

Audit, Risk & Assurance Committee

08 September 2020, 10:00 to 13:00
Microsoft Teams

Agenda

1. PRELIMINARY MATTERS

 ARA_Agenda_08 September 2020_Final.pdf (2 pages)

1.1. Welcome and Apologies


1.2. Declarations of Interest

1.3. Minutes from the Previous Meeting, held 20 July 2020

 ARA_Item_1.3_Minutes_20 July 2020.pdf (10 pages)

1.4. Matters Arising from the Previous Meeting, held 20 July 2020

1.5. Committee Action Log


 ARA_Item_1.5_Action Log_08 September 2020.pdf (2 pages)

2. ITEMS FOR APPROVAL/RATIFICATIONS/DECISION

2.1. Application of Single Tender Waivers

 ARA_Item_2.1_Application for Single Tender
Waiver September 2020.pdf (8 pages)


2.2. COVID-19: Decision Making & Financial Governance – FCP #5


 ARA_Item_2.2_COVID-
19_Decision_Making_&_Financial_Governance.pdf
f (2 pages)

 ARA_Item_2.2a_Interim FCP - COVID-19 Update
#5.pdf (23 pages)

3. ITEMS FOR DISCUSSION

3.1. Audit Recommendation Tracking

 ARA_Item_3.1_Audit_Recommendations_Tracking
_July_2020.pdf (10 pages)


 ARA_Item_3.1a_Appendix 1 - Internal - Revised
Deadlines.pdf (3 pages)

 ARA_Item_3.1b_Appendix 2 - IA NYD.pdf (3 pages)

 ARA_Item_3.1c_Appendix 3 - EA NYD.pdf (1 pages)


 ARA_Item_3.1d_Appendix 4 - IA Complete.pdf (2 pages)

3.2. Losses and Special Payments Annual Report 2019-20


 ARA_Item_3.2_Losses and Special Payments
Annual Report 2019-20.pdf (7 pages)

3.3. Internal Audit Update


3.4. Internal Audit Reports, 2020-21:

 ARA_Item_3.4_PTHB Audit & Assurance Progress
Report.pdf (11 pages)




3.4.1. a) COVID-19 Governance Arrangements – Advisory Review

 ARA_Item_3.4a_PTHB_2020-21_Covid-19
Governance Arrangements Advisory_Final Internal (36 pages)


3.4.2. b) Environmental Sustainability Reporting – Not Rated

	ARA_Item_3.4b_2020-21_Environmental Sustainability Reporting_Final Internal Audit Report.pdf	(24 pages)
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3.5. Counter Fraud Update

	ARA_Item_3.5_Counter Fraud Update Report.pdf	(4 pages)
	ARA_Item_3.5a_Appendix 1_Newsletter August 2020 POS.pdf	(4 pages)
	ARA_Item_3.5b_Appendix 2_Counter Fraud Investigations Update Report.pdf	(2 pages)

3.6. External Audit Update



	ARA_Item_3.6_Audit Wales update September 2020.pdf	(12 pages)
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3.7. Post Payment Verification Annual Report 2019-20

	ARA_Item_3.7_Anonymised Powys report 19-20.pdf	(6 pages)
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3.8. External Audit Reports:

3.8.1. a) Effectiveness of Counter-Fraud Arrangements, PTHB & Management Response


	ARA_Item_3.8a_Effectiveness of Counter-fraud Arrangements.pdf	(16 pages)
	ARA_Item_3.8ai_App2_Counter Fraud Management Response_Appendix 2.pdf	(5 pages)

3.8.2. b) 'Raising Our Game' Tackling Fraud in Wales Report of the Auditor General for Wales


	ARA_Item_3.8b_Counter-fraud-report-english.pdf	(50 pages)
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4. ITEMS FOR INFORMATION

4.1. Fraud threats to the NHS from COVID-19

	ARA_Item_4.1_NHSCFA Covid Risks 16072020 v0.1.pdf	(10 pages)
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4.2. Committee Workplan 2020/21

	ARA_Item_4.2_Committee Work Programme 2020-21_September20.pdf	(4 pages)
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5. OTHER MATTERS

5.1. Items to be brought to the attention of the Board and other Committees

5.2. Any other urgent business

5.3. Date of next meeting:

Tuesday 3 November 2020, 1:30 pm, Microsoft Teams

**POWYS TEACHING HEALTH BOARD
AUDIT, RISK & ASSURANCE
COMMITTEE
TUESDAY 8 SEPTEMBER 2020
10.00AM – 1.00PM
VIA MICROSOFT TEAMS**



**GIG
CYMRU
NHS
WALES**

Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AGENDA

Item	Title	Attached /Oral	Presenter
1	PRELIMINARY MATTERS		
1.1	Welcome and Apologies	Oral	Chair
1.2	Declarations of Interest	Oral	All
1.3	Minutes from the Previous Meeting, held 20 July 2020	Attached	Chair
1.4	Matters Arising from the Previous Meeting, held 20 July 2020	Oral	Chair
1.5	Committee Action Log	Attached	Chair
2	ITEMS FOR APPROVAL/RATIFICATION/DECISION		
2.1	Application of Single Tender Waivers	Attached	Director of Finance & IT
2.2	COVID-19: Decision Making & Financial Governance – FCP #5	Attached	Director of Finance & IT
3	ITEMS FOR DISCUSSION		
3.1	Audit Recommendation Tracking	Attached	Board Secretary
3.2	Losses and Special Payments Annual Report 2019-20	Attached	Director of Finance & IT
3.3	Internal Audit Update	Attached	Head of Internal Audit
3.4	Internal Audit Reports, 2020-21: a) COVID-19 Governance Arrangements – Advisory Review b) Environmental Sustainability Reporting – Not Rated	Attached & Supporting Presentation	Head of Internal Audit
3.5	Counter Fraud Update	Attached	Head of Local Counter Fraud Services
3.6	External Audit Update	Attached	External Audit
3.7	Post Payment Verification Annual Report 2019-20	Attached	Post Payment Verification Officer

3.8	External Audit Reports: a) Effectiveness of Counter-Fraud Arrangements, PTHB & Management Response b) 'Raising Our Game' Tackling Fraud in Wales Report of the Auditor General for Wales	Attached	External Audit
4	ITEMS FOR INFORMATION		
4.1	Fraud threats to the NHS from COVID-19	Attached	Head of Local Counter Fraud Services
4.2	Committee Workplan 2020/21	Attached	Board Secretary
5	OTHER MATTERS		
5.1	Items to be Brought to the Attention of the Board and Other Committees	Oral	Chair
5.2	Any Other Urgent Business	Oral	Chair
5.3	Date of the Next Meeting: • 3 November 2020, 1.30 pm, Microsoft Teams		

Key:

	Governance & Assurance
	Internal & Capital Audit
	External Audit
	Anti-Fraud Culture

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Powys Teaching
Health Board

AUDIT, RISK & ASSURANCE COMMITTEE

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MINUTES OF THE MEETING HELD ON MONDAY 20 JULY 2020 VIA SKYPE MEETING

Present:

Tony Thomas
Mark Taylor
Ian Phillips

Independent Member – Finance (Committee Chair)
Independent Member – Capital and Estates
Independent Member – ICT

In Attendance:

Carol Shillabeer
Pete Hopgood
Sarah Pritchard
Helen Higgs
Rani Mallison
Elaine Matthews
Rebecca Collier
Len Cozens
Matthew Evans
Wayne Tannahill

Chief Executive
Director of Finance, Information and IT
Head of Financial Services
Head of Internal Audit
Board Secretary
External Audit (Audit Wales)
Healthcare Inspectorate Wales
Head of Local Counter Fraud Services (Outgoing)
Head of Local Counter Fraud Services (Incoming)
Assistant Director, Estates & Property (for item 3.5)

Committee Support

Caroline Evans

Head of Risk and Assurance

Apologies for absence:

Matthew Dorrance
Anthea Wilson

Independent Member – Local Authority
CHC

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ARA/20/34	WELCOME AND APOLOGIES <p>The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. Apologies for absence were noted as recorded above.</p>
ARA/20/35	DECLARATIONS OF INTERESTS <p>The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda. None were declared.</p>
ARA/20/36	MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION <p>The minutes of the meeting held on 25 June 2020 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/20/37	MATTERS ARISING FROM PREVIOUS MEETINGS <p>There were no matters arising from the previous meeting.</p>
ARA/20/38	COMMITTEE ACTION LOG <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/19/68: The Serious Incident Policy was approved by the Board 25 May 2020. A list of designated Investigating Officers is being developed.</p> <p>ARA/19/115e: Timeliness of signing of contract documentation will be brought to a future meeting.</p> <p>ARA/19/115e: The lessons learned from the Machynlleth Hospital Primary & Community Care Project will be brought to a future meeting.</p> <p>ARA/20/25: This item will be discussed on the agenda under item 3.4.</p> <p>ARA/20/28: This action has been transferred to the Experience, Quality & Safety Committee Action Log, as the Committee that receives assurances on Staff Wellbeing.</p>
ARA/20/39	APPLICATION OF SINGLE TENDER WAIVERS (STWs)

	<p>Sarah Pritchard presented the STW requests made between 1 June 2020 and 30 June 2020 and signed by the Chief Executive, detailing two 'Prospective' STWs as follows: -</p> <ol style="list-style-type: none"> 1. Equipment Maintenance (Sole supplier of maintenance of Dental Equipment [£6,182]); 2. Daycase and Outpatient Pain Management Services (Continuation of Service [£23,129]). <p>The Committee RATIFIED the approval of the two STWs.</p>
ARA/20/40	<p>COVID-19: DECISION MAKING & FINANCIAL GOVERNANCE</p> <p>a) INTERIM FCP</p> <p>Following the publication of the WG guidance on 30th March an initial draft of the FCP was submitted for approval at Gold (version #1).</p> <p>The pace of the pandemic has resulted in updated guidance and direction being published on a regular basis. To ensure the Interim FCP remains 'live' and relevant it was agreed the FCP would be updated as required.</p> <p>Currently PTHB is on version #4 of the interim FCP.</p> <p>b) DEBIT AND CREDIT CARD PAYMENTS</p> <p>As a consequence of Covid-19 the Health Board now accepts payment by Credit and Debit Card at a number of locations as an alternative to cash and Cheques. To support this change a new FCP has been developed. The purpose of the FCP is to ensure that:</p> <ul style="list-style-type: none"> • Members of staff have access to clear guidance on the processes to be followed when accepting debit and credit card payments. • A clearly documented and authorized audit trail is maintained for all card payments. <p>The Committee Chair asked whether there is any financial consequence to the health board for accepting card payment.</p> <p>Sarah Pritchard stated there is a small charge, but a framework has been utilised and so those charges are minimal.</p>

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	<p>Pete Hopgood stated that the debit and credit card payments is part of a long-term strategy that was accelerated due to the COVID-19 pandemic.</p> <p>c) List of Orders completed outside of usual procurement process but in line with the Covid FCP.</p> <p>A list of all orders raised without the usual procurement requirement for 3 quotes for values between £5k and £25k were identified, these had been raised in line with the COVID-19 FCP.</p> <p>The Committee APPROVED version (#4) of the Interim FCP and the Debit and Credit Card Payment Policy and NOTED the orders raised.</p>
ARA/20/41	<p>INTERNAL AUDIT UPDATE:</p> <p>Helen Higgs provided a verbal update to the Committee, stating there is currently six reviews started in various stages of progress. One of which is the COVID-19 Governance Review, with the final report expected to be presented to the Committee in September.</p> <p>Four audit briefs are with the Capital and Estates team, and awaiting approval to start the work.</p> <p>Rani Mallison stated that herself and Pete Hopgood have met with Internal Audit in relation to the COVID-19 Governance Review that is progressing well. Rani thanked the team, acknowledging the significant volume of work that has been undertaken.</p> <p>The Committee Chair stated that he had been involved in the review, having been interviewed jointly by Helen Higgs and Elaine Matthews.</p> <p>Rani Mallison stated there is opportunity to bring the COVID-19 Governance Review together with the Structured Assessment, and recognised that Helen Higgs and Elaine Matthews are working together on that.</p> <p>Carol Shillabeer echoed Rani's comments about Audit Wales and Internal Audit working together, and stated this has been helpful to allay concerns of duplication.</p> <p>The Committee Chair Tony Thomas stated that the COVID-19 Governance Review has been well-handled, and thanked the team for all of their work.</p> <p>Rani Mallison recognised that significant evidence has been provided to Internal Audit which has been time-consuming for the team, and thanked them for all of their work.</p>

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	<p>Helen Higgs thanked everyone for helping with the review. A lot of evidence has been requested but we are now approaching finalisation of the review, which has worked well.</p> <p>The Committee RECEIVED and NOTED the Internal Audit update.</p>
ARA/20/42	<p>COUNTER FRAUD ANNUAL REPORT, 2019/20</p> <p>The Fraud, Bribery and Corruption Standards for NHS Wales Bodies require Local Counter Fraud Specialists to provide a written annual report reflecting the counter fraud, bribery and corruption (economic crime) work undertaken during the financial year.</p> <p>The self-review for 2020 was completed by the Head of Local Counter Fraud Services and reviewed by both the Director of Finance & IT and Audit, Risk & Assurance Committee Chair, before being submitted to NHSCFA. This year's submission rates the Health Board as a 'Green' organisation overall.</p> <p>As part of the self-review process, the following have been highlighted as areas to be addressed during the coming year:</p> <ul style="list-style-type: none"> • Further work to ensure that that economic crime risks are recorded and managed in line with the Health Board's risk management policy and strategy. • Whilst the Health Board participated fully in NHSCFA-led national procurement fraud exercise, further work is required in order to gain fuller assurance in respect of locally led purchasing and invoice processing. • Similarly further assurance should be gained in respect of locally-led pre-employment checks, as well as checks being undertaken within medical staffing agencies • Implementation of the new case management system, CLUE 3. <p>The Committee Chair thanked Len Cozens for all of this work. There has been a substantial improvement in this area, with more professionalism and good relationships.</p> <p>Len Cozens thanked the Committee Chair, the Committee and the whole health board for all of their support.</p> <p>Len Cozens stated that the Local Counter Fraud Officer retired from post on 31st May 2020.</p> <p>Matthew Evans stated that the new Local Counter Fraud Officer is due to start in post on 11th August 2020.</p> <p>The Committee Chair stated that he would like to send a letter of thanks for all of the hard work undertaken to the retired Local Counter Fraud Officer.</p> <p>Action: Board Secretary / Committee Chair</p> <p>The Committee RECEIVED and NOTED the Counter Fraud Annual Report, 2019/20.</p>

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ARA/20/43

COUNTER FRAUD UPDATE

Len Cozens updated the Committee on key areas of work undertaken by the Local Counter Fraud Specialist during Quarter 1 of 2020/21, under the Key Principles specified within the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales).

Ian Phillips stated that COVID-19 has resulted in a reduction in face-to-face contacts, and asked if it is the health board's intention and is it on plan to utilise all of the days not used in the work plan, bearing in mind we are a significant way through the year.

Matthew Evans stated that the service has incoming resource in August, we are almost on the back foot as it stands. Going forward there should be a more joined-up approach with the Local Counter Fraud Services staff available across the three health boards run from Swansea Bay. There may be slippage on the number of days delivered due to the gap between the retiring LCFO and the incoming LCFO. Ways of working can be adjusted included virtual meetings, for less cost and less resource. Focus will be spent on the impact of the work undertaken, but we are mindful of the number of days lost.

