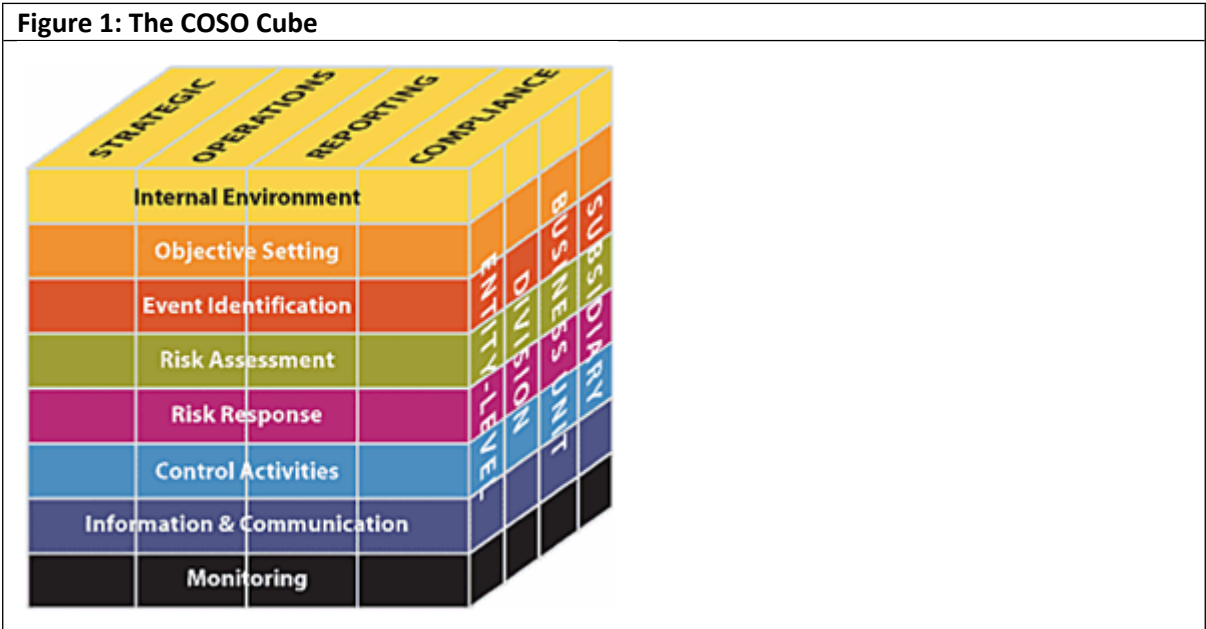
Significant in its reach, it has been criticised for the regulatory burden it imposes.

While there are other significant developments in Corporate Governance (such as the European Commission's work on Corporate Sustainability Reporting; and the UK Government's Corporate Governance Reform Programme), these are broader in their remit and are beyond the scope of this immediate work.

While these developments address financial reporting, the Health Board will need to ensure that financial compliance encompasses financial performance and reporting.

The COSO Framework

This is generally seen as the definitive standard, used by large corporates globally. The ‘COSO cube’ summarises the components which need to be considered.



1. Internal Environment

The internal environment establishes the tone of the organisation, influencing risk appetite, attitudes towards risk management and ethical values.

However, the virtuous example set by board members may be undermined by a failure of management in divisions or business units. Mechanisms to control line management may not be sufficient or may not be operated correctly. Line managers may not be aware of their responsibilities or may fail to exercise them properly.

One criticism is that this should start at the external environment, recognising the external pressures within which the organisation operates.

2. Objective setting

The board should set objectives that support the organisation’s mission, and which are consistent with its risk appetite.

If the board is to set objectives effectively, it needs to be aware of the risks arising if different objectives are pursued. The board also needs to consider risk appetite and tolerance and take a high-level view of how much risk it is willing to accept.

3. Event identification

The organisation must identify internal and external events that affect the achievement of its objectives.

