



PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 June 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Assurance Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

**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;
- Take assurance from management that Blackline is performing as expected;
- Note that the Director of Finance has authorised the opening of a project bank account in line with Standing Financial Instruction (SFI) 7.2.2, the risks of which are highlighted in Appendix 5.

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

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

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

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

Financial Assurance Report

1.1 Purpose

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

Figure 1: Compliance requirements for the Audit and Risk Assurance Committee		
Compliance requirement	Reporting	Frequency
Scheme of delegation changes	<ul style="list-style-type: none"> • Exception reporting for approval 	As and when
Compliance with Purchase to Pay requirements	<ul style="list-style-type: none"> • Breaches of the No PO, No Pay policy • Instructions for noting • Public Sector Payment Policy (PSPP) compliance • Tenders awarded for noting • Single tender action 	Quarterly
Compliance with Income to Cash requirements	<ul style="list-style-type: none"> • Overpayments of staff salaries and recovery procedures for noting 	Quarterly
Losses & Special payments and Write offs	<ul style="list-style-type: none"> • Write off schedule • Approval of losses and special payments 	
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 	Quarterly
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

Financial Assurance Report

2.1 Scheme of delegation changes

No changes to approve

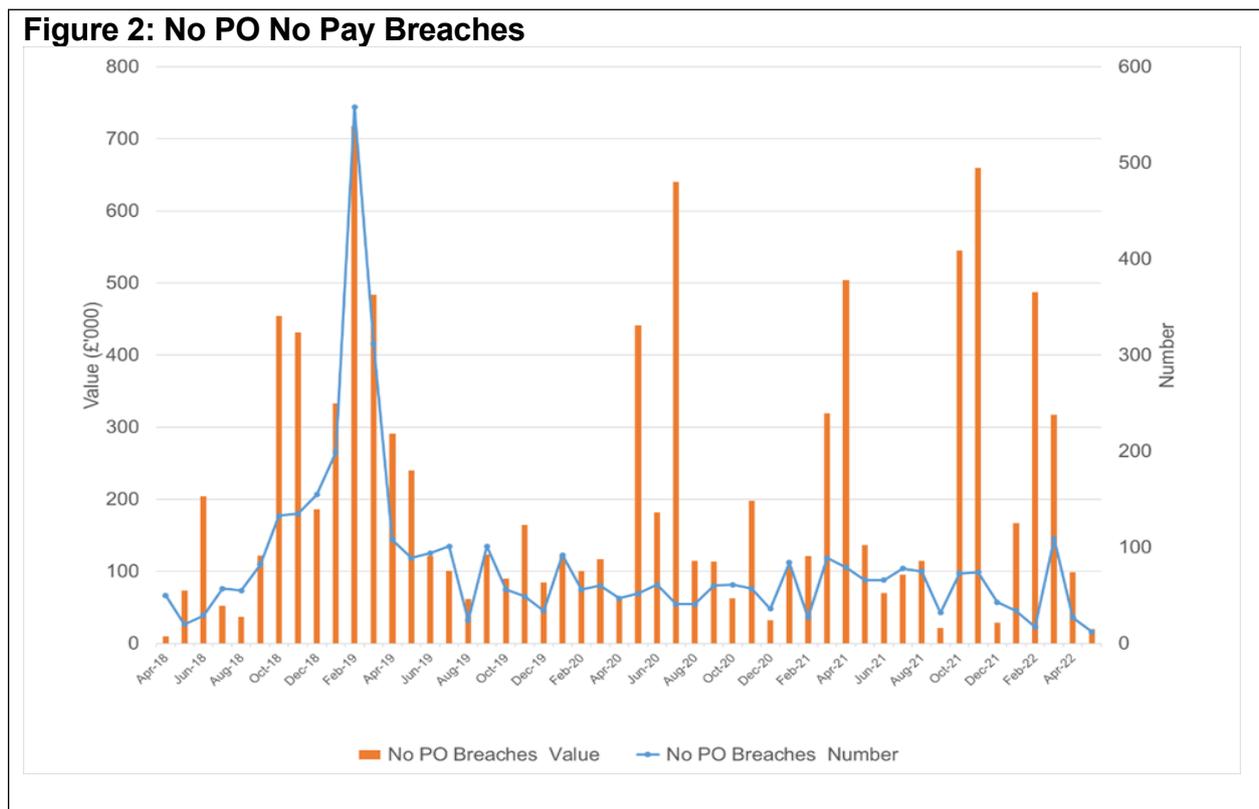
2.2 Compliance with Purchase to Pay Requirements

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 received through the Oracle system.

Figure 2 below illustrates the numbers and value of breaches against the No PO No Pay policy. This consisted of 39 breaches totalling £0.119m during the months of April and May 2022, the cumulative position as at end of May was 277 breaches, £0.326m in total (31st March cumulative was 292 breaches, £0.438m in total).

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



2.2.2 Public Sector Payment Policy (PSPP) Compliance

The Health Board has achieved its PSPP target of paying 95% of its NHS invoices within 30 days for April and May with 96.39% and 96.14% respectively, however of its non-NHS invoices it achieved its target in April with 97.12%, but failed in May to achieve its target with 93.66%