Len Cozens stated that a restructure is being undertaken across the whole of the Counter Fraud Service within Swansea Bay, with additional resources coming onboard.

The Committee Chair asked if a reduction in the number of days provided affects the fee paid by the health board.

Pete Hopgood stated that we will work together with Matthew going forward regarding the number of days provided, and this will be monitored and reported to the Committee.

Ian Phillips thanked Matthew Evans, stating it is helpful and reassuring in terms of how we might better utilise Local Counter Fraud Services.

Pete Hopgood stated that the strong outcome on the self-referral tool demonstrates that a lot of work is ongoing in that area.

Rani Mallison supported Pete's comments.

Carol Shillabeer thanked Len Cozens and colleagues, recognising that we are in a good position compared to just a few years ago, with regular reports provided. Carol thanked Len and gave good wishes for his new job.

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	The Committee RECEIVED and NOTED the External Audit update.
ARA/20/44	<p>EXTERNAL AUDIT UPDATE</p> <p>Elaine Matthews provided a verbal update to the Committee, highlighting key developments which include: -</p> <ul style="list-style-type: none"> • Structured Assessment – fieldwork is underway and Audit Wales is working closely with Internal Audit (COVID-19 Governance Review). Draft report is due early September. • Counter Fraud – the Auditor General has undertaken a public sector-wide review of Counter Fraud Services. The report is due to be published end of July. The report for Powys should be available alongside the national report, and will be scheduled to be presented to the Committee in the Autumn. • WCCIS draft report has been issued, and is due for publication in the Autumn. <p>The Audit Wales Financial Audit Team that is taking over from Grant Thornton is now in place, and colleagues will be in touch soon to make introductions.</p> <p>The Committee RECEIVED and NOTED the update.</p>
ARA/20/45	<p>REPORT ON RETROSPECTIVE SINGLE TENDER WAIVERS:</p> <p>-</p> <ol style="list-style-type: none"> 1. Winter Gritting Services (£22,800) 2. Engineering Inspections (£6,500) <p>At the Audit, Risk & Assurance Committee in June, two STWs were submitted in respect of 'Engineering Inspections' and 'Winter Gritting Services'. The Committee expressed concern that both STWs were retrospective, and have requested this report to be presented providing a rationale outlining the reasons why the Single Tender Waivers were both retrospective.</p> <p>Following recruitment into the two new roles of Head of Estates, and Estates Business Manager earlier this year, and the recent appointment of a new Estates Manager, new processes are already being put in place to mitigate any future need for STWs:</p> <ul style="list-style-type: none"> • Maintenance Contracts are now being allocated to a specific member of the Estates team, to ensure 100% accountability and monitoring

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- All maintenance Contracts are being reviewed, and processed in conjunction with by NWSSP- Procurement Services, to ensure compliance
- A new Contract Template has been drafted, and will shortly be issued for all new contracts, to ensure improved monitoring and management of contracts
- Five contracts have already been issued to tender since business as usual processes commenced again several weeks ago

1. Winter Gritting Services (£22,800)

The Committee Chair stated that the County Council provides this service for public sector and Welsh Government on trunk roads, and asked if we are certain that all of the roads leading up to health board buildings are non-adopted, and also asked what happens with the rate if we get an unusually mild or heavy winter.

Wayne Tannahill stated that the rates charged are based on the square metreage within health board boundaries that are not adopted. Historically the health board has paid a fixed rate to the local authority, with the provider taking responsibility for any risk of an exceptionally hard winter.

Carol Shillabeer stated that capacity constraints has meant that not everything has been included on the procurement framework in a timely manner, however recognises significant improvement in governance within estates. Whilst this STW is retrospective, it has been clearly demonstrated that this isn't usual practice and there is evidence of testing the market, therefore assurance is provided that value for money has been considered.

2. Engineering Inspections (£6,500)

Wayne Tannahill stated that Zurich has been used to undertake lifting inspections on plant and equipment for a number of years, and the cost of the contract has been less than £5k, which was compliant with Standing Financial Instructions. Last year the cost of the contract was marginally over the £5k limit. Putting together a tender specification and going through the tender process would have resulted in some of the health board's lifting equipment going out of use.

Mark Taylor thanked Wayne Tannahill for the additional detail and context, recognising that the new appointments in Estates will provide assurance from the procurement process.

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	<p>The Committee Chair stated there has been substantial improvements in the Property Department since Wayne joined the health board.</p> <p>The Committee RECEIVED and NOTED the report.</p>
ARA/20/46	<p>COMMITTEE ANNUAL REPORT 2019/20</p> <p>Rani Mallison presented the report, which provides an overview of the work of the Committee and the steps taken to strengthen audit, risk and assurance arrangements in the last 12 months.</p> <p>The Committee RECEIVED and NOTED the Committee Annual Report.</p>
ARA/20/47	<p>COMMITTEE WORK PROGRAMME 2020-21</p> <p>Good governance practice dictates that Boards and Committees should be supported by an annual programme of business that sets out a coherent overall programme for meetings. The forward plan is a key mechanism by which appropriately timed governance oversight, scrutiny and transparency can be maintained in a way that doesn't place an onerous burden on those in executive roles and create unnecessary or bureaucratic governance processes.</p> <p>The work programme has been developed in-line with respective terms of reference, the Board's Assurance Framework and Corporate Risk Register. The work programme will be reviewed routinely at each meeting.</p> <p>Sarah Pritchard stated that the Charitable Funds Annual Report should be deferred to the November Committee, as it will need to be presented to the Charitable Funds Committee first.</p> <p>The Committee RECEIVED and NOTED the Committee Work Programme.</p>
ARA/20/48	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <ul style="list-style-type: none"> • Update on Counter Fraud • Updated FCP #4 for COVID-19 • Committee Annual Report • Committee Workplan
ARA/20/49	<p>ANY OTHER URGENT BUSINESS</p> <p>There was no other urgent business for discussion, and the Chair declared the meeting closed at 11.45 am.</p>
ARA/20/50	<p>DATE OF NEXT MEETING</p>

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Key:

Completed
Not yet due
Due
Overdue
Transferred



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AUDIT, RISK AND ASSURANCE COMMITTEE ACTION LOG (September 2020)

Minute	Date	Action	Responsible	Progress	Status
ARA/19/68	11 November 2019	Health Board to hold a designated list of investigative officers (IOs) in order to improve training and skills.	Chief Executive	Policy approved by Board 25 May 2020. List of IOs to be developed. Delayed due to COVID-19.	
ARA/19/115e	9 March 2020	The management response in respect of the timeliness of signing of contract documentation will be picked up with the Director of Planning & Performance.	Board Secretary	Delayed due to COVID-19.	
ARA/19/115e	9 March 2020	The Machynlleth Hospital Primary & Community Care Project	Board Secretary	Delayed due to COVID-19.	

		recommendation 6 (lessons learnt) would be shared with the Committee, once available.			
ARA/20/42	20 July 2020	The Committee Chair to send a letter of thanks to the retired Local Counter Fraud Officer.	Board Secretary / Committee Chair	A letter of thanks was sent from the Committee Chair on 13 th August 2020.	
ARA/20/47	20 July 2020	Charitable Funds Annual Report to be deferred to the November Committee, as it will need to be presented to the Charitable Funds Committee first.	Head of Risk & Assurance	Committee workplan updated.	

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Agenda item: 2.1

AUDIT, RISK AND ASSURANCE COMMITTEE		Date of Meeting: 8th September 2020
Subject :	SINGLE TENDER WAIVERS	
Approved and Presented by:	Interim Director of Finance and IT	
Prepared by:	Head of Financial Services	
Other Committees and meetings considered at:	None	

PURPOSE:

To seek the Audit Risk and Assurance Committee RATIFICATION of Single Tender Waiver requests made between 1 July 2020 and 31 July 2020.

RECOMMENDATION(S):

It is recommended that the Audit Risk and Assurance Committee RATIFIES the use of Single Tender Waiver in respect of 1 item during the period of 1 July 2020 and 31 July 2020 and consider additional information provided regarding the individual single tender documents.

Ratification	Discussion	Information
✓		

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Single Tender Waivers

THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	x
	2. Provide Early Help and Support	x
	3. Tackle the Big Four	x
	4. Enable Joined up Care	✓
	5. Develop Workforce Futures	x
	6. Promote Innovative Environments	x
	7. Put Digital First	x
	8. Transforming in Partnership	x
Health and Care Standards:	1. Staying Healthy	x
	2. Safe Care	✓
	3. Effective Care	✓
	4. Dignified Care	x
	5. Timely Care	✓
	6. Individual Care	x
	7. Staff and Resources	✓
	8. Governance, Leadership & Accountability	✓

EXECUTIVE SUMMARY:

In-line with the organisation's Standing Orders, there is a requirement for all single tender waiver and extension of contracts to be reported to the Audit Risk and Assurance Committee. Single tender waiver shall only be permitted when a single firm or contractor or a proprietary item or service of a special character is required and as set out in law. Single tender waiver shall only be employed following a formal submission and with the express written authority of the Chief Executive, or designated deputy having taken into consideration due regard of procurement requirements.

DETAILED BACKGROUND AND ASSESSMENT:

The previous report on single tender waiver use was received by the Audit Risk and Assurance Committee at its July 2020 meeting which covered the period from 1 June 2020 to 30 June 2020.

A summary of the use of Single Tender Action from 1 July 2020 and 31 July 2020 is as follows:

Single Tender Reference	Request to waive QUOTE or TENDER threshold?	Name of Supplier	Item	Reason for Waiver	Date of Approval	Value £	Length of Contract	Prospective/ Retrospective	Appendix Ref
POW1920017	Quote	Auditdata Ltd	System Maintenance	Maintenance of Audiology System - Sole Supplier	23/07/2020	£7,840	1 year	Prospective	A1

Full details including supporting documentation is attached at Appendix A1.

From 1st January 2019 a Dun and Bradstreet Report is being undertaken by NWSSP Procurement Services to provide a report on financial standing of the proposed supplier including Director details and associated companies. This has been introduced to further strengthen governance of the Single Tender Waiver process. This is referenced in the procurement section of the form and the full report is reviewed by the Head of Financial Services and provided to the Chief Executive with the Single Tender Waiver Form to aid the decision making process.

NEXT STEPS:

A report on use of Single Tender Waivers will be submitted to each Audit, Risk and Assurance Committee meeting. A nil report will also be reported if applicable.

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Appendix A1



SINGLE QUOTATION/TENDER REQUEST FORM

REFERENCE NUMBER: POW1920017

(Applicable to expenditure in excess of £5,000)

Request to Waive Standing Financial Instructions:

Single quote/tender action shall only be undertaken following the approval of this application in advance of procurement activity commencing and only in **exceptional circumstances**.

Approval to waive the requirement to seek competitive tenders (purchases between £25,000 & £122,976) & Quotations (purchases between £5,000 and £24,999). In relation to waiver requests over the OJEU threshold, a VEAT notice will also need to be published via Sell2Wales.

It is important that the form is completed **IN FULL** in order to satisfy the Health Board's Standing Orders which require competitive quotations/tenders to be obtained (to prove value of money) unless there are compelling reasons for single sourcing.

Consideration must be given to the Welsh Audit Office Guidance available from the Procurement Team.

Please Note: all requests to waive Standing Financial Instructions will be formally reported to the next Audit Committee for retrospective approval.

***Please complete all mandatory sections. Failure to complete will result in the form being returned to originator**

****To be completed by the Requesting Officer ****

Section 1

Request to Waive <i>Please tick as appropriate</i>	Single Quotation	Single Tender
*Supplier:	Auditdata Ltd	
<p>The granting of this application for a single firm or contractor of a special character is required or a proprietary item or service may be assessed as appropriate:</p> <ul style="list-style-type: none"> the service/good/works is follow-up work where a provider has already undertaken initial work in the same area (and where the initial work was awarded from open competition); there is a compatibility issue which needs to be met e.g. specific equipment required, or compliance with a warranty cover clause; there is genuinely only one provider; there is a need to retain a particular contractor for real business continuity issues (not just preferences). <p><small>NB: Evidence of all contact with potential alternative suppliers should be retained. Where no other supplier has been approached justification must also be included to ensure the application process is not delayed</small></p>		
*Please provide detail of Goods/Services/Works required:	Maintenance of Auditbase System – Current licensed Auditbase users: 8 / Current Laptop Synchronisation clients: 1	

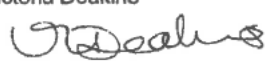
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Single Tender Waivers

If Services, is this for Consultancy/Individual?	No	If 'yes', has an IR35 assessment been completed	Yes/ No or not applicable
Does this requirement have an implication under GDPR?	No	If 'yes', has the IG Department been consulted	Yes/ No or not applicable
Proposed agreement period including start and end dates and any extension provision required. <i>NB: Approval cannot be granted retrospectively. Should this be the case, please seek advice from the Procurement department.</i>	12 months – 01/04/2020 – 31/03/2021		
*Unit Cost/Annual Cost:	7840.00		
*Total Cost <i>(inc delivery & VAT):</i>	7840.00		
*Whole Life Costs: <i>(Please state all additional goods/services/works that may be required during the life of the goods/service/works being requested here. E.g. Maintenance, Consumables etc.)</i>	7840.00		
*New or Replacement Equipment/Service: <i>(Please state)</i>	N/A		
*Life Expectancy of equipment	Ongoing		
*Is this a Recurring Procurement?	Yes		
*Source of Funding: <i>(Revenue/Capital/Charity etc.)</i>	Capital	*Please provide Financial Code:	070-J070-30770
Breakdown of estimated capital and on-going revenue charges per annum. <i>NB: Please ensure your Finance Team are consulted before</i>			
Have any revenue consequences (particularly staffing or maintenance implications), been agreed?	Yes / No If yes give details		
Any other financial consideration to be declared e.g. risks to ongoing funding, savings: cash releasing, cost avoidance, cost pressure, VFM impact.			
*Background: Reason for single supplier & details of any alternatives considered & reasons for their rejection (supplier(s) details required)	– Sole Supplier, no other supplier can service the equipment to the required standards.		

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Single Tender Waivers

<p>*Explicit Reasons as to How Value for Money will be achieved when services are provided by a Single Supplier. <i>Sufficient detail should be provided in this section or the request will be returned.</i></p>		<p>– Sole Supplier, no other supplier can service the equipment to the required standards.</p>	
<p>*Have any Trials / Evaluations been undertaken within the Health Board? NB: Appropriate advice should be sought from Procurement in advance of trials being undertaken</p>	No	<p>If Yes, please state the evaluation reference number:</p>	
<p>If Yes, please give full details of evaluation. Including whether or not any relevant Groups have been made aware of this evaluation (please state).</p>			
<p>*Consequence & Impact if not approved:</p>	<p>We will not be able to run a service</p>		
<p>*Is this an Essential or Non-Essential requirement?</p>	<p>No</p>		
<p>If Yes, please give details (How many years etc)</p>			
<p>*Name:</p>	<p>Sarah Nurse</p>		
<p>*Title:</p>	<p>Chief Audiologist</p>		
<p>*Ward/Department:</p>	<p>Audiologist</p>		
<p>*Contact No:</p>	<p>07875974459</p>		
<p>*Budget Holder:</p>	<p>Vic Deakins</p>		
<p>*Requisition Created?</p>	No	<p>If Yes, please state requisition number:</p>	
<p>I have delegated responsibility for the non-pay expenditure budget specified above. I confirm that sufficient funding is available within the budget code specified, and authorise the expenditure to be coded accordingly.</p>			
<p>*Signature of requestor (please also print name & position):</p>	<p>Sarah Nurse</p>	<p>*Signature of budgetary approver (please also print name & position):</p>	<p>Victoria Deakins</p> 
<p>Date of Request:</p>	<p>29/06/20</p>	<p>Date of Approval :</p>	<p>29/6/20</p>
<p>Statement of Support by Approver:</p>			

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Single Tender Waivers

****Requesting Officer to Complete****

Section 2

Declaration of Interest

The Health Board is obliged to ensure that all procurement processes are carried out in accordance with the public procurement rules and NHS Wales's guidance. Where an employee is engaged in a procurement exercise a formal declaration is required to confirm that there is no potential interest which may give rise to a conflict.


