

Hywel Dda University Health Board

Welsh Risk Pool Claims

Final Internal Audit Report

December 2020

Private and Confidential

NHS Wales Shared Services Partnership

Audit and Assurance Services



Contents	Page
1. Introduction and Background	4
2. Scope and Objectives	4
3. Associated Risks	4
<u>Opinion and key findings</u>	
4. Overall Assurance Opinion	5
5. Assurance Summary	6
6. Summary of Audit Findings	7
7. Summary of Recommendations	8
Appendix A	Management Action Plan
Appendix B	Assurance Opinion and Action Plan Risk Rating
Review reference:	HDUHB-2021-03
Report status:	Final Internal Audit Report
Fieldwork commencement:	11 th November 2020
Fieldwork completion:	17 th November 2020
Draft report issued:	25 th November 2020
Management response received:	2 nd December 2020
Final report issued:	2 nd December 2020
Auditor/s:	Sian Bevan
Executive sign off:	Mandy Rayani (Director of Nursing, Quality and Patient Experience)
Distribution:	Louise O'Connor (Assistant Director of Patient Experience & Legal Services) Claire Pickett (Redress & Legal Services Manager)
Committee:	Audit & Risk Assurance Committee



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

ACKNOWLEDGEMENT

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

Disclaimer notice - Please note:

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

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit & Risk Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Hywel Dda University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction and Background

The review of Welsh Risk Pool Claims originated from the 2020/21 internal audit plan. The relevant lead Executive Director for the assignment was the Director of Nursing, Quality & Patient Experience.

The Welsh Risk Pool (WRP) is a risk-pooling scheme which reimburses member organisations (i.e. Local Health Boards and Trusts) for losses incurred as described in WHC 2000(12). Claims for reimbursement must be made in accordance with the WRPS Reimbursement Procedure and will be considered by the WRP Services Advisory Board. All successful claims are subject to an excess of £25,000.

The WRP requires that a proportion of claimed costs submitted to it for reimbursement are subject to internal audit review. This audit was undertaken to meet that requirement with testing carried out on claims submitted during 2020/21.

2. Scope and Objectives

The overall objective of this audit was to confirm the accuracy of reimbursements sought from the Welsh Risk Pool in line with the WRP concerns and compensation process.

The following objectives were reviewed as part of this audit:

- The accurate and timely submission of the Learning from Events Report to the Welsh Risk Pool for submitted claims into the Health Board;
- Case Management Reports and Cost Schedules are submitted for all settled claims;
- The Checklist U1 Form, together with the Learning from Events Report, is submitted within four months of the approved settlement date; and
- All claims submitted are accurately entered onto the DATIX Risk Management Database.

3. Associated Risks

The potential risk considered in the review was as follows:

- Claims costs reimbursed from the Welsh Risk Pool are inaccurately recorded and are not appropriately authorised by Health Board senior management.


OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

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

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with Welsh Risk Pool Claims is **Substantial** assurance.

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

Overall, the controls in place to process claims in line with Welsh Risk Pool (WRP) reimbursement procedures are of a satisfactory standard. We concluded that sampled claims had been accurately completed on designated reporting templates, appropriately authorised by individuals within their designated financial limits and submitted to the WRP within the agreed timeframes.

One medium priority finding was identified with regards to some minor inputting errors recorded within the DATIX system.

5. Assurance Summary

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

Audit Objective		Assurance Summary*			
1	The accurate and timely submission of the Learning from Events Report to the Welsh Risk Pool for submitted claims into the Health Board				✓
2	Case Management Reports and Cost Schedules are submitted for all settled claims				✓
3	Checklist U1 Form, together with the Learning from Events Report, is submitted within four months of the approved settlement date				✓
4	All claims submitted are accurately entered onto the DATIX Risk Management Database			✓	

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

Design of Systems/Controls

The findings from the review have highlighted no issues that are classified as weaknesses in the system control/design for Welsh Risk Pool Claims.

Operation of System/Controls

The findings from the review have highlighted **one** issue that is classified as a weakness in the operation of the designed system/control for Welsh Risk Pool Claims. This is identified in the Management Action Plan as (O).