Financial Assurance Report

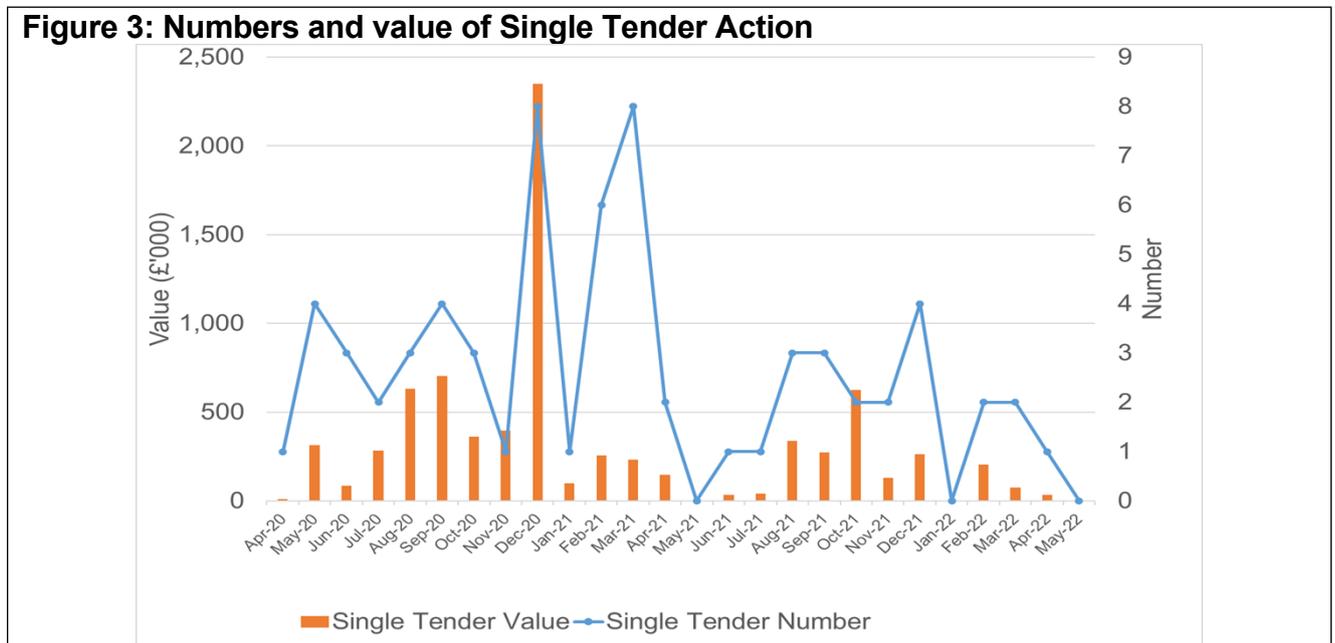
The failure to achieve the May target for non-NHS invoices was mainly due to the considerable increase in invoices received for Agency Nurses. An additional 1089 invoices (£341k) relating to aged payables were received in May, as there has been an issue across Wales with agencies not sending invoices through in a timely manner. This issue has now been resolved and should see an improvement in the PSPP figure moving forward.

2.2.3 Single Tender Actions

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

There was 1 Single Tender Action (in excess of £25,000), approved in the period from 1st April 2022 to 31st May 2022, totalling £35,277, as detailed in Appendix 1.

The graph below (Figure 3) shows the trend of all Single Tender Actions (STA) approved from 1st April 2020 to 31st March 2022.



For completeness a list of all STAs over £25,000 approved during 2021/22 is also included at Appendix 1.

2.2.4 Tenders Awarded

There were 10 contracts awarded, including direct awards through framework (in excess of £25,000) during the period from 1st April 2022 to 31st May 2022, totalling £2,663,409, details of which can be seen in Appendix 2.

2.2.5 Consultancy contracts

There were 2 consultancy contracts awarded from 1st April 2022 to 31st May 2022 and one relating to 2021/22 not previously reported, totalling £277,353, details of which can also be seen in Appendix 2.

Financial Assurance Report

2.2.6 Overdrawn on account

The Committee is asked to note that the Health Board was overdrawn on the RBS account at the end of April 2022. A request was made for £5m emergency cash from WG, in line with our normal process, but it was found on 3rd May 2022 that the funding had not been received. WG acknowledged that it was an oversight on their part and apologised that this had been simply missed. WG have confirmed that there is no penalty for going overdrawn.

The Health Board Finance Team has identified the following additional controls/process improvements to minimise the risk of this happening again.

<u>Task</u>	<u>Timescale</u>
Funding up of commercial account to be done by 09:15, authorisation by 10:30	Week commencing 16 th May
Cashbook to be updated by 10:15	Week commencing 16 th May
Cash flow to be updated daily by 11:00 (once new monthly cash flow has been prepared in line with the MR deadlines)	Week commencing 16 th May
All income/funding to be monitored for receipt by cashbook officer	Week commencing 16 th May
Train new B6 on cash flow process	To commence in June 2022
Copy Financial Control & Governance (WG) into emails sent to the Finance Directorate WG to request cash (as per their instructions)	Immediate
Request confirmation of receipt from WG when submitting FIS	Immediate

2.2.7 Blackline

Further to the receipt of the Internal Audit review of the Blackline Financial Reconciliation System (Non-opinion Review) at the 5th May 2022 meeting, ARAC requested management assurance that the Blackline system is operating as intended. A briefing note setting out the reasons for acquiring Blackline and the progress to date are set out in Appendix 4.

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.