Please confirm the following statements are correct:

		✓	x
1.	Neither I, my family, friends, acquaintances or work colleagues involved in this process, will receive any benefit or gain (financial or otherwise, directly or indirectly) if the contract is awarded to any of the bidders involved in the process as they become known.	x	
2a.	I have no material interest in whether the contract is awarded or not.	x	
2b.	I am not in possession of any Additional Information in respect of the procurement process. (Save for the information in the 'Additional Information box below)	x	
3.	I currently do not benefit in any way, financially or otherwise, including (but not limited to) the receipt of a grant or outside funding, that could influence my decision in respect of the procurement or any of the bidders involved in this process.	x	
4.	I have not received hospitality (other than of a nominal value or that declared in the register of gifts and hospitality maintained by Corporate Management) or any material gifts, as outlined in the Health Boards Standards of Behaviour Framework Policy http://howis.wales.nhs.uk/sitesplus/972/page/51681 from any of the bidders involved in the process.	x	
5.	I have read, understood and will abide by the NHS Guidance entitled "Standards of Business Conduct for NHS Staff" (DGM (93)84) and the Trust Standards of Behaviour Framework Policy. http://howis.wales.nhs.uk/sitesplus/972/page/51681	x	
6.	By signing this declaration I understand that it is my responsibility that should my circumstance change or a new relationship be established in relation to any bidding organisation, I will consult with the Lead Procurement contact and am aware that I may be required to complete a new Declaration of Interest or be required to withdraw my participation.	x	
7.	I will keep the identities of the bidders, the content of the bids and procurement documents confidential.	x	

I hereby certify that, to the best of my knowledge and belief, the statements set out above are correct. I understand that any failure on my part to declare an interest in a contract or otherwise to breach the rules and instructions mentioned above is a serious matter and could result in further legal or professional action being taken against me, including (but not limited to):

- Exclusion from the current procurement exercise and future procurement activities
- For Trust employees, it could result in disciplinary proceedings being initiated.
- For non-employees of the Trust we reserve the right to report the matter to their relevant employing organisation and professional body as potential professional misconduct
- Should the matter involve issues that are of a criminal nature e.g. fraud, bribery or corruption then the Trust will notify the appropriate authority to take any necessary action which may include prosecution.

Signature:

Signature: 
Print Name: Victoria Deakins
Position: Head of Therapies

Date:
29/6/20

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Single Tender Waivers

Authorisation – EXECUTIVE DIRECTOR

Section 3

Designation	Signature	Date
Executive Director/Director		17/7/2020
Comments:		

Please note Single Tender/Quotation Action requests cannot be processed unless supported by the above signatures, electronic signatures will NOT be accepted, unless accompanied by an e-mail trail to prove that the authorisation has been completed correctly.

Please now forward to Procurement Department

** For Procurement Department Completion Only**

Section 4

Procurement Advice (Delete or cross through as appropriate)	<ul style="list-style-type: none"> • Yes, the SQA or STA is an appropriate course • No, an alternative option can be pursued • No Option
Procurement Advice or Rejection Comments: (including any conditions/future actions):	Auditdata are the OEM provider of the Auditbase System no other provider can support the bespoke system
Endorsed	Yes/No
Head of Procurement Signature:	 Romano Provini
Date:	17/07/2020 22/7/20.

** Chief Executive Approval**

Section 5

Request Supported?	Yes/No
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Supporting or Rejection Comments: (including any conditions/future actions):	Procurement advice noted.		
Signed:		Date:	23/07/2020
Please Print Name & Position:	C. Shillabeer CEO		

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AGENDA ITEM: 2.2

AUDIT, RISK & ASSURANCE COMMITTEE		Date of Meeting: 8TH SEPTEMBER 2020
Subject :	COVID 19: DECISION MAKING & FINANCIAL GOVERNANCE	
Approved and Presented by:	Pete Hopgood, Director of Finance	
Prepared by:	Sam Moss, Assistant Director of Finance	
Other Committees and meetings considered at:	Nil	

PURPOSE:

The purpose of this paper is to provide the committee with:

- An updated 'FCP Interim Covid-19 Decision Making & Financial Governance', highlighting the changes from the document approved on 20th July 2020

RECOMMENDATION(S):

Audit Committee is requested to:

- APPROVE the current version (#5) presented to Audit Committee

Approval/Ratification/Decision	Discussion	Information
✓		

FCP Interim Covid-19

Background:

Following the publication of the WG guidance on 30th March an initial draft of the FCP was submitted for approval at Gold (version #1).

The pace of the pandemic resulted in updated guidance and direction being published on a regular basis. To ensure the Interim FCP remains 'live' and relevant it was agreed the FCP would be updated as required.

PtHB is now on version 5 of the interim FCP.

Approval & Publication:

Each version of the FCP has been presented to Gold for approval prior to submission to Audit Committee during the following weeks:

- Version 1 – w/c 13th April 2020
- Version 2 – w/c 27th April 2020
- Version 3 – w/c 11th May 2020
- Version 4 – w/c 24th June 2020
- Version 5 – w/c 10th August 2020

Following the initial approval by Gold in w/c 13th April the FCP was shared with all staff via the Daily Bulletin on 23rd April 2020. The FCP was uploaded to the PtHB intranet site, enabling the latest version to be available to PtHB staff at all times. Version 5 will be uploaded to the intranet following sign off by Audit Committee.

Recommendations

Audit Committee is requested to:

- APPROVE the current version (#5) presented to Audit Committee

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FCP (INTERIM) – COVID 19 DECISION MAKING & FINANCIAL GOVERNANCE

Document Reference No:	PTHB / FCP INTERIM	
Version No:	5	
Issue Date:	June 2020	
Review Date:	n/a	
Author:	Assistant Director of Finance	
Document Owner:	Finance Department	
Accountable Executive:	Director of Finance	
Approved By:	Gold Command	
Approval Date:	August 2020	
Document Type:	Policy	Non-clinical
Scope:	PTHB wide (including Hosted Services)	

The latest approved version of this document is online.
If the review date has passed please contact the Author for advice.

Powys Teaching Health Board is the operational name of Powys Teaching Local Health Board
Bwrdd Iechyd Addysgu Powys yw enw gweithredol Bwrdd Iechyd Lleol Addysgu Powys

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Version Control

Version	Summary of Changes/Amendments	Issue Date
1	Initial Issue	April 2020
2	<p>Update #1</p> <p>Addition = Section 15 : Two way matching</p> <p>Addition = Section 16 : Advance Payment</p> <p>Addition = Section 4 COVID-19 Gold Reporting Summary</p> <p>Revision = Section 4 : Non Pay Reporting</p> <p>Revision = Appendix A in line with update to Section 4.</p>	End April 2020
3	<p>Update #2</p> <p>Addition = Section 4: Cost Centres for coding C-19 staff cost</p> <p>Revision = Section 4: change to calculation of variable pay allocated to Covid-19</p> <p>Revision = Section 5: process notifying WG following publication and use of formal reporting tables</p> <p>Revision = Section 8: updated MMR guidance issued by WG on 5th May 2020</p>	11 th May 2020
4	<p>Update #3</p> <p>Revision = Section 4: reflect change from weekly to a monthly Gold Report</p> <p>Revision = Section 4: reflect additional Cost Centre for TTP</p>	20 th July (AC)
5	<p>Update #4</p> <p>Revision = Various sections to support reintroduction of some 'standard' services</p> <p>Revision = Various sections for updates on areas including Letters of Accountability, LTAs and Two Way Matching</p> <p>Revision = additional Cost Centre added to identify future Covid-19 expenditure.</p>	

	<p>Revision = detail on the authorisation limits changed to direct the reader to the Approved Signatory Forms as per PtHB standard operating processes.</p> <p>Addition = Section 15 Capital: to ensure there is clarity on the management and approval of capital expenditure which may need to vary from the approach used for revenue</p>	
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ENGAGEMENT & CONSULTATION

Key Individuals/Groups Involved in Developing this Document

Role / Designation
Finance Directorate
COVID-19 Gold Command Group
All Budget Holders via daily Communication Update (23 rd April 2020)

Circulated to the following for Consultation

Date	Role / Designation

Evidence Base

IMPACT ASSESSMENTS

Equality Impact Assessment Summary				
	No impact	Adverse	Differential	Positive
Age	✓			
Disability	✓			
Gender	✓			
Race	✓			
Religion/ Belief	✓			
Sexual Orientation	✓			
Welsh Language	✓			
Human Rights	✓			
Risk Assessment Summary				
No risks identified				
No Information Governance issues identified				
No Training or Resource implications identified				

1 Policy Statement / Introduction

This procedure describes how the financial management responsibilities placed upon the Chief Executive and Director of Finance are discharged and implemented within the Powys tHB, including those services hosted by the Health Board as consequence of COVID-19.

This procedure needs to be read in conjunction with the documents listed below. The documents listed remain valid and no changes have been made to these. However this FCP may override certain elements of listed

documents where changes are necessary to address the pace of change required for COVID-19.

In addition this interim FCP also outlines the additional processes required to capture and manage COVID-19 expenditure, which must comply with the documents listed below unless specific changes are detailed in this FCP.

- Standing Orders (SOs)
- Standing Financial Instructions (SFIs)
- FCP 21 Budgetary Control
- Other Financial Procedures

2 Objective

This procedure prescribes the responsibilities of the Health Board in maintaining sound financial management and the minimum procedures needed to ensure this is maintained during COVID-19. This procedure is relevant for all staff including those within the hosted bodies.

3 Definitions

- **PTHB** – Powys Teaching Health Board;
- **SO's** – Standing Orders;
- **SFI's** – Standing Financial Instructions;
- **WG** – Welsh Government;
- **IMTP** – Integrated Medium Term Plan;
- **SLA** – Service Level Agreement;
- **LTA** – Long Term Agreement;
- **IBG** – Investments Benefits Group
- **MMR** – Monthly Monitoring Return

4 Responsibilities

Whilst the Chief Executive of the THB is the Accountable Officer, effective financial control within the THB is the responsibility of all officers within the THB, under the direction of the Director of Finance and the THB Board.

4.1 Staff Group or Specific Role

Budget Holders are required to review procedures for financial management during COVID-19 to ensure that they meet the standards laid down and must comply with the directions and guidance contained within this financial control procedure.

4.2 Other staff

5 Monitoring Compliance, Audit & Review

Monitoring compliance will take place regularly as part of the financial monitoring process laid down by WG and may be supported by internal audit and external audit reviews.

This document will be valid for the period the COVID-19 outbreak and during this time may be updated to reflect the pace of change. All changes to this FCP will be approved by Gold Command Group as required.

6 References / Bibliography

This document has been produced in support of the WG guidance issued by the Director General for Health & Social Care / NHS Wales Chief Executive on 30th March 2020. Guidance issued is embedded below:



COVID-19 Financial
Guidance_FINAL.docx

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FINANCIAL CONTROL POLICY

COVID 19 DECISION MAKING & FINANCIAL GOVERNANCE

1. Introduction

This procedure describes how the financial management responsibilities placed upon the Chief Executive and Director of Finance are discharged and implemented within PTHB, including those services hosted by the Health Board as consequence of COVID-19.

During COVID-19 it is vital that within this disrupted environment, individual and collective decision making is effective and stands the test of scrutiny when our services and systems return to a normalised position in the future. Once the NHS has returned to a normalised position, PTHB will be called to account for its stewardship of public funding.

To support this disrupted environment WG have issued COVID-19 Financial Guidance to NHS Wales' organisations. The key principles of the document are as follows:

- Financial resources will not be a barrier to delivering the operational needs of the service in response to the COVID-19 pandemic but needs to be managed and monitored in a structured manner;
- Funds will flow to and from NHS Wales' organisations in a timely manner;
- Organisations are expected to work together to ensure that services are not disrupted during this period as a result of cross-border flows and commissioning;
- Requests for COVID-19 funding will be facilitated through a simplified process that balances financial governance and operational need; and
- Organisations will track both the additional costs arising from COVID-19, and reductions in expenditure due to COVID-19 (i.e. reduced elective activity) in a structured and transparent manner.
- The maintenance of financial control and stewardship of public funds will remain critical during the NHS Wales response to COVID-19.

2. Interpretation

Following publication of WG guidance on 30th March 2020 PTHB has undertaken a review of financial governance arrangements to ensure decisions to commit resources in response to COVID-19 are robust and appropriate. Value for money is expected to remain a consideration when making decisions with a significant financial impact.

PTHB will be expected to ensure that systems are in place to support decision making at pace, whilst maintaining appropriate governance and control.

The remainder of this paper outlines the processes to be adopted to support these requirements during the COVID-19 outbreak.

3. Investments and Business Cases – (Change FCP 21)

No new revenue or capital business case investment should be progressed unless related to the response to COVID-19 or otherwise expressly approved by WG.

Therefore the new IBG process to be adopted by PTHB from 1st April is stood down until further notice.

4. COVID-19 Expenditure – (Enhancement to SFI)

In line with the WG requirements PTHB need to capture and understand the additional financial commitments made as a result of COVID-19. PTHB has established a number of COVID-19 cost centres (B259, B452-B457) to capture all additional expenditure.

The approval limits for these dedicated cost centre will be noted on the Approved Signatory Forms as per PthB standard operating processes. The Director of Public Health can approve orders up to £50,000, subject to approval at Gold Command for orders between £25,000-£50,000. All orders over £50,000 must first be approved by Gold Command before being signed by CEO and Chairman as required and in line with the SFI.

COVID-19 expenditure that needs to be monitored is expenditure that PTHB is incurring above its normal expenditure commitment. So examples of COVID-19 additional expenditure include:

- Procuring additional beds or clinical supplies for the hospitals
- Increasing overtime costs for areas to meet COVID-19 demand above levels from previous financial years;
- Appointment of temporary staff, students or those returning from retirement to support COVID-19.

However redeployment of existing resources/staff from one service areas to another to support COVID-19 is not additional COVID expenditure and will be met from existing PTHB resources.

To ensure PTHB is complying with the WG requirements the following process will be adopted to ensure PTHB maintains stewardship of its public funds. These processes are applicable for revenue and capital (pay and non pay) requirements. A map of the pay and non pay process is provided in Appendix A and B and summarised in the sections below.

