

Hywel Dda University Health Board

Welsh Risk Pool Claims

Final Internal Audit Report

December 2019

Private and Confidential

NHS Wales Shared Services Partnership

Audit and Assurance Services



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Appendix A Assurance Opinion and Action Plan Risk Rating

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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.

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1. Introduction and Background

This assignment originates from the 2019/20 internal audit plan. The review sought to provide the Health Board with assurance on compliance with Area for Assessment 23 of the Welsh Risk Pool (WRP) Concerns and Compensation Claims Management Standard. The Executive lead for this review 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 prior to October 2019.

2. Scope and Objectives

The overall objective of this audit was to confirm the accuracy of reimbursements sought from the Welsh Risk Pool as required within the WRP Claims Management Standard.

The main areas reviewed were:

- Appropriate and accurate completion and authorisation of Appendix U Cost Schedules by the Claims Manager;
- Appendix S Checklists are completed by the Claims Manager and signed by the Chief Executive and Nurse Director (or a delegated person), and forwarded to the Welsh Risk Pool; and
- All claims submitted are accurately entered onto the DATIX Risk management Database.

3. Associated Risks

The potential risk considered in this 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 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
<p style="text-align: center;">Substantial Assurance</p>		<p>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.</p>

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.

5. Assurance Summary

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

Audit Objective		Assurance Summary*			
					
1	Appropriate and accurate completion and authorisation of Appendix U Cost Schedules by the Claims Manager				✓
2	Appendix S Checklists are completed by the Claims Manager and signed by the Chief Executive and Director of Nursing, Quality & Patient Experience (or a delegated person), and forwarded to the Welsh Risk Pool				✓
3	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 no issues that are classified as weaknesses in the operation of the designed system/control for Welsh Risk Pool Claims.

6. Summary of Audit Findings

The Welsh Risk Pool (WRP) Claims Management Standard requires that Internal Audit undertake an annual audit of all claims that are subjected to the WRP Reimbursement Process.

A sample of five reimbursed claims was tested for the period January to September 2019 – reference numbers MN991, MN470, MN962, MN381 and MN812.

OBJECTIVE 1: Appropriate and accurate completion and authorisation of Appendix U Cost Schedules by the Claims Manager

A review of the five sampled claims confirmed the accurate completion and authorisation of Appendix U cost schedules by the Head of Legal Services or the Redress & Legal Service Manager.

No matters arising.

OBJECTIVE 2: Appendix S Checklists are completed by the Claims Manager and signed by the Chief Executive and Director of Nursing, Quality & Patient Experience (or delegated person), and forwarded to the Welsh Risk Pool

A review of the five sampled claims identified three instances where an Appendix S checklist had been completed, signed by appropriate individuals and retained on file.

The Health Board piloted a 'Learning from Events Report' in 2018 on behalf of WRP to improve the learning from clinical negligence claims and redress cases. The introduction of this report resulted in the Health Board being exempt from submitting the Appendix S document.

Of the two claims that had a completed 'Learning from Events Report' on file, we can confirm the reports were fully completed, signed-off by appropriate individuals and retained on file.

No matters arising.


OBJECTIVE 3: All claims submitted are accurately entered onto the DATIX Risk Management Database


We can confirm that the five sampled claims had been accurately input onto the Datix system, with the claims total accurately reconciling to the Appendix U cost schedule. In addition, we also noted evidence of the WRP reimbursement on file.


No matters arising.


Appendix A - Assurance Opinion and Action Plan Risk Rating

2019/20 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.



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