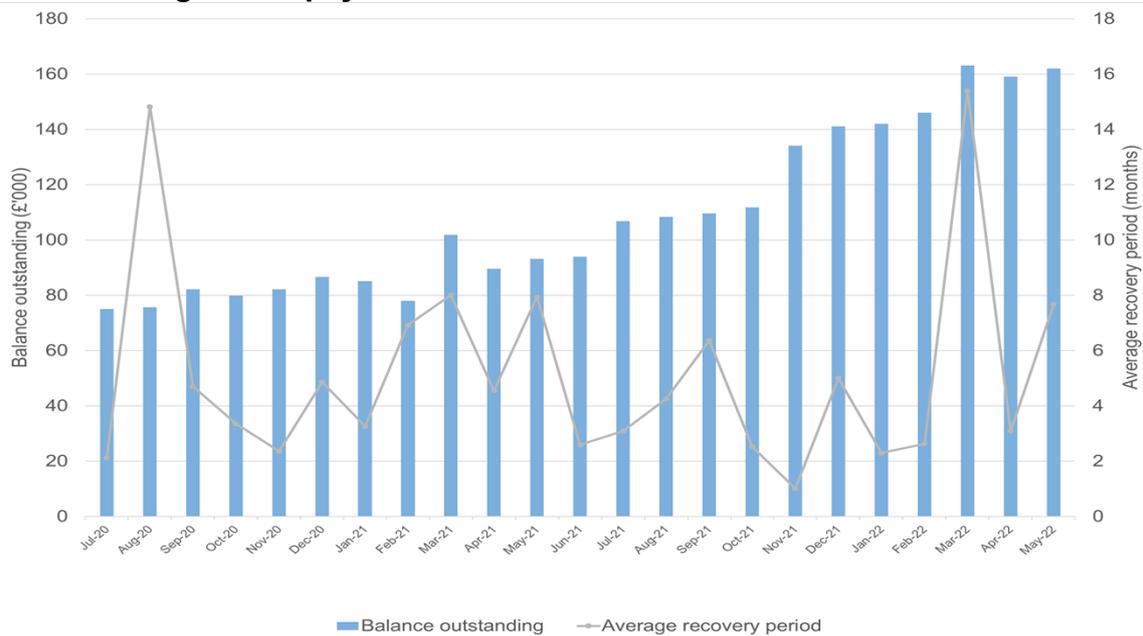
Appendix 3 shows the volume and value of invoices raised in respect of overpayments for the period 1st April – 31st May 2022; 10 cases totalling £13,652.73.

The graph below (Figure 4) 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 volume & value of invoices raised in the period April to May 2022 was less than in the previous period, with the total value raised being £14k compared with £49k in the previous period. The overall debt balance has stayed at a similar level over the period from

Financial Assurance Report

April to May 2022 as it was at the end of the previous period. The average recovery period has decreased from 15 months in the last period to 8 months at the end of this period.

Figure 4: Trend of aged overpayments and recoveries



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

- Workforce to liaise with specific managers where there are repeat overpayments (due to late submission) to raise awareness of the impact – encourage earlier completion of paperwork.
Complete - further communications issued to all staff via the HB's team brief and Counter Fraud (CF) newsletter. Additional, communications to budget holders have been issued via the finance dashboard system.
- Include in manager passport training – Counter Fraud will include a section on this issue within their Managers Passport input.
Outstanding - to date the managers passport has not resumed. Learning and Development will be notifying CF once the new programme is up and running.
- Counter Fraud Team to provide updates to Workforce on lessons learnt from their cases – this has been agreed and updates will be provided on all overpayment cases as and when they are concluded.
Complete – Ongoing as and when cases arise. Where a CF investigation is commenced into an overpayment and a recommendation to reduce risk of re-occurrence is identified, this will be reported to ARAC via the CF in- committee session and responses from relevant departments tracked.

Financial Assurance Report

- Raise overpayments at relevant groups/committees.
Complete – issue being raised when opportunity arises.
- Payroll to produce leavers overpayment report and employee overpayments report each month for managers and send together with overpayment letters for issue/discussion with their employees – an overpayment letter has been drafted and was discussed and agreed by Workforce and Payroll. It will be rolled out following approval of the new Policy.
Partial - Payroll have been providing monthly reports to both Finance and Workforce, highlighting all overpayments, providing details of the employee concerned, department, supervisor details and reason for overpayment. The Policy has progressed through the relevant review and approval stages and will be presented for sign-off to the People, Organisational Development and Culture Committee (PODCC) on 20th June 2022. Once in operation, this action will be implemented.
- Payroll to produce covering email to managers from Payroll explaining their role in the recovery process and repayment parameters they can work within/when to refer to Finance Business Partner for escalation due to amount or repayment period – This has since been incorporated into a new Under and Overpayments Policy, which places a focus on Management actions, in particular discussing the overpayment with the employee concerned, explaining why the overpayment has occurred and agreeing a repayment plan, making line managers more accountable/involved in the process. (See below)
Outstanding - Once the new Policy is operational, this action will be implemented.
- Further review/refinement of overpayments/underpayments policy – an all-Wales policy is currently being produced by NWSSP; however, in the interim period, a fast track working group has been created and a revised Health Board Policy produced. This is now at the consultation stage, with implementation due in Quarter 1 2022/23.
Outstanding - Once the new Policy is operational, this action will be implemented.
- Communications on global email to encourage earlier submission of payroll changes – a global communication was issued by Workforce – Global messages have been issued to line managers, highlighting the importance of submitting accurate and timely employee change of circumstances or termination forms to Payroll. Additionally, Counter Fraud have raised awareness of the issue via the Health Board's Team Brief.
Complete – Further communications to be issued upon rollout of the new policy.

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

Digitalisation of Payroll Forms

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

- IT are in discussions with a Robotics Process Automation (RPA) provider (Northampton NHS Trust), who have undertaken a similar piece of work relating to both Oracle and ESR, with a view to establishing/identifying other means of automating the procedure.
- At the beginning of 2022, IT met with the NWSSP interim Head of Payroll and HDdUHB's Regional Payroll Manager to discuss current options. It was agreed that further work was required, as the current HDdUHB Office365 approach may not be compatible with NWSSP processes, due to licencing issues associated with various applications and the need for a co-ordinated national approach to developing a new solution. NWSSP Payroll advised IT that they

Financial Assurance Report

would explore potential options. HDdUHB offered NWSSP access to their newly developed dashboard application, with a view to developing it further across Wales.

- NWSSP Payroll have since confirmed that it is their ambition to digitalise and improve the current processes associated with new starters, staff changes and leavers, with a goal of establishing one process for all Health Boards, automating a number of the processes, and making it easier for all concerned. NWSSP Payroll have undertaken a review and have commenced a tendering process to identify a supplier who can develop such a system. The specification has been agreed and is in the process of being sent out for tender.

Update from NWSSP – Upon review an internal department was identified as a potential provider, however upon consideration, this was not to be the case and the matter has gone back out for tender.