Non Pay (Revenue):

- All dedicated COVID-19 expenditure needs to be raised against cost centre B259. For June 2020 if it relates to the Test, Trace and Protect element of the Covid 19 response these costs will need to be allocated to B456 from June onwards to support additional monitoring by WG. A further cost centre of B457 has also been established from July for PPE Hubs.
- The approval limits for these dedicated cost centre will be noted on the Approved Signatory Forms as per PTHB standard operating processes. The Director of Public Health can approve orders up to £50,000, subject to approval at Gold Command for orders between £25,000-£50,000. All orders over £50,000 must first be approved by Gold Command before being signed by CEO and Chairman as required and in line with the SFI.
- Requests to commit expenditure not already on an order or where the order exceeds £25,000 will need to be supported by small summary. A template for use can be found in Appendix C. It is the responsibility of the Director for that service area to ensure that the Finance Team via Finance Business Partner (GC) or Assistant Director of Finance are provided with Appendix C or other schedule/business case, completed and approved as per the directions on the form. Where the appendix or supporting information is not submitted directly from a Director there must be a sufficient audit trail to ensure it is clear that the Director has approved this request.
- Finance will keep a log of all requests for additional expenditure presented to Gold.
- Using the log and information from the Financial Ledger, within the Monthly Gold report the paper will:
 - Those orders already raised on the system. This list will be updated monthly so the Health Board can see the total value of services and goods ordered placed since start of Covid-19 on B259, B456 and B457.

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- Orders Over £5k for which 3 Quotes Not Secured as per Interim Covid-19 FCP using the latest information from Procurement.
- Summary of all WHS charges allocated to Covid-19, using the data from the WHS feeder file.
- An analysis of the actual payments made in month which no PO was raised and so may have been excluded from slide 1 of Gold Reporting
- An summary of the analysis of the overall Ledger Position in month which has identified that following transactions, which are C-19 specific but not originally allocated to cost centre B259 and so may have been excluded from the slide 1 of Gold Reporting
- List of requests received that require approval from Gold. And where deemed helpful the appendix C forms or other supporting information submitted will be embedded into the report should Gold members require full details on the expenditure requested.
- This report will ensure all expenditure is both captured and reported and approved by Gold. It is the intention that all expenditure is approved in advance, but where this is not possible this report will ensure that all expenditure not approved in advance is approved retrospectively in a timely manner.
- It will be the responsibility of the Director of Finance to update the Finance Team on the decisions made by Gold.

Pay:

WG will be requiring pay costs associated with COVID-19 to be tracked in the following groupings:

- Temporary staff (Cost Centre B454)
- Students (Cost Centre B453)
- Returning from Retirement (Cost Centre B455)
- Bank (Cost Centre B452)
- Test, Trace & Protect (Cost Centre B456)
- PPE (Cost Centre B457)

As detailed above each grouping will be allocated a specific cost centre for payments to be made via ESR. This will allow PTHB to monitor the cost and the WTE.

Shared Services will be using these codes to report the spend to date directly to Welsh Government. (see Section 5 below)

For variable pay costs such as overtime, costs will initially be allocated to the cost centre where the substantive post holder is paid. In addition PTHB has historically committed expenditure for overtime, bank and agency to support 'standard non COVID' service provision. Therefore it is proposed that apportionment of expenditure for these areas to COVID-19 will be based on the increase above previous years monthly spend, using the monthly average from the last financial year. So for example the variable pay costs for Mth 1 in 2020/21 attributable to COVID-19 =

Total Variable Pay Costs Mth 1 20/21
less average of the variable pay cost in 19/20 = COVID-19 Variable Pay Cost in Mth 1 20/21

This will be provided to Gold after each month closedown and will be claimed and reported to WG retrospectively as per the WG process detailed in section 5.

COVID-19 Gold Reporting Summary:

A monthly report will also be produced. This report will include as a minimum:

- Summary of orders by non pay subjective for goods and services paid on B259, B456 and B457 both within the month and since the outbreak began in March 2020.
- List of orders raised and paid on B259, B456 and B457 for which there is no PO – thus ensuring all goods and services are approved either prospectively or retrospectively by Gold.
- Good and Services identified by the Finance Team as part of their standard month end checks as being Covid-19 but neither coded to B259, B456 and B457 nor for which an Appendix C has been submitted.
- Detail on the capital committed to date as identified via the Capital Covid-19 Code.
- Various submissions made directly to WG linked to Covid-19 within the last month, either for revenue or capital. This will ensure Gold approves either in advance or retrospectively, depending on timings, all expenditure oth capital and revenue.

5. Cost Reimbursement Revenue & Capital Costs - (Enhancement to SFI)

Where PTHB has needed to incur additional expenditure whether revenue or capital WG will consider making additional funding available.

PTHB will be required to make submissions which will include information on:

- what additional cost is i.e. pay or non pay

- within pay / non-pay type of expenditure
- the timeframe within which it will be incurred
- whether the cost is Capital or Revenue

Non Pay Reimbursement:

Where the expenditure is related to Non Pay and is not on a standard order an additional template should be completed and submitted to Gold, via the Finance Report as detailed in Appendix A and C.

WG will be notified of non-pay spend via the revised Monthly Monitoring Return and Table B3. This will be completed by Finance using the information provided via the process outlined in Appendix A.

Pay Reimbursement:

For basic pay this will be linked to the Covid-19 Cost Centres that have been established and detailed in Section 4. Share Services will be reporting this directly to WG via the dedicated codes using the data from ESR. Therefore it is vital that all Covid-19 basic pay costs excluding variable pay is allocated on ESR directly to one of the 3 codes (B453-B457).

The information provided via Section 4 will be also used to support the completion of the Monthly Monitoring Return required by WG. The Monthly Monitoring Return will be completed by Finance as required and retrospectively presented to one of all of the following (1) Executives, (2) HB Committees and (3) Board for information and approval.

[The previous requirement to submit all requests for funding to NHS Financial Management mailbox at NHSFinancialManagement@gov.wales, was superseded by the use of the all Wales templates/Monthly Monitoring Return as confirmed in email from SE WG 010520.]

6. Discharge Guidance Financial Impact - (Change to FCP/SFI)

[Awaiting guidance from WG]

7. Procurement Tendering Levels – COVID 19 Expenditure Only (Change SFI)

Under SFI's Purchase Orders over £5,000 but under £25,000 require three quotes, where no framework is in place.

As of week commencing 23rd March 2020 it has been agreed with Shared Services that this requirement will be stood down during the period of COVID-19.

This has been agreed to ensure there are no delays with orders being awarded to suppliers and is in line with the approach adopted in other Health Boards.

But this adjustment to the standard procurement process is ONLY for expenditure relating to COVID-19

For orders above £25,000 a formal tender may still be required where the goods and services cannot be secured from an existing framework agreement. In these circumstances advice from procurement and finance will be required before orders are placed.

8. Financial Reporting WG / Board Reporting - (Change SFI / Standard Reporting)

Welsh Government has reviewed its existing monitoring arrangements to ensure routine monitoring is focused on the minimum to sustain clear financial reporting and integrity. So at the high level the Director of Finance will be responsible for reporting to the Board and Welsh Government the following information:

- Baseline position pre COVID-19 as per previous plans
- Year to Date & Forecast outturn position
- Risks & opportunities
- Allocation & Income assumptions
- Cash flow
- Capital
- COVID-19 expenditure incurred

This will be in line with the guidance issued by WG on 5th May and will be subject to change over the financial year. A copy of the current guidance is embedded below.



Financial
Monitoring Return (

9. Savings Monitoring

Each month a full review of all savings schemes listed on the savings tracker at the end of March will be undertaken to assess which schemes will or will not be maintained during COVID-19 and then the likely delivery of each scheme in 2020/21. This will be in line with WG guidance and will also be used to support the full WG reporting requirement as part of the WG MMR Table B3, which is subsequently presented to Board and its sub committees.

The output from this would will then be used to support PTHBs assessment of its wider forecast outturn position.

Updates on this assessment will be provided to one of the following groups **Gold, D&P, P&R or Board** to ensure there a robust sign off process to assumptions made on savings delivery in 2020/21.

This review will be a monthly task undertaken by the Finance function to ensure that the impact of changes to services as a result of Covid-19 are reflected in forecast deliver of savings.

10. Changes to LTA Payments - (Change SFI)

LTA and SLA payments to other providers, whether in England or Wales is primarily based on the previous year's LTA value, uplifted by an agreed national percentage, with further adjustment for agreed service changes. This will then form the basis of the financial agreement of the LTA signed by both parties. A 12th of this value is then paid in cash to the provider on the 1st of each month and then at the end of the financial year adjustments are made for under or over performance.

However NHS England and WG (via All Wales DOF's) have agreed that the payments made to providers during the COVID-19 period will change and the basis of the agreements are summarised below. The key principle behind this is to ensure providers are not financially de-stabilised as a result of the likely non-delivery of elective or other planned care. **At the time of updating version 5 of this document the agreement in place for the block arrangements was in place until end September, with further reviews required in September. The key areas of the block are:**

- *Welsh LTA* - Health Board to Health Board or Trust LTA –cash and income based on 2019/20 agreed outturn + 2% + pay awards + agreed committed investments (this would be a 'block' agreement & not generate a performance cost variation)
- *Welsh Non Contracted Activity* – cash based on 2019/20 monthly average and paid in twelfths, actuals to be revisited in future to adjust and account for actual spend.
- *Welsh NICE drugs and recharges* – cash based on outturn and paid in twelfths. As the costs are pass through, actuals to be revisited in future to adjust and account for actual spend.
- *Welsh SLAs* – outturn + 2% (this would be a 'block' agreement & not generate a performance cost variation).
- *WHSSC/EASC* – paid as per the IMTP values
- *English Providers* – NHS England has outlined as a minimum it should be the forecast contract value as at Month 9 in 2019/20. However some providers are happy for the value to be based on the 2019/20 value uplifted for **2.8%**. The value is being agreed on a case by case

basis. However similar to Wales the key difference is that this will be paid on a Blok Contract basis and so there will be no adjustment for over or underperformance during COVID-19.

- *English Non Contracted Activity* – no recharges are to be made by English providers to commissioners for Non Contracted Activity whilst the block arrangements are in place.

11. Letter of Accountability & Budget Upload 2020/21 (Change FCP 21)

The initial FCP notes that whilst the IMTP was agreed by WG on 19th March 2020 the letters of accountability will not be issued whilst the COVID-19 work is ongoing. However following COVID-19 the standard letters will be issued effective from 1st April 2020.

As essential services are reintroduced in Q2 it is important that the HB issue the letters outlining the budgets as at 1st April to ensure that Budget Holders are aware of their budget for supporting 'normal' services. Whilst Covid-19 costs are managed separately as per this FCP. Therefore during Q2 the Directors will be issued with their letters of accountability. However in recognition that Covid-19 is still resulting in additional pressures the normal timescales for returning the letters signed will be extended and revised deadlines included in the letters issued.

Whilst the letters were not issued as normal to ensure that PTB reports its financial position the revised 2020/21 budget were uploaded to the ledger at the end of April. This has allowed budget holders to review their budgets via Qlikview, prior to receipt of the letter of accountability, whilst also supporting finance in its ability to monitor and report the financial position as per Section 8.

12. Budget Holder Meetings (Change FCP 21)

From April until further notice all meetings with Budget Holders will be stood down. However Budget Holders will be expected to ensure that requests for new posts via TRACs and expenditure for non-COVID-19 areas is managed within existing resources/budgets by using the Qlikview system.

By the end of Q2 meetings will Budget Holders will restarted and will be as a minimum held on a quarterly basis as per Budgetary Control FCP 21.

13. Procurement Hierarchy

With the exception of changes linked to the establishment of new COVID-19 cost centres there are no plans to review the procurement hierarchy, unless staff sickness requires PTHB to review on an ad hoc basis to ensure goods and services continue to flow as normal.

14. Changes TRACs Approval Process

Under the current process when a post is added onto TRACS and approved by the Budget Holder it is then sent to Finance to validate that the funding is available.

As each area has dedicated Finance Leads, it is these specific staff that will approve a TRACS request. As the relevant Finance member maybe absent due to COVID-19 there is a risk that the approval is delayed.

To avoid delays effective from 30th March 2020 all TRACS orders added from this date will automatically be approved to ensure all posts are processed as efficiently and effectively as possible.

However it remains the responsibility of the Budget Holder to ensure that during this time appointment of staff non-COVID specific staff remains within the budgeted establishment.

Where additional resources are required linked to COVID-19 this will need to be approved by Gold Command as per the process detailed in section 4 above.

15. Capital

Since the start of the pandemic the HB has ben required to submitted various reports to WG on Covid-19 actual and planned expenditure. Initially the submissions were joint for capital and revenue. However since the end of April the submissions have been kept separate with revenue submissions included within the WG MMR and the capital submissions requested on an ad hoc basis.

The approval of Capital submissions to WG must first be reported to Gold and then to the relevant committees of the Board for final approval. However where the timescales imposed by WG do not allow approval to be sought from Gold before submission the information will be shared with the relevant Executives/Senior Managers via email, as per list below:

- Director of Finance
- Director of Planning
- Head of Estates & Property

Then will be presented for retrospective approval at the next available Gold (or Executive Meeting).

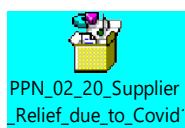
As WG increase the HB Capital Resource Limit to reflect Covid-19 requirements the Financial Accounting team will be responsible for monitoring and reporting on the capital spend as required by WG and Board, in line with the management of the standard Capital Resource Limit.

16. Two Way Matching

NHS Wales has agreed via the DOF governance structure a change to the 3 way matching process (PO Raised, Goods Received and Invoice Received). The key change is that suppliers will be paid using a 2 way matching process .i.e. the supplier is paid when PO in place and the invoice received, removing the need for good to be receipted. 2 way matching is not new and has been piloted for stationery orders for a numbers of months across NHS Wales.

These interim arrangements will help with the cash-flow to suppliers and will be kept under review by shared services.

This change will be also apply for invoices which are currently deemed as in dispute, either in relation to price or goods receipting queries and is in line with the Cabinet Office – Procurement Policy Note – Supplier Relief due to Covid-19 embedded below.



For clarity the two way matching process would be made for invoices with a value of less than £500 (excl VAT) and where a matching PO had been received. As well as applying to future invoices it would also apply to invoices that are currently on hold.

The two-way matching process will continue to operate until it is agreed at all Wales level to stop. However further work is be undertaken by NWSSP and the All Wales P2P Group to look at options to continue this post C-19. Should this be the case the relevant FCP will need to be updated to reflect any permanent changes.

17. Advanced Payments

In April 2020 Welsh Government guidance was issued to all Health Boards in respect of requests for advance payments.

The guidance clearly outlines requirements to document decisions and maintain an appropriate audit trail, recognising that organisations may already have their own governance framework in place. It also highlights the importance of Welsh Government approval for advance payments in excess of 25% of the contract value and early notification of potential cash requirements. Other Standing Financial Instruction requirements to note contracts >£500k in value and approve contracts >£1m remain in place.