The COSO guidance draws a distinction between events having a negative impact that represent risks and events having a positive impact that are opportunities, which should feedback to strategy setting.

Some organisations may lack a process for event identification in important areas. There may be a culture of no-one expecting anything to go wrong.

The distinction between strategic and operational risks is also important here. Organisations must pay attention both to occurrences that could disrupt operations and also dangers to the achievement of strategic objectives.

Businesses must also have processes in place to identify the risks arising from one-off events and more gradual trends that could result in changes in risk.

Organisations should carry out analysis to identify potential events, but it will also be important to identify and respond to signs of danger as soon as they arise.

4. Risk assessment

The likelihood and impact of risks are assessed, as a basis for determining how to manage them.

As well as mapping the likelihood and impact of individual risks, managers also need to consider how individual risks interrelate. The COSO guidance stresses the importance of employing a combination of qualitative and quantitative risk assessment methodologies. As well as assessing inherent risk levels, the organisation should also assess residual risks left after risk management actions have been taken.

5. Risk response

Management selects appropriate actions to align risks with risk tolerance and risk appetite.

This stage can be seen in terms of the four main responses – reduce, accept, transfer or avoid. However risks may end up being treated in isolation without considering the picture for the organisation as a whole. Portfolio management and diversification will be best implemented at the organisational level and the COSO guidance stresses the importance of taking a portfolio view of risk.

6. Control activities

Policies and procedures should operate to ensure that risk responses are effective.

Once designed, the controls in place need to operate properly.

Because the human element is so important, it follows that many of the reasons why controls fail is because of problems with how managers and staff utilise controls. These include failing to operate controls because they are not taken seriously, mistakes, collusion between staff or management telling staff to over-ride controls. The COSO guidance therefore stresses the importance of segregation of duties, to reduce the possibility of a single person being able to act fraudulently and to increase the possibility of errors being found.

7. Information and communication

Information systems should ensure that data is identified, captured and communicated in a format and timeframe that enables managers and staff to carry out their responsibilities.

The information provided to management needs to be relevant and of appropriate quality. It also must cover all the objectives shown on the top of the cube.

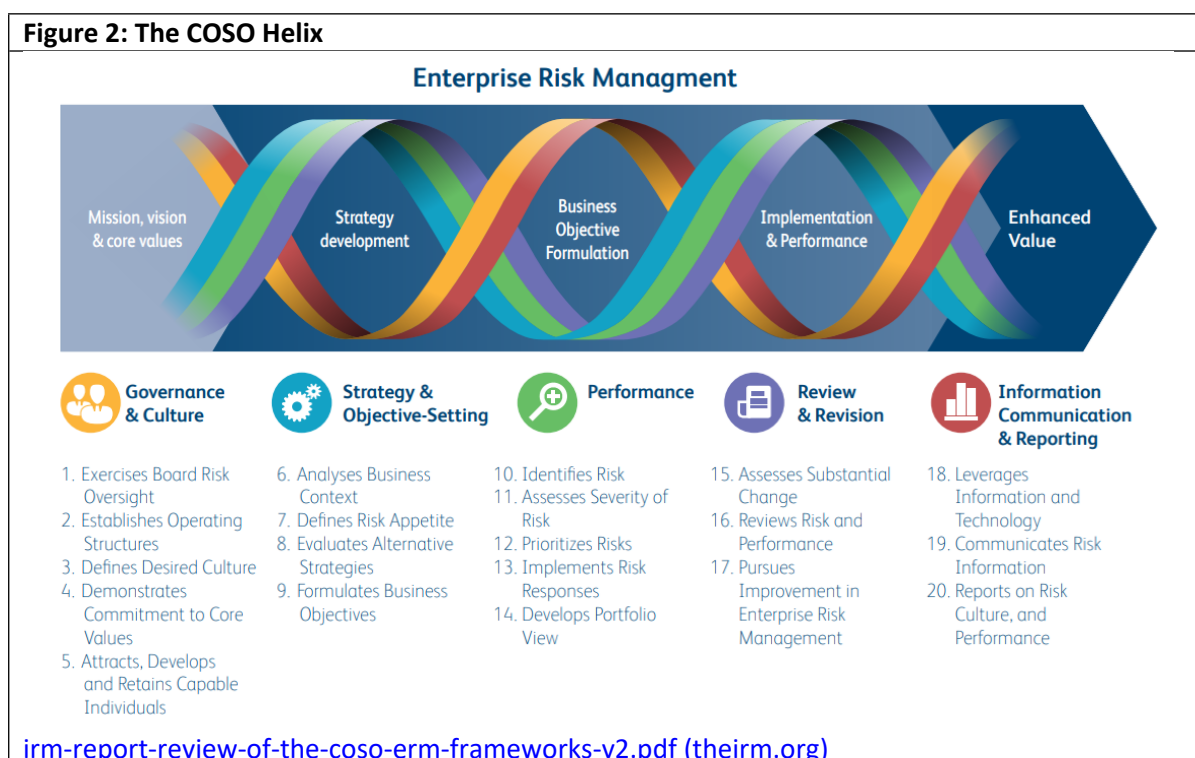
There needs to be communication with staff. Communication of risk areas that are relevant to what staff do is an important means of strengthening the internal environment by embedding risk awareness in staff's thinking.