- In the interim, HDdUHB will explore the possibility of improving the systems currently in place; however, we cannot discount the fact that managers will still be required to submit relevant information associated with a change of circumstances or termination of an employee's employment to Payroll in a timely manner.
- The overriding issue remains that the required documents are not being completed and delivered to Payroll in a timely fashion, resulting in overpayments due to untimely adjustments to the employee's payroll user profile / account. In view of this, options to improve this element have been considered and:
 - a new reminder / notification process will be introduced, utilising the current finance dashboards (linked to budgets), with finance sending out a monthly email to all budget holders, reminding them to check their payroll spend and ensure that all those paid that given month are current employees, whose details are correct and up to date.
Actioned
 - a reminder notification on the dashboard system itself will also be included, reminding managers that any adjustments to an employee's assignment, or details of any leavers / terminations need to be sent to Payroll ASAP.
Actioned

The Counter Fraud Department will undertake two pro-active exercises during the forthcoming financial year, looking at overpayments associated with leavers and movers. The first will take place in Quarter 1 and the second in Quarter 3; any system weaknesses will be reported to the Committee. *CF will be undertaking phase one in July 2022.*

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 no write-off in-excess of £5k during the period between 1st April 2022 and 31st May 2022.

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 £47,817.34.

Financial Assurance Report

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) and has been reviewing the account offered by NatWest for compliance with Welsh Government (WG) requirements around PBAs.

Details of the issues are set out in Appendix 5.

2.6 Compliance with Tax Requirements

2.6.1 Compliance with VAT Requirements

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

Key VAT issue	Update
Pembrokeshire field hospital VAT recovery clearance request	In October 2021, the Health Board was informed by HMRC that it does not consider the VAT incurred on the Licence to Occupy agreement entered into with Bluestone Resorts Ltd to be recoverable. Based on the advice of its VAT advisors, the Health Board requested a reconsideration by an independent HMRC officer. This reconsideration is currently underway. The Health Board responded to the first request for information in April 2022 and currently awaits HMRC's response. VAT incurred to date under the contract amounts to £1.030m, none of which has yet been recovered.
Capital Front of House Scheme (Bronglais Hospital)	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. Correspondence from HMRC on 28 th January 2022 stated that the matter is still under consideration and that HMRC has not yet reached a decision.
Pharmacy rebates VAT reclaim	The Health Board has instructed its VAT advisors to submit a claim to HMRC on the Health Board's behalf for the repayment of VAT which it had incorrectly accounted for on invoices raised to a pharmaceutical supplier for the purpose of requesting the payment of volume rebates. As the requesting of rebates is not considered a "supply" for VAT purposes, VAT was not accountable. The total amount of VAT being claimed is £96k. The claim was submitted to HMRC in May 2022.
HMRC 2018-19 COS VAT recovery review	Data requested by HMRC for the purpose of this review was successfully transferred to HMRC in October 2020. The Health Board continues to await further correspondence from HMRC. The Health Board has a provision in place for potential liabilities arising from this review.

Financial Assurance Report

Key VAT issue	Update
BT PSBA network – VAT recovery non-statutory clearance request	The Health Board continues to await HMRC's conclusion on the recoverability of the VAT being incurred on the Health Board's service charges for the BT PSBA network. An update was received in May 2022 confirming that the matter is still under consideration. The Health Board continues to recover the VAT in question in full. VAT potentially repayable to HMRC amounts to circa. £120k, which is provided for.

2.6.2 Compliance with Employment Tax Requirements

No updates or issues to report.

2.7 Compliance with reporting requirements

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

IFRS 16 – has come into effect from 1 April 2022.

Financial Control Procedures (FCPs) – further to the sign off by the Finance Academy Board of the good practice guide for FCPs, which Hywel Dda Finance representatives led, work is continuing to develop the product into an on-line tool that will be hosted on the Finance Academy Learning and Development platform.

3.1 Recommendations

The Committee is asked:

- to note the report;
- take assurance from management that Blackline is performing as expected;
- To note that the Director of Finance has authorised the opening of a project bank account in line with SFI 7.2.2, the risks of which are highlighted in Appendix 5.

Appendix 1: Single tender actions awarded

Ref	Supplier	Value (£)	One-off or Period	Department	Justification provided
HDD-STA-601	Rotamap, eRota management service for Carmarthenshire Anaesthetics Department	£35,276.62	2 Years - March 2022 to March 2024	Anaesthetics	CLW service provided under the e-Rota Agreement for the Carmarthenshire (GGH & PPH) Anaesthetics Department at Hywel Dda University Health Board previously competitively tendered. This is an annual contract renewal (with two year authorisation being sought) until an alternative system to manage Anaesthetics rotas can be tendered which Workforce Intelligence have confirmed will not happen prior to April 2024.
	TOTAL	£35,276.62			

Appendix 1: Single tender actions awarded

Ref	Period covered by this report:		1 Apr 2021	31 Mar 2022	Justification provided
	Supplier	Value (£)	One-off or Period	Department	
HDD563	British Red Cross	132,640.00	1/4/21 to 30/9/21	Community Services	<p>Current supplier is British Red Cross who have been contracted by the Health Board and Carmarthenshire County Council since 2018 for the CUSP (Carmarthenshire United Support Project), Home from Hospital and Home not Hospital services. Supplier is funded through varied sources: Core budget, percentage local authority, ICF and transformation funding. Contract is joint with Carmarthenshire County Council.</p> <p>Formal service reviews and regular performance outcome metrics are supplied which are forwarded to Welsh Government. Supplier is a third sector organisation who are monitored and reviewed by Carmarthenshire Association of Voluntary Services.</p> <p>This is an extension from 1st April 2021 until 30th September 2021. Re-tendering process to start in mid-April.</p>
HDD568	MVC Security - Streamline Leisure	£34,992.00	28/01/21 to ongoing period (approved June 2021)	Mass Vaccination Centre – COVID 19 arrangements	<p>Due to the immediate need to provide security this company already were providing services to the locality and were able to facilitate cover at short notice.</p> <p>To provide a security guard force at Furness Theatre, Llanelli to ensure the protection for the COVID-19 vaccine. The hours of work will depend on the availability of the vaccine and as such, the company has agreed to be flexible in the provision of their services.</p>