A copy of the guidance is provided below:



Advance Payments -
Guidance FINAL.pdf

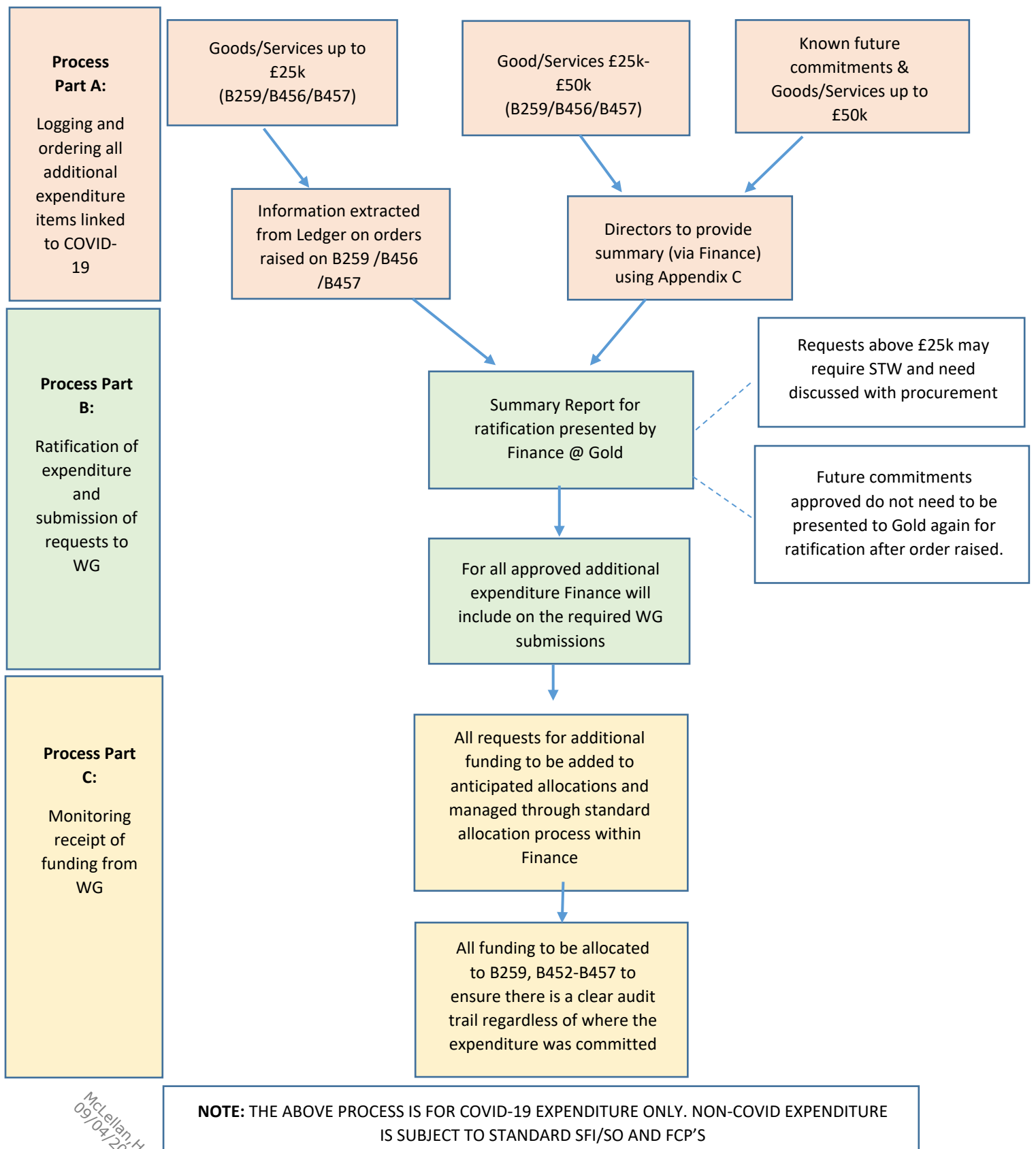
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Powys Local Health Board.
COVID-19 Decision Making & Financial Guidance

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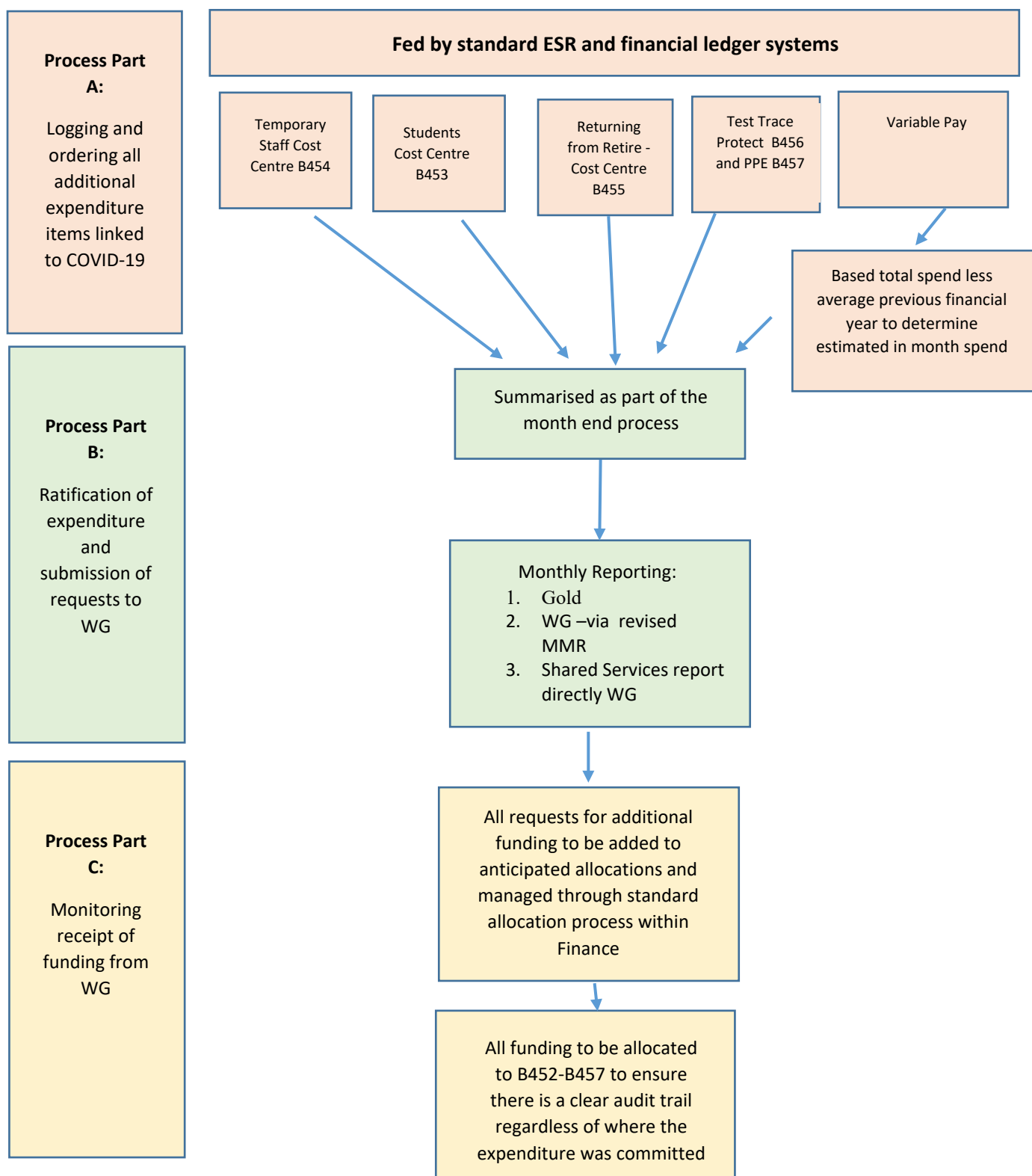
Finance Department
From: April 2020

APPENDIX A – PROCOESS MAP COVID 19 REVENUE EXPENDITURE NON PAY



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APPENDIX B – PROCESS MAP COVID 19 REVENUE EXPENDITURE PAY



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APPENDIX C – FUNDING REQUEST TEMPLATE

HB Ref No. <i>(Finance Complete once submitted)</i>	
Health Board	Powys Teaching Health Board
Capital or Revenue <i>(Completed by Service)</i>	
Date Request <i>(Completed by Service)</i>	
Date Ratified by Gold Command <i>(Completed Finance)</i>	
Summary Expenditure to be committed <i>(Completed by Service)</i>	
Purpose/Justification <i>(Completed by Service)</i>	
Funding Requested inc VAT <i>(Completed by Service)</i>	£
Timeframe Expenditure Incurred <i>(Completed by Service)</i>	Date
Director Approving Form <i>(insert name and ensure form sent from Director email to Finance contacts as per below):</i>	
Powys Health Board Finance contacts:	Greg Chambers: Greg.Chambers@wales.nhs.uk OR Sam Moss: samantha.moss@wales.nhs.uk

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Agenda item: 3.1

AUDIT, RISK AND ASSURANCE COMMITTEE		Date of Meeting: 8 September 2020
Subject :	AUDIT RECOMMENDATIONS TRACKING, JULY 2020	
Approved and Presented by:	Board Secretary	
Prepared by:	Head of Risk & Assurance	
Other Committees and meetings considered at:	Executive Committee, 26 August 2020	

PURPOSE:

The purpose of this paper is to provide the Audit, Risk and Assurance Committee with an overview of the current position relating to the implementation of Audit Recommendations, arising from reviews undertaken by Internal Audit and External Audit (Audit Wales).

RECOMMENDATION(S):

The Audit, Risk and Assurance Committee is asked to discuss the current position, following the re-prioritisation of Audit Recommendations for implementation during the COVID-19 pandemic, as approved by the Audit, Risk & Assurance Committee.

Approval/Ratification/Decision	Discussion	Information
✓	✓	x

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THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	x
	2. Provide Early Help and Support	x
	3. Tackle the Big Four	x
	4. Enable Joined up Care	x
	5. Develop Workforce Futures	x
	6. Promote Innovative Environments	✓
	7. Put Digital First	x
	8. Transforming in Partnership	✓
Health and Care Standards:	1. Staying Healthy	x
	2. Safe Care	x
	3. Effective Care	x
	4. Dignified Care	x
	5. Timely Care	x
	6. Individual Care	x
	7. Staff and Resources	x
	8. Governance, Leadership & Accountability	✓

INTRODUCTION:

Significant work was taken forward previously, to implement robust systems for recording and monitoring audit recommendations arising from Internal and External Audit Reviews. Progress was made in closing down a large number of previously outstanding audit recommendations.

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020, and this subsequently led to NHS organisations, including Powys Teaching Health Board, needing to focus on preparations and plans for dealing with an expected surge in demand of patients requiring interventions. The nature and scale of the response depends on the course of the disease. The situation is changing constantly and will require an agile response.

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Recognising the pressures on NHS organisations during the pandemic, Audit Wales informed the health board that whilst audit recommendations previously made will remain valid, it was fully understood that the ability of NHS bodies to implement these recommendations as originally planned would be compromised, as the response to the pandemic takes priority. However, audit recommendations which are related to important aspects of organisational governance and financial management should remain firmly within NHS bodies' line of sight as a means of ensuring business is conducted as effectively as possible in the current circumstances.

At its last meeting, the committee approved a re-prioritised approach for audit recommendation implementation, which enables services to balance their response to audit findings with the level of resources required to plan and respond to COVID-19. Outstanding audit recommendations have been re-prioritised on the following basis: -

Priority level 1 (May & June)	<ul style="list-style-type: none"> • High rated recommendations overdue and due within this period • External audit recommendations due within this period • Medium rated recommendations overdue (wherever possible)
Priority level 2 (July – September)	<ul style="list-style-type: none"> • High rated recommendations due within this period • External audit recommendations due within this period • Medium rated recommendations overdue • Medium rated recommendations due within this period (wherever possible)
Priority level 3 (October – March)	<ul style="list-style-type: none"> • High rated recommendations due within this period • External audit recommendations due within this period • Medium rated recommendations overdue and due within this period • Low rated recommendations overdue and due within this period

DETAILED BACKGROUND AND ASSESSMENT:

INTERNAL AUDIT

Executive Directors have been asked to provide updates against recommendations classified as Priority Levels 1 and 2. Where Priority Level 1 and 2 recommendations remain outstanding, a substantive update has been requested, with a clear indication of when they will be implemented.

Updates have also been provided against Priority Level 3 recommendations, where work has been undertaken in some areas.

Revised timescales are detailed in **Appendix 1**, and the Audit, Risk & Assurance Committee will be asked to confirm that these are satisfactory, and to APPROVE the revised timescales.

Based on original agreed deadlines, the overall summary position reported to Audit, Risk and Assurance Committee at 31/07/2020 in respect of overdue internal audit recommendations classified as Priority Levels 1 and 2 is: -

Overdue Internal Audit Recommendations						
	2017/18		2018/19		2019/20	TOTAL OUTSTANDING
	Number	Progress since last meeting	Number	Progress since last meeting	Number	
High	0	→	1	→	9	10
Medium	4	↓	1	↓	13	21
Low	4	→	0	→	7	11
TOTAL	8		2		32	42

Key:

↑ - Number Increased

↓ - Number Decreased

→ - Number stayed the same

The breakdown by individual audit is outlined below:

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2017/18 Internal Audits

Ref	Audit Title	Assurance Rating	Recommendations Made			Recommendations Implemented			Recommendations Overdue (agreed timescale)			Overdue COVID-19 Priority Rating			All recommendations implemented
			H	M	L	H	M	L	H	M	L	1	2	3	
171801	Commissioning - Embedding the Commissioning Assurance Framework	Reasonable	0	2	1	0	2	1							✓
171802	Clinical Audit Programme Follow-Up	Limited	1	2	2	1	2	0	0	0	2	0	0	2	✗
171803	Estates Assurance Follow Up	Reasonable	0	5	1	0	5	1							✓
171804	Safe Water Management (including Legionella)	Limited	1	6	0	1	6	0							✓
171806	Risk Management	Limited	2	1	0	2	1	0							✓
171807	Procurement of Consultant and Agency Staff	Limited	5	1	0	5	1	0							✓
171808	Engagement with Primary Care Providers	Limited	1	4	0	1	4	0							✓
171809	Public Health - Influenza Immunisations	Reasonable	1	2	0	1	2	0							✓
171810	Public Health - Smoking Cessation for Pregnant Women	Reasonable	0	3	1	0	3	1							✓
171811	Information Commissioner's Office Recommendations Report Follow-Up	Reasonable	4	4	4	4	4	4							✓
171812	Medicines Management – Patient Group Directions (PGDs)	Limited	7	1	0	7	1	0							✓
171813	Llandrindod Wells Redevelopment	Reasonable	0	11	1	0	11	1							✓
171814	Workforce Planning	Reasonable	1	1	0	1	1	0							✓
171815	Review of the Health and Care Strategy – Programme Management	Reasonable	1	3	1	1	3	1							✓
171816	Integrated Medium Term Plan – Monitoring and Reporting of Performance	Reasonable	0	1	3	0	1	3							✓
171817	Policies Management	Reasonable	0	4	2	0	0	1	0	4	1	0	0	5	✗
171818	Information Governance General Data Protection Regulation (GDPR)	Reasonable	0	3	3	0	3	3							✓
171819	Electronic Staff Record System	Reasonable	0	3	1	0	3	1							✓
171820	Banking & Cash Management	Reasonable	0	1	4	0	1	4							✓
171821	Budgetary Control and Financial Savings	Reasonable	1	2	2	1	2	2							✓
171822	Disaster Recovery Arrangements	Reasonable	0	2	3	0	2	3							✓
171823	Financial Planning	Reasonable	0	3	1	0	3	1							✓
171824	General Ledger	Substantial	0	0	1	0	0	1							✓
171825	IT Governance and Resilience Follow-Up	Reasonable	0	2	1	0	2	1							✓
171826	Localities Operational Management follow-up (Incorporating Patients' Property & Money Follow-Up and Declarations of Interest)	Limited	2	7	1	2	7	1							✓
171827	Medicines Management – Prescribing of Branded Generic Drugs	Reasonable	1	2	1	1	2	0	0	0	1	0	0	1	✗
171828	Personal Appraisal Development Reviews (PADRs)	Reasonable	1	1	0	1	1	0							✓
171829	Records Management Follow-Up	Reasonable	1	4	2	1	4	2							✓
TOTAL			30	81	36	30	77	32	0	4	4	0	0	8	