8. Monitoring

The management system should be monitored and modified if necessary.

Guidance on monitoring has developed significantly since the initial COSO guidance. Key players in the separate evaluation are the audit committee and internal audit department.

While the framework has since been updated, to a helix emphasising how ERM contributes to creating enhanced value for an organisation, the simplicity of the original COSO cube remains relevant.



It is recognised that there is a close interaction between financial governance and the Health Board's broader corporate governance. Consequently, this document will focus on its applicability for financial reporting and performance governance and not on the broader application.

Sarbanes-Oxley Act

The main principles required under SoX Section 404 were:

- 1. To document the objectives, risks and controls relating to financial reporting.
- 2. Identify and analyse the control activities in place to mitigate the risks to financial reporting.
- 3. Evaluate the design of internal controls.
- 4. Evaluate the effectiveness of internal controls. This might involve internal audit in a structured way to evaluate the operation of controls and over time provide feedback for improvement.
- 5. Report on the system of internal controls to an appropriate forum (in our case, ARAC).

Importantly, per the COSO framework, “it is not merely about policy manuals, systems and forms but people at every level of an organisation that impact on internal control”.

An approach for Hywel Dda

A proposed process for ensuring compliance for our Health Board will include:

- 1. Map out from the chart of accounts to underlying sources of data. This may well include:
 - a. Journals
 - b. Key systems
 - c. Manual inputs