Appendix 1: Single tender actions awarded

HDD569	MRI Head Coil - Siemens	£39,582.43	One-off	Radiology Department BGH	MRI equipment of dedicated head coil compatible with Magnetom Sola Unit is supplied by Siemens healthcare limited. No other manufacturer provides a compatible alternative. (System ID – 006-MR00060860, Magnetom Sola)
HDD570	Hafal	£193,900.04	01/10/2021 to 31/09/2022	Mental Health and Learning Disabilities	<p>This contract is for the provision of a Sanctuary Service and Hospitality Bed in Ceredigion. This will be a pilot initiative for 12 months operated by Hafal, which will provide out of hours mental health crisis services. The Health Board currently commissions Hafal and Mind Llanelli to run an identical service in Carmarthenshire. Pembrokeshire Mind provide the same services in Pembrokeshire. Establishing the same service in Ceredigion will ensure parity across the Health Board footprint. This was also in line with the agreed approach outlined as part of the public consultation on 'Transforming Mental Health Services'.</p> <p>Due to the impact of COVID-19, further specialist support is required to ensure individuals have adequate crisis provision to avoid their symptoms escalating which may lead to attempted suicide, hospital admission, or worst case suicide.</p> <p>Hafal are best placed to provide this pilot service in Ceredigion as they have existing premises in Portland Road, Aberystwyth, within walking distance of Gorwelion Community Mental Health Centre. This means that the contract can commence immediately and they do not</p>

Appendix 1: Single tender actions awarded

					need to source accommodation or carry out any works on the premises.
HDD571	Mind Pembrokeshire	£121,153.68	01/09/2021 to 31/08/2022	Mental Health and Learning Disabilities	<p>In addition to the above contract covering Ceredigion, this contract is for the provision of a Sanctuary Service and Hospitality Bed in Pembrokeshire. This will be a pilot initiative for 12 months operated by Mind Pembrokeshire, which will provide out of hours mental health crisis services.</p> <p>Establishing the same service in Pembrokeshire will ensure parity across the health board footprint. This is in line with what was agreed as part of our public consultation on Transforming Mental Health services.</p> <p>Mind Pembrokeshire are best placed to provide this pilot service in Pembrokeshire as they have existing premises in Perrots Road, Haverfordwest which is centrally located and easily accessible for the Community Mental Health Centre (CMHC). This means that the contract can commence immediately as they will not have to source accommodation or carry out any works on the premises.</p> <p>Mind Pembrokeshire have been operating this service for 6 months to test initial need. However, it has been agreed that 6 months was not long enough to fully evaluate the service and determine future need. Therefore, this is to extend this provision for a period of 12 months bring in it operational in line with the other 2 sites to enable a full and through evaluation of all Sanctuary and Hospitality Bed provision across the health board footprint.</p>

Appendix 1: Single tender actions awarded

HDD572	Messrs Lewis Construction Building Contractors Wales Ltd	£149,538.69	27/09/2021 to 05/11/2021	Women & Children Directorate	<p>This request is a direct result of surge planning and scoping following direction by Welsh Government and will support the HB in ensuring paediatric flow is maximised while minimising the demand on other elements of the acute service pathway (ED, WAST etc.)</p> <p>The latest performance indicators summary confirms that during week 32 (ending 15/08/2021) numbers of confirmed cases of Respiratory Syncytial Virus (RSV) in children aged under 5 years continued to increase across Wales. Activity exceeds the threshold that would normally indicate very high intensity seasonal activity. RSV did not circulate over the 2020-21 winter and it is unclear whether the current increase will progress to follow the usual epidemic pattern for RSV and there is potential for a more severe season this year.</p> <p>There is a capital requirement/investment needed at the cost of £90,966 to create the additional clinical capacity required to support the RSV surge.</p> <p>Welsh Government has indicated that there will be a funding allocation for revenue and capital, the value of which has yet to be agreed.</p> <p>Whilst the demountables required are on the framework as a 12 month rental, the enabling works for the demountables along with the internal works would require a compliant tender process (SFI).</p> <p>A fully complaint tender process SFI is 21 weeks from approval to completion, a Single Tender action process STA is 11 weeks from approval to completion.</p> <p>As the predicted peak of activity is November 2021, a 21 weeks process exceeds the timescale of the predicted peak which impacts on the ability to meet the surge and</p>
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Appendix 1: Single tender actions awarded

					<p>will impact on the flow of ail acute paediatric admissions creating significant clinical risk</p> <p>This STA relates to the above work for the Glangwili General Hospital Site.</p> <ul style="list-style-type: none"> • The demountable buildings are being procured/rented via an approved NHS framework on a direct award basis with a lead-time of 6no weeks • The internal alteration work within the ward and the site enablement/installation & commissioning work associated with the demountable buildings will be via STA route. The project planning, detailed design stage, building regulations — full plans, cost schedules / submissions and mobilisation period would be undertaken in parallel to the procurement/construction of the building. <p>STA route for the internal alteration work, enablement/ installation and commissioning would be undertaken by Messrs Lewis Construction Building Contractors Wales Ltd. They are the appointed contractor for the GGH Research & Development Project competitively tendered in May 2021. They are available to commence the work within two weeks as confirmed in the contract preliminaries.</p> <ul style="list-style-type: none"> • Contractors preliminaries & general conditions to be based on a direct equivalent to the GGH R&D project Labour costs to be based where applicable on those used on the GGH R&D
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Appendix 1: Single tender actions awarded