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2018/19 Internal Audits

Ref	Audit Title	Assurance Rating	Recommendations Made			Recommendations Implemented			Recommendations Overdue (agreed timescale)			Overdue COVID-19 Priority Rating			All recommendations implemented
			H	M	L	H	M	L	H	M	L	1	2	3	
181901	IMTP – Joint Planning Framework	Reasonable	0	1	1	0	1	1							✓
181902	Dental Services: Monitoring of the General Dental Services Contract	Limited	2	2	0	2	2	0							✓
181903	ICT Infrastructure	Reasonable	0	1	2	0	1	2							✓
181904	Podiatry Service	No Assurance	7	1	3	7	1	3							✓
181905	Recruitment and Retention	Reasonable	1	2	0	1	2	0							✓
181906	Environmental Sustainability Reporting	Reasonable	0	1	0	0	1	0							✓
181907	Commissioning – Primary Care (Advisory)	Not Rated	2	2	0	2	2	0							✓
181908	Asbestos Management	Reasonable	0	4	4	0	4	4							✓
181909	Occupational Therapy Service	Reasonable	0	6	0	0	5	0	0	1	0	0	0	1	✗
181910	Health and Safety	Limited	1	6	1	1	6	1							✓
181911	Section 33 - Governance Arrangements	Limited	2	1	1	2	1	1							✓
181912	Annual Quality Statement	Substantial	0	1	0	0	1	0							✓
181913	Departmental Review - Catering	Limited	3	3	1	3	3	1							✓
181914	Capital Systems	Reasonable	0	6	1	0	6	1							✓
181915	Temporary Staffing Unit	Reasonable	0	4	1	0	4	1							✓
181916	Cyber-Security Follow-up of Stratia Report	Reasonable	0	2	2	0	2	2							✓
181917	Putting Things Right – Lessons Learned (Midwifery)	Reasonable	0	1	3	0	1	3							✓
181918	Single Tender Waivers	Reasonable	0	3	0	0	3	0							✓
181919	Business Continuity Planning	Reasonable	1	2	2	1	2	2							✓
181920	Information Governance: General Data Protection Regulation (GDPR) - Compliance	Reasonable	0	1	2	0	1	2							✓
181921	Risk Management	Limited	2	1	0	2	1	0							✓
181922	Procurement of Consultant and Agency Staff Follow Up	Reasonable	0	3	1	0	3	1							✓
181923	Medicines Management (Patient Group Directions) Follow-Up Review	Limited	3	3	0	3	3	0							✓
181924	Estates Assurance Follow Up	Reasonable	0	6	4	0	6	4							✓
181925	Capital Assurance Follow Up	Reasonable	0	5	1	0	5	1							✓
181926	Welsh Risk Pool Claims Management	Substantial	0	0	1	0	0	1							✓
181927	Engagement with Primary Care Providers Follow-up	Limited	1	2	1	0	2	1	1	0	0	0	1	0	✗
TOTAL			25	70	32	24	69	32	1	1	0	0	1	1	

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2019/20 Internal Audits

Ref	Audit Title	Assurance Rating	Recommendations Made			Recommendations Implemented			Recommendations Overdue (agreed timescale)			Overdue COVID-19 Priority Rating			Recommendations Not Yet Due			All recommendations implemented
			H	M	L	H	M	L	H	M	L	1	2	3	H	M	L	
192001	Deprivation of Liberty Safeguards	Limited	2	1	0	2	0	0	0	1	0	0	0	1	0	0	0	*
192002	Environmental Sustainability Reporting	Not Rated	0	2	1	0	2	0	0	0	1	0	0	1	0	0	0	*
192003	Assurance on Implementation of Audit Recommendations	Reasonable	1	1	0	1	1	0										✓
192004	Financial Planning and Budgetary Control - Commissioning	Reasonable	0	2	3	0	2	3										✓
192005	Disciplinary Processes – Case Management	Reasonable	0	2	3	0	2	3										✓
192006	Records Management	No Assurance	6	0	0	1	0	0	5	0	0	0	0	5	0	0	0	*
192007	Freedom of Information (FoI)	Limited	1	2	3	1	2	3										✓
192008	Staff Wellbeing (Stress Management)	Reasonable	0	3	0	0	0	0	0	3	0	2	1	0	0	0	0	*
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	0	4	2	0	4	2										✓
192010	111 Service	Reasonable	2	3	0	1	0	0	1	3	0	0	4	0	0	0	0	*
192011	Catering Services Follow-up	Reasonable	0	3	2	0	2	1	0	1	1	0	1	1	0	0	0	*
192012	Hosted Functions – Governance Arrangements (Advisory)	Not Rated	2	3	1	0	3	1	2	0	0	2	0	0	0	0	0	*
192013	Podiatry Service Follow-up	Limited	1	5	4	0	2	2	0	1	2	0	1	2	1	2	0	*
192014	Care Homes Governance	Limited	1	2	3	0	0	1	0	2	1	2	0	1	1	0	1	*
192015	Primary Care Clusters	Reasonable	1	3	1	0	2	0	1	1	0	0	2	0	0	0	1	*
192016	Organisational Development Strategic Framework	Reasonable	0	2	0	0	0	0	0	2	0	0	1	1	0	0	0	*
192017	Dental Services: Monitoring of the GDS Contract Follow-up	Reasonable	0	0	2	0	0	2										✓
192018	IT Service Management	Reasonable	0	2	1	0	0	0	0	1	1	1	0	1	0	1	0	*
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	1	3	2	1	2	0	0	1	1	0	0	2	0	0	1	*
192020	Welsh Risk Pool Claims Management	Substantial	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	*
192021	Capital Assurance Follow Up	Substantial	0	1	0	0	1	0										✓
192022	Outpatients Planned Activity	Reasonable	1	3	0	0	0	0	0	0	0	0	0	0	1	3	0	*
192023	Estates Assurance Follow Up	Reasonable	0	1	2	0	0	0	0	0	0	0	0	0	0	1	2	*
192024	Financial Safeguarding: Estates Team Led Work	Reasonable	0	4	1	0	0	0	0	0	0	0	0	0	0	4	1	*
192025	Financial Safeguarding: Support Services Led Work	Reasonable	0	3	0	0	3	0										✓
192026	Risk Management and Board Assurance	Limited	2	3	0	0	0	0	0	0	0	0	0	0	2	3	0	*
192027	Welsh Language Standards Implementation	Limited	2	1	0	0	0	0	0	0	0	0	0	0	2	1	0	*
192028	Section 33 Governance Arrangements Follow-up	Reasonable	0	2	1	0	0	0	0	0	0	0	0	0	0	2	1	*
TOTAL			23	61	33	7	28	18	9	16	7	7	10	15	7	17	8	

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Appendix 1 details the recommendations for implementation that have become overdue, with revised deadlines for implementation, subject to approval by the Audit, Risk & Assurance Committee. This is supported with further detailed information (a breakdown of the recommendations by their priority for implementation [as rated by Internal Audit], and also the time period for which they have become overdue, based upon agreed deadlines within the original final audit report).

External Audit Recommendations

Based on original agreed deadlines, the overall summary position reported to Committee at 31/07/2020 in respect of overdue external audit recommendations classified as Priority Levels 1 and 2 is:

Overdue External Audit Recommendations		
	Number	Progress since last meeting
2018/19	7	→
2019/20	1	
TOTAL	8	

Key:

- ↑ - Number Increased
- ↓ - Number Decreased
- - Number stayed the same

The breakdown by individual audit is outlined below:

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2018/19 External Audits

Ref	Audit Title	Recommendations Made	Recommendations Implemented	Recommendations Overdue (agreed timescale)	Overdue COVID-19 Priority Rating			Recommendations Not Yet Due	All recommendations implemented
					1	2	3		
181951	Structured Assessment 2018	12	8	4	0	0	4	0	x
181952	Clinical coding follow-up review	4	1	3	1	2	0	0	x
181953	Audit of Financial Statements Report	4	4						✓
TOTAL		20	13	7	1	2	4	0	

2019/20 External Audits

Ref	Audit Title	Recommendations Made	Recommendations Implemented	Recommendations Overdue (agreed timescale)	Overdue COVID-19 Priority Rating			Recommendations Not Yet Due	All recommendations implemented
					1	2	3		
192051	Structured Assessment 2019	3	1	1	0	0	1	1	x
TOTAL		3	1	1	0	0	1	1	

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There are no revised deadlines for approval by the Audit, Risk & Assurance Committee in respect of External Audit Recommendations for this reporting period.

The Audit Recommendations Tracker

The full tracker has been separated for the Committee's ease of reference and is provided as the following appendices:

- **Appendix 1** – Revised Deadlines for Implementation
- **Appendix 2** – Internal Audit Not Yet Due Recommendations
- **Appendix 3** – External Audit Not Yet Due Recommendations
- **Appendix 4** – Internal Audit Completed Recommendations

NEXT STEPS:

The Audit, Risk & Assurance Committee will be asked to approve the revised deadlines for the recommendations.

An audit trail will be maintained, to ensure that Executive Committee and Audit, Risk & Assurance Committee are made aware of the variance of implementation against both the original deadline and any approved revised deadlines.

Directors and teams will continue to be made aware of recommendations which are due for implementation within 2 months' time, to minimise the risk of further recommendations reaching overdue status, and the request to further extend existing agreed deadlines.

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Appendix 1 – Internal Audit Recommendations with Revised Deadlines for Approval

Internal Audits undertaken in 2018/19					
Recommendations with Revised Deadlines for Approval					
Audit Title	Recommendation Overdue (H/M/L)	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
Engagement with Primary Care Providers Follow-up	<p>1. To ensure constructive and continued engagement with the primary care clusters, the health board should move forward with implementation of the Primary Care Transformation Programme. Particular attention should be paid to the establishment of a Primary and Community Care Development Group, bringing together the Cluster Team Leads and senior health board executives, as outlined in the Cluster Development Framework proposed in August 2018.</p> <p>2. Furthermore, within this implementation, the health board should consider: -</p> <ul style="list-style-type: none"> • regular Executive attendance at cluster meetings; • supporting localities to enable them to deliver consistent support across all three clusters; • making health board guidance and expertise available to support clusters (e.g. Workforce and OD, and Capital and Estates); and • the health board needs to consider how Executive Directors' governance role can extend into Primary Care. 	31 st July 2019	12 Months	30 th September 2020	DPCMH

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Internal Audits undertaken in 2019/20

Recommendations with Revised Deadlines for Approval

Audit Title	Recommendation Overdue (H/M/L)	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
Deprivation of Liberty Safeguards	The health board should put in place a formal agreement (for example, a Service Level Agreement) with the LA for the services provided by the Powys DoLS Team. This should include: I. clear details of the service provided, including who is responsible/liable for each aspect of the process; II. a performance monitoring process, including input, performance and output key performance indicators; III. information governance considerations, such as data security, integrity, maintenance, transfer and ownership (i.e., who is the data controller); IV. the provision of DoLS management information, including required information and format; V. access to training opportunities; and VI. monitoring and audit of compliance with the Code.	31 st October 2019	9 Months	31 st August 2020	DoN
111 Service	We recommend that remedial actions are developed for all areas where they are absent.	29 th February 2020	5 Months	30 th September 2020	DPCMH
111 Service	We recommend that the health board agree a suite of metrics that WAST will submit regularly and that these be reviewed quarterly (see also recommendation 2 which is related).	31 st March 2020	4 Months	30 th September 2020	DPCMH
111 Service	We recommend that a process to review patient complaint and feedback received by WAST in relation to the 111 service is implemented.	31 st January 2020	6 Months	30 th September 2020	DPCMH

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111 Service	We recommend that the 111 service activities are reviewed to ensure that all risks have been captured and that the risk scoring of 111 service reporting is reviewed to ensure that residual risk is not understated.	29 th February 2020	5 Months	30 th September 2020	DPCMH
Primary Care Clusters	We recommend that decision making in respect of non-recurring funding used to support cluster initiatives should be articulated / documented and evidenced and that the health board continue to take steps to maximise opportunities for obtaining further funding for these.	30 th April 2020	3 Months	30 th September 2020	DPCMH
Primary Care Clusters	We recommend that the health board devise and implement a comprehensive cluster governance framework to strengthen control of cluster operation going forward.	30 th April 2020	3 Months	30 th September 2020	DPCMH
Organisational Development Strategic Framework	We recommend that the health board either seek to incorporate all of the OD Strategic Framework priority themes in the health board's existing performance monitoring framework or consider implementing a dedicated framework to manage the delivery of the OD Strategic Framework priority themes and related actions. Typical features of such a framework would be as follows: <ul style="list-style-type: none"> • task level actions; • action target dates and individual delivering the action; • action RAG status; and • regular reporting to management oversight group / committee / board. 	31 st May 2020	2 Months	31 st December 2020	DWOD&SS