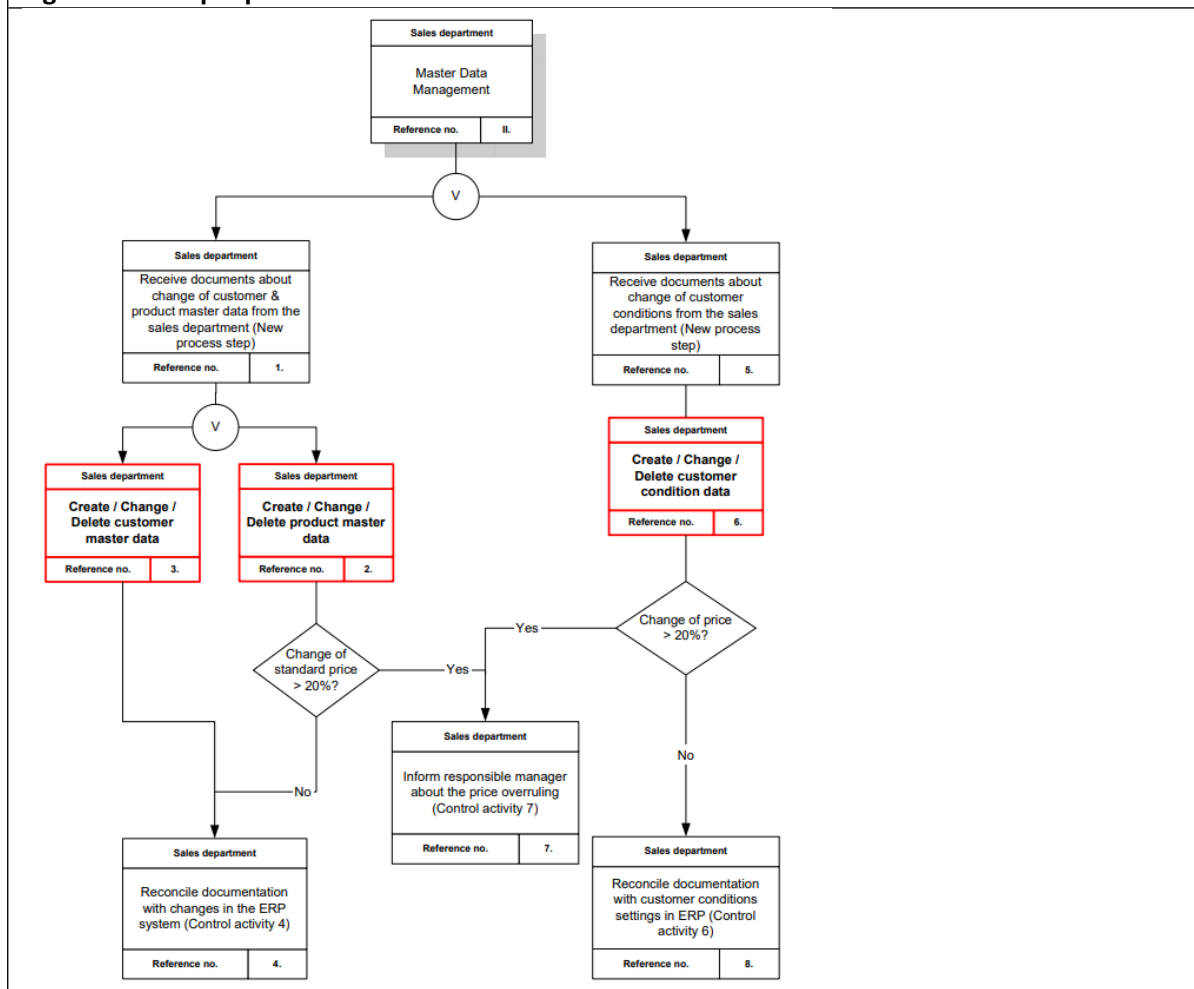
Figure 3: Mapping				
Level 1	Level 2	Level 3	Key system 1	Key system 2
Pay	Agenda for change staff	Core hours	ESR	Allocate
		Overtime		
		Bank		
		etc		
	Medical and Dental	Core contract		
		Enhancements		
		etc		

- 2. Develop process charts to understand the link from chart of account to key systems. These may summarise a number of the variables within Level 2 and 3, above, into a number of key cycles. These might include pay, non-pay, taxation, PPE, etc. This allows the key cycle to be visualised as a whole and thereby gain a deeper understanding of the processes and controls and how they relate to one another.

This would include key controls within the Oracle Ledger system and Blackline.

Process charts should follow standard reporting protocol, example below:

Figure 4: Example process chart



Each control will then be referenced in a summary to ensure that assurance is received over key account assertions.

The key account assertions should reflect normal audit assertions, in that they need to be:

- Complete: all transactions and accounts that should be recorded, are recorded
- Accurate: all transactions and accounts should be recorded at the correct amount
- Valid: all transactions are valid, and have been and in line with accounting standards and the Health Board's Standing Orders and Standing Financial Instructions
- Restricted: only authorised people are allowed to make changes, and there are review processes to ensure that segregated duties are in place.