					<ul style="list-style-type: none"> • Mechanical & Electrical sub-contractors for GGH R&D will be utilised • Covid-19 impact costs will be aligned to latest tenders received
HDD573	The Lifestyle Clinic	£100,968.00	01/09/2021 to 31/03/2022	Primary Care	<p>The Lifestyle Clinic is the only clinic in Wales that offers intensive lifestyle advice and support. By combining the expertise of a multidisciplinary team (GP, diabetes nurse, dietician), there is a holistic approach to weight loss enabling people to make lifelong changes.</p> <p>Patients using this service are seen once a week and are able to communicate with the team in between sessions. This is the only service of its kind which is run by a GP which combines advice on diet, stress, sleep and exercise in one.</p> <p>The Lifestyle Clinic is the only service offering this provision. It has been engaged with the cluster since 2018.</p> <p>In 2019, this service helped reverse 17 diagnosis of type 2 diabetes which has a significant cost saving attached, as well as decreased referrals to secondary care and helped reduce medication for other patients.</p>
HDD576	Marie Curie, Severn Hospice and CRUSE	£599,984.00	01/04/2021 to 31/03/2022	Communities & Primary Care	<p>In May 2019, the Executive Team acknowledged the need to develop a Strategy to ensure optimal delivery of Palliative and End of Life care for our population. The HDdUHB consequently commissioned the development of a Strategy which commenced December 2020 and conclusion / Board approval of this work is due in October.</p>

Appendix 1: Single tender actions awarded

					<p>The strategy is indicating the need for change in service provision to meet the needs of our population and to ensure best practice in palliative / end of life care.</p> <p>Implementing such a change in service provision will require us to decommission existing contractual arrangements with our external providers and realign core Community services to deliver. While this work progresses, commissioned care and Support services provided by Marie Curie, Severn Hospice and CRUSE have continued with an extension to the existing contract to ensure continuity of service. This was considered essential to ensure patient safety.</p>
HDD579	Radio Carmarthenshire	£115,000.00	Oct-21 to Mar-25	CEO Office - Communications	<p>Only one local radio network that can provide adverts targeted specifically and exclusively to our communities in Ceredigion, Carmarthenshire and Pembrokeshire.</p> <p>Rejected national stations as we may confuse audiences who live in different areas and not in close proximity to our hospitals and it is more expensive.</p> <p>Discounted digitally based audio/film companies as we are doing radio adverts specifically to target the non-digital audience. Discounted newspaper adverts at this time, as tourists, who are also a key audience are more likely to hear radio in their accommodation/cars/tourist venues; than they are to read a local newspaper.</p>
HDD586	Netcall Technology Limited, Increase in NetCall licences to handle a	£63,890.40	December 21 to December 23	Digital Services	<p>The number of available telephone lines to the COVID Command Centre is running at full capacity and with the increased pressures for Vaccinations and Booster jabs additional phone line capacity is required to address the</p>

Appendix 1: Single tender actions awarded

	greater capacity of calls				current capacity issues and the expected increased demand.
HDD586	Maintel, Increase in Gamma SIP capacity and MITEL SIP licences to handle a greater capacity of calls	£31,407.00	December 21 to December 23	Digital Services	The number of available telephone lines to the COVID Command Centre is running at full capacity and with the increased pressures for Vaccinations and Booster jabs additional phone line capacity is required to address the current capacity issues and the expected increased demand.
HDD582	Spatial Quotient (SQ), Installation of a wireless Patient Flow Platform	£60,000.00	December 21 to February 22	Scheduled Care – Ophthalmology	This supplier specialises in installing a Patient Flow Platform, performing time in motion exercises for clinical areas over a minimum period of 3 months, and producing monthly reports on patient movement in the clinical areas, social distancing, amongst other aspects. The application for this grant originated from discussions with Bayer when trying to identify the best course of action to improve service flow, and SQ was a company known to Bayer as SQ has been carrying out this work in Moorfields and Belfast hospitals, in Ophthalmology services, and having good success. Not aware of any other providers to deliver this service in such a specific sub-specialty area. SQ are specialist in hospital flow management.
HDD583	British Medical Journal (BMJ), Advertising substantive consultant vacancies in a professional journal	£107,659.00	November 21 to November 24	Workforce: Resourcing and Utilisation	British Medical Journal is a weekly peer-reviewed medical trade journal, published by the trade union the British Medical Association. The BMJ has editorial freedom from the BMA. It is the world's oldest general medical journals – which enables us to advertise vacancies across all specialities ensuring the Health Board satisfies its statutory obligation to advertise substantive Consultant posts in a professional journal, as

Appendix 1: Single tender actions awarded

					well as other medical/hard to fill positions across all specialties.
HDD593	Hewlett Packard International Bank DAC (HPIB) C/O EMEA Channel Team - Software	130,588.76	February 2022 to September 2023	Digital Services	In 2020 after a tender exercise the replacement of the old backup solution Asigra was awarded to IOMart to implement the Rubrik & Cloudian solution. Over 75% of the backup estate has now been moved to Rubrik, but we now require additional storage capacity to cope with the increased number of servers to protect and maintain backup retention levels. The new tools in the Rubrik solution have allowed more accurate forecasting of storage requirements than was available with the older Asigra assessment tools. Also not being able to increase the storage on the new Rubrik environment means we need to keep the older Asigra environment and incur the cost penalties associated with that. While the Asigra hardware can still be supported, some Asigra hardware is due to be at end of life support at the end of 2021 so investment would then be needed to maintain the older environment, which will not be able to support backups of services with the Cloud as we move services into the Cloud. This is an extension of the current environment with the approved Rubrik & Cloudian partner.
HDD595	Advanced Fire Technologies (AFT)	75,091.06	One off Purchase	Estates Department	Following a HIW inspection and subsequent visit from the Fire Service (MWWFRS) of the property Ty Bryn on the Hafan Derwen site, issues were identified that the fire doors within the building were not up to current anti-ligature, anti-barricade or fire compliant specification. An agreed action plan to repair where possible and replace the doors where not was agreed with specific timescales. Without this agreement this will not meet the HIW improvement plan and Fire Service notice issued on the building and its service

Appendix 1: Single tender actions awarded

HDD596	Multi Medix	42,480.00	July 2022 to June 2023	Clinical Engineering	Quality Assurance of Ultrasound equipment has historically been undertaken by an external provider. Through a partnership agreement with Multi Medix, they will undertake QA during the contract period while also delivering training to Clinical Engineering staff. At the end of the contract, Clinical Engineering staff will then be in a position to undertake QA internally, negating the need for an external provider in future.
HDD599	Carl Zeiss Ltd	31,473.52	One off Purchase	Digital Services	The Health Board / Community Optometrists have existing Carl Zeiss cameras for their Ophthalmology Services and this equipment is required to connect the cameras to the new Digital Services. Without these workstations and licences, we would not be able to enable this project.