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PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation			
													Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Professional Head of Service/Service Leads	R4	Management should ensure that there is a rolling programme of GDPR training for the Podiatrists. We concur with the use of the new Team Leader role to undertake compliance monitoring against the records management and information governance policies. This monitoring should	Information Governance e-learning (every 2 years) includes GDPR will be part of the Mandatory Training for the service and monitored through ESR reports and reported through Team Meetings. Team Leaders along with Professional	okt-20		Not yet due	3	No progress	All staff have completed GDPR Training. Email reminder sent to all Therapy staff regarding the Records Policy and	Service delivery changed due to COVID-19	Managing day to day operations by Head of Therapies	okt-20
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Head of Therpaies & Health Sciences	R6	We concur with the process being undertaken to reduce the clinic locations, including the discussions with the CHC. Management should ensure that the demand and capacity modelling be undertaken and patient assurances be detailed as a matter of priority.	Complete demand and capacity modelling which outlines New, Follow up referrals, clinic activity, case mix and workload capacity. Complete staff skills mix including new leadership role for the service Develop	sep-20		Not yet due	2	Partially complete	Head of Podiatry due to start 06.07.20 Engagement process undertaken, paper to go to Board in June 2020	Operational Policy to be reviewed inline with COVID-19	Managing day to day operations by Head of Therapies	sep-20
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Professional Head of Service	R7	We concur with the intention for the Service to undertake an annual caseload audit. Management should ensure that actions arising from the audit, including training needs, are clearly documented and monitored to ensure implementation.	Professional Head of Service will include the annual caseload audit within their work plan and ensure yearly audits are undertaken and all actions are documented and implemented as required.	sep-20		Not yet due	2	Partially complete	Head of Podiatry due to start 06.07.20 Caseload management undertaken during COVID-19. Review of Diabetic	Operational Policy to be reviewed inline with COVID-19	Managing day to day operations by Head of Therapies	sep-20
192014	Care Homes Governance	Limited	Director of Nursing	Director of Planning & Performance Director of Finance and	R2	2.1 The health board should agree a common contract and specification for CHC care home contracts not covered by the All Wales Framework Agreement. This is an action set out within the S33 agreement for delivery by PTHB & PCC. 2.2 The health board should review its Scheme of	2.1 A common contract and specification for CHC care home contracts not covered by the All Wales Framework Agreement to be developed, as set out within the S33 agreement for delivery by PTHB & PCC. 2.2 There is currently a national review	des-20		Not yet due	3	No progress	July 2020 - CL will need speak to Hayley about how the capacity can be made available for the action below – as this was going to be taken			
192014	Care Homes Governance	Limited	Director of Nursing	Director of Nursing Senior Nurse Complex Care / Assistant	R5	5.1 The health board should consider the frequency it wishes the WAO Self-Assessment (as updated under the revised National Framework when issued) to be undertaken for both Adult and MH&LD CHC. The CHC SOP should be updated accordingly.	5.1 The health board will consider the frequency of the Self-Assessment and the SOP will be updated accordingly. 5.2 Results and associated action plans for the external sample and self-assessment to be reported to CCSG and Board.	sep-20		Not yet due	3	No progress	4.6.2020 RPE to email MZ at WG and to raise at All Wales Leads meeting. Self-assessment has not taken place across			
192015	Primary Care Clusters	Reasonable	Director of Primary, Community and Mental Health	Assistant Director of Primary Care	R5	We recommend that clusters conduct a review of patient information resources and that up to date cluster newsletters and other documents covering cluster service developments and achievements are provided on cluster and health board web pages.	This will be considered by the clusters and factored into their work programme for 2020/21. Prioritisation of this may vary across the 3 clusters and thus the deadline set allows that local flexibility.	sep-20		Not yet due	3	No progress				
192018	IT Service Management	Reasonable	Director of Finance, Information and IT	Head of Digital Services	R1	ICT should consider undertaking a formal ITIL maturity level assessment. They should assess their current level, and a target level formally agreed, where necessary with a plan to reach the level.	Accept recommendation – A full ITIL maturity level assessment will be conducted to review current status in order to assess and plan future target level and actions with timescales to reach set standards.	sep-20		Not yet due	2	No progress				
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Assistant Director of Estates & Property	R6	A lessons learnt exercise should be undertaken in consultation with appropriate parties and reported to Board. (O)	Accepted. As PTHB develops a major project pipeline, it is important that the organisation employs a lessons learned regime. A review will be undertaken of the project at Machynlleth from inception to the point of the FBC	sep-20	okt-20	Not yet due	3	Partially complete	Lessons learnt framework currently under development	Delayed due to covid	FBC submission date revised due to covid - currently no risk	okt-20
192020	Welsh Risk Pool Claims Management	Substantial	Director of Nursing	Assistant Director Quality & Safety	R1	Management should consider reviewing the reporting mechanisms on compensation claims to ensure that all claims are captured. For example, the format could be enhanced to distinguish between new claims, ongoing claims and closed claims from one period to the next.	The recommendation is accepted. Future claims reports will distinguish between new claims, ongoing claims and closed claims from one period to the next.	okt-20		Not yet due	3	No progress	The reports scheduled September 2020 onwards will be set out in the described way. This will then enable readers to distinguish	None	Information relating to claims is categorised and recorded to support differentiation between new, ongoing and closed claims.	okt-20
192022	Outpatients Planned Activity	Reasonable	Director of Planning and Performance		R1	Create and implement an overarching document that outlines the range of outpatient services and pathways provided by the health board, including the locations where they are delivered. Create and implement a process flow diagram that explains the outpatient referral process, ensuring Patient	Implementation will inevitably be dependant upon the health board's position in relation to COVID-19. An indicative implementation date of 31 March 2021 has therefore been included. PTHB Elective Care patient pathways are	mar-21		Not yet due	3	No progress				
192022	Outpatients Planned Activity	Reasonable	Director of Finance, Information and IT		R2	The health board should investigate options for the implementation of an electronic referral management system as a replacement for the manual activities that currently cover the processes from initial patient referral up to booking of a patient's outpatient appointment into WPAS. This	Implementation will inevitably be dependant upon the health board's position in relation to COVID-19. An indicative implementation date of 31 March 2021 has therefore been included. Booking systems are automated and PTHB	mar-21		Not yet due	3	No progress				

192022	Outpatients Planned Activity	Reasonable	Director of Planning and Performance		R3	The health board should review the mechanisms that it has in place to provide assurance that Powys residents commissioned to other providers in order to demonstrate that patients are treated fairly and equitably, and to ensure these are articulated in the CAF Escalation Report. This should include	The CAF report sets out the RTT position for Powys patients in each of the different providers attended (due to geography) even though the waiting times are different. The waiting time differences are recorded in the public domain.	mar-21		Not yet due	3	No progress				
192022	Outpatients Planned Activity	Reasonable	Director of Planning and Performance		R4	Continue to work with the commissioned health boards and trusts in Wales and England to enhance the reporting of commissioning services data to include Powys outpatient follow-up appointments waiting times and to discuss exceptions with them.	Implementation will inevitably be dependant upon the health board's position in relation to COVID-19. An indicative implementation date of 31 March 2021 has therefore been included.	mar-21		Not yet due	3	No progress				
192023	Estates Assurance Follow Up	Reasonable	Director of Planning and Performance	Asbestos Manager	AM2	A detailed review of the Asbestos Management Plan should be completed.		sep-20		Not yet due	3	No progress				
192023	Estates Assurance Follow Up	Reasonable	Director of Workforce & OD and Support Services	Assistant Director: Support Services & Facilities	FP2	The proposed fire training needs assessment (TNA) should be reviewed by the Fire Safety Group and implemented accordingly.		sep-20		Not yet due	3	No progress	The TNA is ready and will go to the Fire Safety Group on the 10 September			
192023	Estates Assurance Follow Up	Reasonable	Director of Workforce & OD and Support Services	Assistant Director: Support Services & Facilities	FP3	Site fire drills should be performed on an, at least, annual basis.		sep-20		Not yet due	2	No progress	We are working with the community services managers to re-fresh the fire drill schedule and updated scheduled will be sent to the FSG.			
192024	Financial Safeguarding: Estates Team Led Work	Reasonable	Director of Planning and Performance	Assistant Director: Estates & Property	R1	The Estates department should ensure that pre-planned maintenance areas are covered by formalised contacts arrangements, and that there are formal interim measures in place until these contracts are finalised.	The Estates department has multiple maintenance contracts which are required to undertake specialist works. Work is underway, with the support of NWSSP Procurement Services, to make appointments on a 3-5 year basis for key	okt-20		Not yet due	3	No progress				
192024	Financial Safeguarding: Estates Team Led Work	Reasonable	Director of Planning and Performance	Assistant Director: Estates & Property	R2	The resource requirements to address the maintenance tender/contract expertise within the Estates function should be finalised.	Additional Estates management resource has been identified and agreed in the structure with the post being actively advertised; interviews scheduled for May 2020, with the appointment subject to the suitability of candidates.	okt-20		Not yet due	3	No progress				
192024	Financial Safeguarding: Estates Team Led Work	Reasonable	Director of Planning and Performance	Assistant Director: Estates & Property	R3	a) Management should review all maintenance expenditure for the financial year and determine whether formal quotation/tendering exercises should have been undertaken based on the cumulative value of works awarded to individual contractors. The same should be reported to the	A quarterly review of cumulative expenditure will be undertaken during the course of scheduled Procurement meetings. This will allow sufficient time to react and respond in a positive manner and undertake more market testing of	okt-20		Not yet due	3	No progress				
192024	Financial Safeguarding: Estates Team Led Work	Reasonable	Director of Planning and Performance	Assistant Director: Estates & Property	R4	Management, in consultation with NWSSP: Procurement, should define an appropriate and reasonable timeframe (following the end of a financial year) for the receipt of the Procurement Activity Report.	NWSSP Procurement has confirmed the activity report for 2019/20 will be produced by the end of July 2020 due to operational pressures arising from COVID-19. For future years, the activity report will be prepared for the end of Quarter 1.	okt-20		Not yet due	3	No progress				
192024	Financial Safeguarding: Estates Team Led Work	Reasonable	Director of Planning and Performance	Assistant Director: Estates & Property	R5	The THB should develop key performance indicators against which external contractors will be evaluated; and the outcome reported to an appropriate forum.	The THB will actively engage in developing KPIs for the contracts that have currently been entered into, and will continue to develop the measures going forward as further contract arrangements are agreed.	okt-20		Not yet due	3	No progress				
192026	Risk Management and Board Assurance	Limited	Board Secretary	Head of Risk & Assurance	R1	a. Finalise the current version of the RMF and ensure placed on the health board's intranet in a location that is easy for all employees to locate. b. Finalise the RMF Toolkit and append to the RMF. c. Finalise the Risk Management training plan and rollout to individuals of the health board in line	Agreed.	sep-20		Not yet due	2	Partially complete				
192026	Risk Management and Board Assurance	Limited	Board Secretary	Board Secretary/ Head of Risk & Assurance	R2	a. Improve the level of documented scrutiny in the Board and sub-board committee meeting minutes around rationale for making changes in risk scores for individual risks in the CRR, the achievement of deadlines for completion of mitigating actions. b. Ensure the on-going improvement of Committee	Agreed.	des-20		Not yet due	3	No progress				

192026	Risk Management and Board Assurance	Limited	Board Secretary	Head of Risk & Assurance	R3	Ensure that the Directorate Risk Register template, as documented in the RMF Toolkit (and appended to the Risk Management Framework) is adopted by all Directorates and fully populated for discussion at Risk and Assurance Group meetings going forward.	Agreed. This work is ongoing, with an original deadline of 31st March 2020 assigned. This deadline has been extended in light of current arrangements in response to COVID-19.	des-20		Not yet due	3	Partially complete	Directors have been written to, to remind them that there is an expectation that Directorates will need to manage their			
192026	Risk Management and Board Assurance	Limited	Board Secretary	Board Secretary/ Head of Risk & Assurance	R4	a. Ensure that going forward, reviews of the Directorate Risk Registers at Risk and Assurance Group meetings are appropriate to the task required, i.e. to discuss risk scores and consider risks for recommendation to the Executive Committee to be escalated to the Corporate Risk	Agreed	des-20		Not yet due	3	Partially complete	Directors have been written to, to remind them that there is an expectation that Directorates will need to manage their			
192026	Risk Management and Board Assurance	Limited	Board Secretary	Board Secretary/ Head of Risk & Assurance	R5	a. The Board should explore ways to strengthen the Board Assurance Framework as a live and robust assurance tool for its corporate objectives by: • relevant Committees and groups regularly review controls and assurances to assess their effectiveness and identify any gaps; and,	Agreed	mar-21		Not yet due	3	No progress				
192027	Welsh Language Standards Implementation	Limited	Director of Therapies and Health Sciences	Welsh Language Service Improvement Manager	R1	The health board should ensure it reviews future changes in legislation and assess their implications in a timely manner, with supporting evidence retained.	Since the appointment of the Service Improvement Manager for Welsh Language, changes have already been made to the way in which the health board reviews information relating to the legislation surrounding the Welsh	mar-21		Not yet due	3	No progress				
192027	Welsh Language Standards Implementation	Limited	Director of Therapies and Health Sciences	Welsh Language Service Improvement Manager	R2	All directorate action plans should be completed as a matter of priority to inform the health board's overarching action plan and compliance assessment. The health board should complete the process of determining the resource implications of	The health board has already begun to implement the recommendations of this Audit Report and a paper outlining the potential resource implications for some of the more challenging Standards was presented to the Executive Committee	sep-20		Not yet due	2	No progress				
192027	Welsh Language Standards Implementation	Limited	Director of Therapies and Health Sciences	Welsh Language Service Improvement Manager	R3	The health board should continue raising awareness of the Standards, including through: the roll of out awareness sessions, keeping records of attendance; increasing the frequency and content of internal communications; and	The health board will continue to offer Welsh Language Awareness sessions to staff across all directorates and will record attendance going forward. The health board will explore options for adding this training to ESR in order to record staff	mar-21		Not yet due	3	No progress				
192028	Section 33 Governance Arrangements Follow-up	Reasonable	Board Secretary		R1	The deed of variation to the Overarching Agreement requires completion and signing to demonstrate agreement by both the health board and county council of the amendments proposed during 2019/20. The Reablement agreement needs to be brought	There has been an inevitable impact on the signing of 2020/21 S33 Agreements by April 2020, in light of the COVID-19 Pandemic. 2020/21 Agreements will therefore be signed later in the year. PTHB will therefore work towards	apr-21		Not yet due	3	No progress				
192028	Section 33 Governance Arrangements Follow-up	Reasonable	Board Secretary		R2	The health board should continue strengthening the arrangements in place to ensure it receives the assurance it needs over the governance of the Section 33 agreements in place. This could be achieved by: working with the county council to establish the	The remit and constitution of JPB will be revisited and will be articulated through the Overarching Agreement Deed of Variation (linked to Finding 1). S33 Oversight by JPB and Board Committees will continue to be strengthened	apr-21		Not yet due	3	No progress				
192028	Section 33 Governance Arrangements Follow-up	Reasonable	Board Secretary		R3	There is a need for a further final accuracy check of the Section 33 Agreements before they are signed.	A Quality Check process will be established in advance of the signing of agreements.	apr-21		Not yet due	3	No progress				

PTHB Ref. No.	Report Title	Director	Ref.	Recommendation	Management Response	Agreed Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation			
										Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?
192051	Structured Assessment 2019	Director of Workforce & OD and Support Services	R3	The All Wales Attendance at Work Policy was recently implemented with the delivery plan developed in partnership with Trade Unions. The Health Board should evaluate and report on how the change in approach is working in practice for staff and managers.	A review will be undertaken in partnership with Trade Unions to assess the impact of the All Wales Policy in its implementation.	sep-20	Not yet due	2	Partially complete	Union representative has been identified to work on PULSE survey.	COVID-19 work took priority.	WOD and Trade Unions held regular meetings during COVID-19 to discuss workforce issues.	The work will re-assume in Q2.