Controls themselves are one of three types:

- Preventative: designed to prevent an adverse event from occurring, such as controls on who can access a bank account
- Detective: designed to identify an issue which has occurred, such as balance sheet reconciliations
- Monitoring: designed to monitor the overall effectiveness of preventative and detective controls, such as reports made to ARAC.

Figure 5: Example cycle control documentation									
Cycle	Cash								
Cycle risk	There is a risk that the reported cash is subject to theft, and not a true reflection of the balance held in the account.								
Control reference	Description	Frequency	Account assertions				Control type		
			C	A	V	R	P	D	M
1	The cash book is reconciled monthly to the bank balance and is independently reviewed	Monthly	x	x		x		x	

Throughout the process, control deficiencies should be clearly documented and reported, with a plan to rectify.

3. Expand the work in 2 to include controls within key systems. This would encompass controls within ESR, our CHC system, RAM etc.
4. Assess the design effectiveness of controls in totality when key systems are included; documenting any system-wide deficiencies and develop a plan to address.
5. Develop a reporting pack to confirm compliance with key controls.
6. Work with Internal Audit on a programme of audit work which tests compliance on a risk-based approach.

Conclusion

The financial accounting team are tasked with developing a workplan which incorporates this thinking and reporting back on how this can be delivered. It is recognised that this is a major piece of work and may require support from other teams.

Excluded from scope are:

1. Control environment. This will be completed through the financial training for non financial managers.
2. Corporate governance, including risk assessment and management. This is the domain of the Director of Corporate Governance.

Hywel Dda UHB

Finance Function

Financial Compliance in Hywel Dda UHB

11 September 2023

Agenda

1 Background & issue

2 Proposed process

3 Workplan

4 Timetable

Background & issue

- Background:
 - Ensuring compliance with financial governance and reporting procedures is an increasing and urgent imperative for the Health Board given increasing financial pressures and need to ensure robust financial reporting within that context
 - Adoption of the 'True North' principles by the finance team has enhanced the cultural understanding of the imperative of good governance
- The issue:
 - There remains a gap in assuring that compliance is embedded across the organisation

Proposed process

- Proposed process:
 - a) Map chart of accounts (CoA) to underlying sources of data (**in progress**)
 - b) Develop process charts to understand link from CoA to key systems
 - c) Expand b) to include controls within key systems
 - d) Assess design effectiveness of controls
 - e) Develop reporting pack to confirm compliance with key controls
 - f) Develop audit work programme

- a) Map chart of accounts (CoA) to underlying sources of data (**in progress**)
 - 3 levels of detail: Levels 1 & 2 from Subjective Hierarchy; Level 3 expansion
 - Mapping includes Key Systems, Manual inputs & journals
- Knowledge base:
 - CPT/Feeders – Income & Expenditure
 - Financial Accounts – Balance Sheet
 - Capital – PPE
 - Liaise with FBPs where required
- Mapping of Income & Expenditure Account, with example re Pay:

Workplan (continued)