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

	Period covered by this report:		1 st April 2022	31 st May 2022	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
Direct Awards via Framework Agreement					
HDD-DCO-21-20	Leica Biosystems Ltd	£667,962.00	3 years	Pathology Services	Histopathology MLS Leica
HDD-DCO-22-01	Redcortex Ltd	£83,334.00	12 months	Digital Services	Azure Cloud Migration Support
HDD-DCO-22-02	Codebase8 Ltd	£344,375.00	9 months	Digital Services	Frailty Contract - Cognitive RPA intelligent automation and AI cloud platform and virtual workforce as a service
HDD-DCO-22-03	Allstar Business Solutions	£300,000.00	12 months (12 month extension available)	Transport	Fuel Cards
HDD-DCO-22-04	Atos IT Services UK Ltd	£45,450.00	10 weeks	Digital Services	Innovation workshops, to allow various senior staff to explore the digital opportunities, for the development of strategic direction in achieving a truly digital hospital.
HDD-DCO-22-05	British Red Cross	£265,280.00	11 Months	Communities (Carmarthenshire County)	Provision of Home from Hospital Patient Discharge Service
HDD-DCO-22-08	Portakabin Ltd	£65,373.39	3 Years	Estates	Provision of Hired Modular Building
HDD-DCO-21948-44	Hill-Rom	£763,976.00	one off purchase	Clinical Engineering	Vital Signs Monitors
HDD-DCO-21-10	St Joseph's	£80,000.00	5 months	Scheduled Care	Outsourcing of Cardiology MRI and CT Scanning

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

Awarded post competitive tender process					
HDD-ITT-49811	Carmarthen Mind	£47,658.70	1 Years (Option to extend by 1 Year)	Primary Care	Provision of Mental Health Active Monitoring Services for 11 to 18 Years Olds
	Total	£2,663,409.09			

Consultancy Contract awarded:

	Period covered by this report:		1 st April 2022	31 st May 2022	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
HDD-DCO-22-06	White Spider Enterprise Services Limited,	£33,333.33	1 year	Digital Services	Procure technical design and assurance services to assist in the implementation of Cisco SDA
HDD-DCO-21-17	Elemental Solutions	£154,020.00	3 years	Planning	Social Prescribing System
HDD-DCO-21-31*	Deloitte LLP	£90,000.00	3 months	Digital Services	Business Case Development
	TOTAL	£277,353.33			

* Relates to 2021/22 - not previously reported

Appendix 3: Overpayment of Salaries

Period covered by this report: 1 st April – 31 st May 2022			
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Late Notification of Reduction / Shortfall in Hours		
2	Payment Processed in error	400.72	1
3	Overpayment of Shifts / Hours / Unauthorised Leave	13,252.01	9
		13,652.73	10

Appendix 4: Blackline

Situation and Background

Approximately 40 staff are involved in reconciling around 500 balance sheet code combinations in the ledger each month. The reconciliations need to be completed in a timely manner, to strict deadlines, to ensure the integrity and accuracy of the financial ledger - all reconciliations to be prepared by day 5, approved by day 6 (for Business Partner reconciliations) and day 10 for the remainder and reviewed by the end of the month. This process was managed via Excel which made it manual and very laborious and difficult to quickly and easily view the status and content of each reconciliation.

Following a tender process the finance department purchased a cloud based software service (Blackline) designed to automate and control the financial close process. Three elements of the service were purchased:

- Account Reconciliations – aimed at automating and standardising reconciliations, to minimise the risk of material errors and misstatements and to release staff to perform value added activities
- Transaction Matching to streamline and automate matching of high volume reconciliation data eg bank reconciliations
- Task Manager – a command centre to manage accounting and finance tasks by utilising a hierarchical task list. Allowing users to track and control a variety of task types eg month end checklists

Assessment

A phased project management process has been undertaken (and is ongoing) to manage the implementation. The account reconciliation implementation is complete and went live in month 4 2021/2022. The month 4 Go Live was implemented by the Health Board project team to ensure that reconciliations were uploaded into Blackline in a controlled and timely manner.

The transaction matching implementation is partially live, with three of four bank accounts live and the remaining one is due to go live in the next two weeks. The Go Live process of the bank accounts involved parallel running of the bank matching process to ensure Blackline was working as expected.

The scope of this element has now been widened to include matching Nurse Agency shifts to the ledger – this is in the early stages of planning and timings for completion and going live have not been agreed yet.

The task manager implementation will commence once the transaction matching for bank account ledger codes is complete.

Account Reconciliation benefits - Whilst the same number of staff are involved in reconciling the same number of reconciliations, the expected benefits of automation and control have been achieved, as follows:

- Processes in place to easily identify and assign preparers, approvers and reviewers for each ledger code to be reconciled – this ensures completeness and timeliness of the reconciliations

Appendix 4: Blackline

- System auto certification processes in place, within specific set of criteria – this reduces time spent by staff in completing reconciliations, releasing staff to perform other value added tasks
- Transparency – dashboards and reports which show timing and status of reconciliations. Age of outstanding items. Example dashboard view of status of month 1 2022/23 reconciliations:

The screenshot shows a dashboard titled "Reconciliation Certification Status" with tabs for "Mine" and "Team". The dashboard displays a table with the following data:

Due Date	Not Prepared	Rejected	System Decertified	Prepared	Approved	Reviewed	System Certified	Not Required	Completed	Total
0/05/2022	4	0	0	134	28	0	52	0	2	220
0/05/2022	0	0	0	13	133	0	109	0	18	273
	4	0	0	147	161	0	161	0	20	493

At the bottom right of the dashboard, it says "a few seconds ago" with a refresh icon.