6. Summary of Audit Findings

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

Of the 14 closed claims over £25k recorded since 1st April 2020, Internal Audit selected a sample of five to consider in detail and review compliance with the new Welsh Risk Pool (WRP) Reimbursement Procedures.

Claim Reference Number	DATIX Listing Closed Date
HD/MN/339	20/05/2020
MN938	22/07/2020
HD/MN/666	22/05/2020
HD/MN/581	16/09/2020
HD/MN/562	20/05/2020

OBJECTIVE 1: The accurate and timely submission of the Learning from Events Report to the Welsh Risk Pool for submitted claims into the Health Board

The amendments to the WRP Reimbursement Procedure requires a Learning from Events (LfE) Report for all cases which had triggered the decision to settle as of 1st October 2019. To aid Health Board during this transitional period, the WRP extended the 60 working-day deadline until 24th December 2019.

A review of the five sampled claims identified four instances where an LfE Report had been completed, signed by appropriate individuals and submitted within agreed timeframes. One sample claim (MN938) held an appropriately completed Appendix S form as it was processed prior to the introduction of the new procedure.

No matters arising.

OBJECTIVE 2: Case Management Reports and Cost Schedules are submitted for all settled claims

The amended WRP Reimbursement Procedure requires a Case Management Report and Cost Schedule to be submitted to the WRP within 12 weeks of the agreed settlement date.

A review of the five sampled claims confirmed the accurate completion, authorisation and timely submission to the WRP of Case Management Reports and Cost Schedules.

No matters arising.

OBJECTIVE 3: The Checklist U1 Form, together with the Learning from Events Report, is submitted within four months of the approved settlement date

The former Appendix U form has now been replaced by the Checklist U1 form as part of the revised WRP Reimbursement Procedure. A review of the five sampled claims confirmed the accurate completion, authorisation and timely submission of Checklist U1 forms to the WRP.

No matters arising.

OBJECTIVE 4: All claims submitted are accurately entered onto the DATIX Risk Management Database

A review of the DATIX Financial Report for the five sampled claims identified instances of input inaccuracies within the DATIX system versus the submitted Final Cost Schedules to WRP.

These input inaccuracies were raised with the Redress & Legal Services Manager during fieldwork and some were addressed at the time. These minor errors do not impact on the WRP Reimbursement Procedure with DATIX used as a recording system with no financial impact.

See Finding 1 at Appendix A.

7. Summary of Recommendations

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


A summary of these recommendations by priority is outlined below.


Priority	H	M	L	Total
Number of recommendations	0	1	0	1


<p>Finding 1 – DATIX Administration Errors (0)</p>	<p>Risk</p>
<p>A review of the DATIX Financial Report for the five sampled claims identified instances of input inaccuracies within the DATIX system versus the submitted Final Cost Schedules to WRP.</p>	<p>Claims costs reimbursed from the Welsh Risk Pool are inaccurately recorded.</p>
<p>Recommendation 1</p>	<p>Priority level</p>
<p>Management should ensure that DATIX accurately reflects the claim information as per the Final Cost Schedule and where errors/omissions have been identified, they are rectified promptly in order to maintain accurate claim records.</p>	<p>MEDIUM</p>
<p>Management Response</p>	<p>Responsible Officer/ Deadline</p>
<p>The recommendation has been reviewed and actioned by the Legal Services Team and the error has been rectified; there was no financial implication associated with this; however to ensure ongoing data accuracy, the legal services managers will ensure that Datix is checked and cross referenced with the reimbursement documentation, at the time of the Welsh Risk Pool submission going forward. The Head of Legal Services will audit this on quarterly intervals, by selecting random cases, to ensure the system is being implemented consistently.</p>	<p>Head of Legal Services 2nd December 2020</p>


Appendix B - Assurance Opinion and Action Plan Risk Rating

2020/21 Audit Assurance Ratings

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

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

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

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

Prioritisation of Recommendations

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

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

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



Office details: St Brides
St David's Park
Carmarthen
Carmarthenshire
SA31 3HB

Contact details: 01267 239780 – james.johns@wales.nhs.uk