INCOME & EXPENDITURE Level 1	Level 2a	Level 2b	Level 3	Key System 1	Key System 2	Manual inputs	Journals		Level 1	Level 2a	Level 2b	Level 3	Key System 1	Key System 2	Manual inputs	Journals
ALLOCATION									INCOME							
ALLOCATION									INCOME FROM ACTIVITIES							
	ALLOCATION - NCL									DENTAL INCOME						
	ALLOCATION - REVENUE									ENGLISH FOUNDATION NHS TRUSTS						
	ALLOCATION - CAPITAL									INJURY COST RECOVERY						
EXPENDITURE										LOCAL AUTHORITIES						
NON PAY										LOCAL HEALTH BOARDS						
	CAPITAL & DEPRECIATION									NHS TRUSTS - WELSH						
	CLINICAL SERVICE & SUPPLIES									NON WELSH HEALTH ORGS						
	ESTABLISHMENT EXPENSES									OTHER INCOME FROM ACTIVITIES						
	EXTERNAL CONTRACT STAFFING & CONSULTANCY									PRESCRIPTION CHARGES						
	GENERAL SUPPLIES & SERVICES									PRIVATE PATIENTS						
	MISCELLANEOUS SERVICES									Specialist Health Authority						
	PREMISES & FIXED PLANT									WELSH GOVERNMENT						
	PRIMARY & SECONDARY CARE									WHSSC						
	PURCHASE OF HEALTH CARE SERVICES								OTHER OPERATING INCOME							
	SERVICES FROM OTHER NHS BODIES									ACCOMMODATION AND CATERING						
	SLR Recharges									BUSINESS UNIT						
PAY										CHARITABLE & OTHER CONTRIBUTIONS						
	ADD PROF SCIENTIFIC AND TECHNICAL									EDUCATION & TRAINING						
	ADDITIONAL CLINICAL SERVICES									LAUNDRY, PATHOLOGY & PAYROLL						
	ADMINISTRATIVE & CLERICAL									MORTUARY FEES						
	ALLIED HEALTH PROFESSIONALS									NON-PATIENT CARE INCOME GENERATION						
	ESTATES AND ANCILLIARY									NWSSP						
	HEALTHCARE SCIENTISTS									OTHER INCOME						
	MEDICAL AND DENTAL		Core Contract Enhancements							PATIENT TRANSPORT SERVICES						
	NURSING AND MIDWIFERY REGISTERED	AAC	Core hours Overtime Bank	ESR	Allocate					RECIPT OF DONATED ASSETS (NEW NAME)						
	PAY BUDGET ADJUSTMENTS									STAFF PAYMENTS FOR USE OF CARS						
	STUDENTS															

Workplan (continued)

- b) Develop process charts to understand link from CoA to key systems
 - Liaise with Internal Audit – any coverage/existing process charts in place?
 - May summarise variables from Level 2 and 3 in step a) above into key cycles
 - Key cycles enable greater understanding of processes and controls
 - Each control will then be referenced in a summary to ensure that assurance is received over key account assertions (complete, accurate, valid and restricted)
 - Each control can be preventative, detective or monitoring
 - Example in respect of Cash cycle:

Key cycle control documentation:									
Cycle	Cash								
Cycle risk	There is a risk that the reported cash is subject to theft, and not a true reflection of the balance held in the account.								
Control reference	Description	Frequency	Account assertions				Control type		
			C	A	V	R	P	D	M
1	The cash book is reconciled monthly to the bank balance and is independently reviewed	Monthly	x	x		x		x	

- Control deficiencies to be documented and reported, with a plan to address.

Workplan (continued)

- c) Include controls within key systems
 - Document controls within the key systems e.g. ESR, CHC system, RAM, Allocate, Intrepid
 - Liaise with Internal Audit/Audit Wales – any existing documentation to facilitate?
- d) Assess design effectiveness of controls
 - Documenting deficiencies across systems and developing plan to address
 - Liaise with Internal Audit/Audit Wales – any existing documentation to facilitate?
- e) Develop reporting pack to confirm compliance with key controls
 - Liaise with Internal Audit/Strategic Performance Team
 - Dashboard style reporting
- f) Develop audit work programme
 - Work in conjunction with Internal Audit
 - Compliance testing on a risk based approach

Timetable

Timetable - provisional																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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Update: 29 Sept 2023

- Identify Finance staff/internal/external support:
 - a) CPT team; Systems team (post month end)
 - b) External consultant
 - c) Counter Fraud
 - d) Workforce
 - e) Payroll
 - f) Medical Directorate
 - g) Internal audit
 - h) Audit Wales