- Collaborative approach to our Blackline Success Path includes exploring new functionality and releases, optimising solutions and adopting best practice

Transaction matching expected benefits - manual weekly reconciliation of bank accounts with high volumes of transactions will cease once 'Transaction Matching' fully rolled out as this will be a monthly matching process. Progress on this will be reported at the next ARAC meeting.

Recommendation

ARAC notes the progress to date in resolving the manual labour intensive reconciling process and notes the benefits realised to date with the Account Reconciliation element of software purchased.

Appendix 5 Project Bank Accounts

Overview

The Health Board is now required to make payments for new major capital schemes through a Project Bank Account (PBA) and has been reviewing the account offered by NatWest for compliance with Welsh Government (WG) requirements around PBAs.

The Committee is asked to make a decision on whether to accept NatWest's account as a compliant PBA.

Background

Since 2019 new capital construction schemes over £2m funded from All Wales capital funds have been required to have a PBA, through which payments to the principal contractor and their sub-contractors are to be made. The objective of the introduction of PBAs is to ensure that sub-contractors are paid amounts owed to them in a timely manner, reducing the risk of payment not being received in the event of principal contractor failure, and enabling more rapid circulation of money through the economy. Payments to participating sub-contractors are made directly from the PBA.

In order to achieve these objectives, there are a number of requirements that a PBA must fulfil, for example, monies held in the account must not be able to offset any other of the principal contractor's liabilities. A detailed guidance document has been produced by WG setting out these requirements; contracting organisations must satisfy themselves that a proposed account is compliant with this guidance before making payments through the account. The guidance does not however provide confirmation of any particular banking providers with compliant account products.

Assessment

The Health Board currently has two capital projects in construction for which a PBA is required:

- Withybush Fire Compliance Phase 1
- Glangwili Fire Compliance Phase 1

Both projects are being delivered by the same principal contractor, Integrated Health Projects (IHP), who are an established joint venture between VINCI Construction UK and Sir Robert McAlpine. IHP's current bankers are NatWest, therefore IHP requested that the Health Board approve a PBA with NatWest, having been informed by the bank that they provide a PBA product.

As the query process advanced, NatWest provided a document on the terms and conditions of the account to IHP. These terms and conditions appeared to be those of a standard Business Account, rather than a specific PBA product. To supplement this, they provided a "side letter" which made additional statements about the suitability of the account as a PBA. WG guidance stated that the conditions in the following table needed to be confirmed in writing by NatWest on the offered PBA product.

Condition	NatWest response
The account is linked to a Trust Deed and the money is ring-fenced.	NatWest confirmed they acknowledged the existence of the Trust Deed but would not

	confirm operation of the account was governed by the deed, stating that this was a matter for the client (IHP)
The bank must be informed and acknowledge that a Trust Deed exists and that operation of the payments are governed by this Deed	NatWest confirmed they acknowledged the existence of the Trust Deed but would not confirm operation of the account was governed by the deed, stating that this was a matter for the client (IHP)
All of the contractors and sub-contractors signed up to the PBA Trust Deed should be paid at the same time, once authorisation has been given by the Trustees, payments are made typically made within 3-5 working days.	This is dependent on the type of payment made Faster Payments are instant, CHAPS is same day, BACS is three days, these timeframes are also dependant on the correct available funds in the account at the time of payment.
As the monies in the account are held under the Trust Deed arrangements they cannot be used to 'set off' (offset) any other contractor/supply chain liabilities.	NatWest have confirmed this in writing.
No cheque facility is to be made available on the account.	NatWest have confirmed this in writing.
No overdraft facility is to be available on the account.	NatWest have confirmed this in writing.

In line with WG Guidance we requested advice from our in house legal department on NatWest's account. When setting up a PBA, WG guidance requires that a Trust Deed is signed by both parties (contractor and contracting organisation) and requires that the bank acknowledges this Deed and that "the account operates under the Trust Deed arrangements required under the contract for the specific public sector project for the payment of named beneficiaries i.e. contractor and sub-contractors". This point was not covered by either the terms and conditions nor the side letter; the legal advice received was that the Health Board request that NatWest amend their side letter to incorporate this assurance.

The request to amend the letter was refused by NatWest. The Health Board has been in regular communication with the WG policy lead for PBAs with regards to this specific issue about acknowledging that the PBA operates under a trust deed. Written confirmation has now been received from WG confirming that NatWest do provide a compliant PBA, despite this point being unresolved. A decision is now required as to whether to proceed with NatWest on the basis of the opinion provided by WG.

In making the decision a consideration of the risks is appropriate. The primary risks in approving NatWest are as follows:

- The account does not operate fully as a PBA and does not fully provide the protections envisaged. As payments are currently being made to the contractors normal account this does not represent an increased risk level to the current situation.
- The account is not compliant with WG requirements. WG have confirmed their opinion that the NatWest account is compliant, therefore this risk appears to be mitigated by WG.

The risks in not approving NatWest are as follows:

- Continued delay whilst an alternative provider is sought. This increases the risk of money lost through a supplier failure which could be mitigated by a PBA. As a different bank would be a new provider for IHP this delay could be significant.
- There are a limited number of banks offering PBAs and there is a risk that a chosen provider may not accept IHP as a client purely for a PBA.
- There is a risk that the review process of a new provider could result in a similar situation and conclusions as with NatWest.

Therefore on the balance of these risks, it would seem appropriate to proceed with NatWest.

Recommendation

The Committee is asked to note that the Director of Finance has authorised the opening of a project bank account in line with SFI 7.2.2, the risks of which are highlighted above.