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PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Revised Deadline Approved by Audit Committee	Due	COVID-19 Priority Level	Status	If closed and not complete, please provide justification	Progress being made to implement recommendation				If action is complete, can evidence be provided upon request?
															Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?	
171811	Information Commissioner’s Office Recommendations Report Follow-Up	Reasonable	Director of Workforce & OD and Support Services		R4	Review contracts for CCTV provision to include DPA and confidentiality clauses, and explore whether to establish a single contract or a model contract for this service.	A review of CCTV contracts is currently underway.	nov-18	mar-20	mar-20	Complete	1	Complete		Action plan with seven actions has been agreed.	CCTV for birth centres, Covid 19 Stores and VIE installations have been installed following risk assessments. Risk assessments need to be	Review of CCTV system and site appraisal.	Seven actions have been agreed by PTHB to enable further detailed work with completion dates ranging from 31st	
181922	Procurement of Consultant and Agency Staff Follow Up	Reasonable	Director of Finance, Information and IT		R2	It is recommended that the health board continue to enhance reporting on temporary staffing expenditure and also revisit the exercise of writing to agency staff providers confirming compliance with IR35 legislation. The latter should be completed with reference to the terms and	Agreed: The current reporting mechanism that is used is an All Wales template for reporting. This does not allow for reporting total expenditure by each contract and service provided Agency and Consultancy staff. However, meetings	mai-19	apr-20	mar-20	Complete	1	Complete		The HB has been trying to gain assurance on an All Wales Basis regarding IR35. In June a response was received which				
192001	Deprivation of Liberty Safeguards	Limited	Director of Nursing		R1	The health board should: I. develop a DoLS Standard Operating Procedure for front line staff, incorporating all aspects of the DoLS process to be followed and taking into account the issues identified above; II. introduce a monitoring/audit process covering	Agreed.	okt-19	okt-20		Closed	3	Closed	All items with the exception of II. are complete. Rollout of	19.9.19: A T&F group has been established and has met twice to date. All actions are being progressed. An action plan is in place	Funding for long term LPS training will be required - once initial training and roll out has happened in Oct 2020. Some training is likely	Slippage money within the Safeguarding Team budget from a Best Interest Assessor (BIA) vacancy is being used to provide additional	Uptake of DoLS training has been poor. More accessible sessions are being explored with individual services areas. DoLS training will	Yes
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	Director of Nursing		R1	The health board should consider providing background information on the intranet landing pages so that staff are clear on the purpose of the policies linked. We concur with the action proposed by management to develop a process to manage and	There is no evidence to support the need for background information on the intranet landing pages. This recommendation will require further discussion in the health board as it would need to be adopted as an organisational	feb-20			Complete	3	Complete		Part the recommendation that WOD is responsible for has been completed.				Yes, WOD can provide the
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	Director of Nursing	Director of Primary & Community Care / Mental Health	R2	Attendance levels at the Safeguarding Group should be monitored to identify repeat offenders and improve attendance levels.	This recommendation reflects the lack of attendance by the Primary Care Directorate at the Safeguarding Group.	feb-20			Complete	3	Complete		27.12.19: An attendance sheet is already completed for every meeting. All service areas are consistently				
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	Director of Workforce & OD and Support Services / Director of	Director of Workforce & Organisation Development and Support Services /	R6	The health board should continue to assess the requirement of DBS checks for all members of staff and monitor compliance. The health board should create a central record of the volunteers it uses and ensure it is maintained accurately on an ongoing basis. This should	Noted and agreed in line with the existing DBS Policy. The Nursing Directorate currently holds a database for the ‘Red Kite Volunteer Scheme’, and will work with WOD to extend the database to include volunteer	mar-20			Complete	1	Complete		The Health Board continually assesses the requirement of DBS checks for all members of staff and monitor compliance.	Reliant on service areas to confirm of volunteering projects underway across the HB.	The joint review between Nursing and WOD of the Volunteer policy to align with the process and agreement in the MoU with PAVO.	Q1/Q2	
192010	111 Service	Reasonable	Director of Primary, Community and Mental Health	Assistant Director of Primary Care	R2	We recommend that the health board continue to work with peer boards and WAST in developing processes to enable the requirements specified in the interim standards & quality measures for 111 in Wales regarding cycles of monthly, quarterly and six monthly reporting to be delivered.	The Executive Director of Primary Care, Community and Mental Health is now a member of the National 111 and OOH Implementation Programme Board. This audit will be shared with the National Programme Director for 111 to agree	jan-20			Complete	1	Complete		The audit report has been shared at the national board and considered by members and the service. A formal letter			SUGGEST THIS IS NOW CLOSED	
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Head of Therapies & Health Sciences/ Service Development	R2	We appreciate the difficulties the Service has experienced in putting operational and professional leadership in place and concur with the actions that are being taken around the Professional Head and Team Leader roles. Management should ensure the remaining vacant	Recruitment to Professional Head of service role to provide professional leadership and support the delivery of service has commenced and is expected to be in post by March 2020. The Podiatry Team will received training	mar-20	jul-20		Complete	2	Complete		Head of Podiatry commenced role			Complete	Postholder in place
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Head of Risk & Assurance/Prof essional Head of Service/ Assistant Director of	R3	As required by the health board’s risk management framework, service-level risk registers should be put in place for each service within Therapies and feed up into the directorate risk register. All risk registers should be in line with the required templates.	Staff will receive Risk Management training when it is available. All staff need to adhere to statutory and mandatory training as risk management is included. Assistant Director of Community Services	mar-20	jun-20		Complete	3	Complete		Risk Management training completed on 22.06.20 at staff meeting via TEAMS. Risk Register implemented and				
192014	Care Homes Governance	Limited	Director of Nursing	Director of Primary, Community and Mental Health Services	R6	6.1 The Mental Health & Learning Disabilities directorate should consider whether using a QA checklist would enhance their CHC process. 6.2 The QA checklist should be updated to include the signature of the Quality Assessor.	6.1 MH&LD Directorate to consider using the QA checklist 6.2 QA checklist should be updated to include the signature of the Quality Assessor	mai-20			Complete	3	Complete		31.05.2020 - MH and LD directorate have adopted the QA checklist for use within the CHC process. QA checklist has been				
192015	Primary Care Clusters	Reasonable	Director of Primary, Community and Mental Health	Assistant Director of Primary Care	R2	We recommend that cluster 2020-21 priority action plans record target dates and performance measures by which milestones are to be delivered.	Clusters will finalise detailed action plans with milestones and performance measures within first quarter of 2020/21 at latest. Financial plans for recent additional funding (via Welsh Government) will require the clusters to	apr-20	jul-20		Complete	2	Complete		Draft finance plans completed. Revised to incorporate covid support and other priority areas for 20/21. Covid support			jul-20	
192015	Primary Care Clusters	Reasonable	Director of Planning and Performance	Director of Planning and Performance	R3	We recommend that the health board devise and implement a cluster reporting model to routinely capture cluster priority status / other activity updates.	In line with reporting and monitoring of other “directorate” plans within the health boards’ Integrated Medium Term Plan, the clusters will be required to report accordingly on progress on a quarterly basis. The approach taken will	jun-20			Complete	1	Complete		The IMTP and associated reporting processes have been suspended due to the Covid-19 pandemic and replaced by quarterly	The IMTP and associated reporting processes have been suspended nationally and replaced with Quarterly Welsh	Cluster working is being built directly into the Primary Care component of the quarterly Operational Plans.	It is now achieved, as an interim measure, through the quarterly operational plans. (And in future, when the IMTP or a revised	Yes - Quarterly Operational Plans

192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Assistant Director of Estates & Property	R1	Prior to commencement of the next stage of the project, a Project Execution Plan should be prepared in accordance with the Capital Procedures and best practice. (D)	Accepted. The Project Execution Plan has now been produced and will be kept updated for the next stage of the project at Machynlleth.	feb-20	jul-20		Complete	2	Complete		Project Execution Plan / Project Initiation Document has been produced and is included in August Project Board Papers	COVID-19 Delay	Implemented for meeting 13th August 2020.	jul-20	Yes
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Assistant Director of Estates & Property	R3	As the project is re-established, and the Project Board reviewed, members should be reminded of the importance of attendance (or sending an appropriate deputising officer) to ensure all discussions / decisions taken are suitably informed. (O)	Accepted. The THB has undertaken a re-alignment in the period since the Project Board was originally convened. The revised Project Board Terms of Reference will review the core membership and monitor attendance to maintain quoracy	apr-20	jul-20		Complete	2	Complete		Project Board meetings were suspended form March 2020 due to COVID-19. Meetings were reestablished in June 2020. Terms of	COVID-19 Delay	Implemented for meeting 13th August 2020.	jul-20	Yes
192021	Capital Assurance Follow Up	Substantial	Director of Planning and Performance	Assistant Director of Estates & Property	R3	Compensation events should be approved in accordance with the THB's scheme of delegation.	Compensation events will be approved by ADoE or DPP according to value for all projects going forward.	jul-20			Complete	2	Complete		The approval of Compensation Events by delegated sigantories has been included as part of future PIDs.				
192025	Financial Safeguarding: Support Services Led Work	Reasonable	Director of Workforce & OD and Support Services	Assistant Director: Support Services & Facilities	R1	Support Services staff should complete declaration of interest form in accordance with the Standards of Behaviour policy.	Senior Managers (Band 7 and above) within the Support Services department will complete and submit declarations of interest at frequencies and in a format agreed by the Board Secretary.	mai-20			Complete	1	Complete						
192025	Financial Safeguarding: Support Services Led Work	Reasonable	Director of Workforce & OD and Support Services	Assistant Director: Support Services & Facilities	R2	The Support Services function should ensure that pre-planned maintenance areas are covered by formalised contacts arrangements, and that there are formal interim measures in place until these contracts are finalised.	The Support Services department will ensure that all pre-planned maintenance areas are covered by formalised contractual arrangements, and that there are formal interim measures in place until these contracts are finalised.	okt-20			Complete	3	Complete						
192025	Financial Safeguarding: Support Services Led Work	Reasonable	Director of Workforce & OD and Support Services	Assistant Director: Support Services & Facilities	R3	Management should ensure all competitive quotation and tender exercises utilise the standard declaration of non-collusion for return to the THB as part of the evaluation packs.	Procurement of maintenance contracts where there is a value of over £5k is undertaken through NWSSP: Procurement. THB managers will ensure all competitive quotation and tender exercises undertaken on behalf of the	okt-20			Complete	3	Complete						

Agenda item: 3.2

AUDIT, RISK AND ASSURANCE COMMITTEE		Date of Meeting: 8 September 2020
Subject :	Final Report for Losses and Special Payments for the period 1 st April 2019 to 31 st March 2020	
Approved and Presented by:	Director of Finance & ICT	
Prepared by:	Head of Financial Services	
Other Committees and meetings considered at:	None	

PURPOSE:

To NOTE the Annual Report of Losses and Special Payments for the period 1st April 2019 to 31st March 2020.

RECOMMENDATION(S):

The Audit, Risk and Assurance Committee is asked to:

It is recommended that the Audit, Risk and Assurance Committee NOTE this Annual Report on Losses and Special payments covering the period 1st April 2019 to 31st March 2020.

Ratification	Discussion	Information
	✓	

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THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	x
	2. Provide Early Help and Support	x
	3. Tackle the Big Four	x
	4. Enable Joined up Care	✓
	5. Develop Workforce Futures	x
	6. Promote Innovative Environments	x
	7. Put Digital First	x
	8. Transforming in Partnership	x
Health and Care Standards:	1. Staying Healthy	x
	2. Safe Care	✓
	3. Effective Care	✓
	4. Dignified Care	x
	5. Timely Care	✓
	6. Individual Care	x
	7. Staff and Resources	✓
	8. Governance, Leadership & Accountability	✓

EXECUTIVE SUMMARY:

Losses and special payments are items that the Welsh Government would not have contemplated when they passed legislation or agreed funds for the NHS; such payments would also include any ex gratia payments made by the THB.

By their nature they are items which should be avoidable and should not arise. They are subject therefore to special control procedures and are included within a separate note in the THB's annual accounts.

DETAILED BACKGROUND AND ASSESSMENT:

The following relate to payments made on behalf of cases for which Powys THB have responsibility. Claims relating to the Residual Clinical Negligence (relating to former Health Authorities) cases are scrutinised by the Welsh Risk Pool advisory panel and therefore are not required to be included below.

The Audit Risk and Assurance Committee received an Interim report at its 12th January 2020 meeting documenting Losses and Special payments made between the period 1st April 2019 to 30th September 2019. This paper provides the full financial year report.

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The responsibility for managing Powys clinical negligence and personal injury claims transferred back to the Health Board in June 2012. This action brought together Concerns (incidents, complaints and claims [both <£25k and >£25k]) within the remit of the Concerns Team. The Senior Manager, Putting things Right, who has responsibility for this area of work, manages the claims on a day-to-day basis supported by the Assistant Director Quality & Safety. Advice and support is provided by the Welsh Risk Pool Services and Legal & Risk Services on the processes and on the management of individual cases.

Systems and processes have been established and databases documenting all claims activity alongside the individual claims files exist. Decision making on payments are approved in a number of ways:

- On a day-to-day basis, advice received from Legal & Risk solicitors regarding payments are discussed with the Executive Director of Nursing (the Chief Executive prior to the appointment of the substantive Executive Director of Nursing). All discussions are documented in file notes to provide an audit trail for all decisions re: approved/ declined advice and subsequent transactions.
- The Management of Compensation Claims Clinical Negligence & Personal Injury Policy (April 2015) requires the Executive Team, as the delegated committee on behalf of the Board, to receive and review six-monthly progress reports on the management and status of claims against Powys Teaching Health Board (PTHB), as required under Section 8 of the Putting Things Right guidance. The Executive Team received an update on a case by case basis including forecast quantum's of amounts due for the period 1st April 2019 to 30th September 2019 at the Executive Committee on 20th November 2020. A paper to conclude reporting October 2019 to March 2020 did not proceed during the Covid-19 period. Reference to claims activity and position, but no detail on individual cases, was provided to the Quality Governance Committee and Experience, Quality & Safety Committee in July 2020. In addition, the Putting Things Right Annual Report included reference to claims activity but again not individual cases. An report covering the period October 2019 to March 2020 is being considered at the Executive Team meeting in the first week of September 2020.
- Information and decision about Redress compensation claims <£25k have been channelled through the Putting Things Right Redress Panel. This allows the Panel to have an overview of all redress claims activity.

Clinical negligence and personal injury

In the period from the 1 April 2019 to 31 March 2020, the THB made payments in respect of 10 cases totalling £62,580.10 summarised below. It should be noted that the THB is responsible for the first £25,000 of any claim with the residual balance being covered by Welsh Risk Pool Services. During the year the THB received no reimbursements in respect of cases that exceeded the £25,000 THB liability.

Details of the payments are included in **Appendix Ai**.

	No. of payments/Receipts	No. of cases	£
Clinical Negligence /Personal Injury (Payment)	21	10	£62,580.10
Total	21	10	£62,580.10

There were no receipts from Welsh Risk Pool in respect of Clinical Negligence and Personal Injury cases over 25k during 2019/20.

Redress (Putting Things Right)

These relate to smaller claims that are managed by the THB in line with the Putting things Right Legislation. These are reimbursed to the THB in full but there is often a timing difference between years on reimbursements.

Details of the payments made during 2019/20 are included in **Appendix Aii**.

	No. of payments/receipts	No. of cases	£
Redress Payments	8	7	£41,758
Total	8	7	£41,758

Details of the receipts in 2019/20 from Welsh Risk Pool in respect of reimbursements for Redress are included in **Appendix Aii**.

	No. of Receipts	No. of cases	£
Redress (Receipt from Welsh Risk Pool)	1	1	-£2,055.00
Total	1	1	-£2,055.00

Other Special Payments

Details of the payments are included in Appendix Aiii.

	No. of payments/receipts	No. of cases	£
Other Special Payments	4	4	£2,214.10
Total	4	4	£2,214.10

Conclusion

The Audit Committee is asked to note the above losses and special payments. These have been approved in line with the Scheme of Delegation on losses and special payments within the THB.

Full details including supporting listing is attached at Appendix Ai – Aiii

NEXT STEPS:

The Audit Committee will receive an update every 6 months on losses and special payments.

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Appendix Ai

Losses And Special Payments for 2019-20 Financial Year					Appendix Ai
1st April 2019 to 31st March 2020					
Claim Type	Payment Type	Laspar Reference	Date of Payment	Payments	Amount by case
CN	Defence	176C4MN0001	Aug-19	£2,310.00	
CN	Defence	176C4MN0001	Sep-19	£600.00	
CN	Defence	176C4MN0001	Sep-19	£1,400.00	
CN	Defence	176C4MN0001	Dec-19	£950.00	
CN	Defence	176C4MN0001	Feb-20	£787.50	
CN	Defence	176C4MN0001	Mar-20	£450.00	£6,497.50
CN	Defence	176C4MN0002	Jul-19	£420.00	
CN	Defence	176C4MN0002	Dec-19	£1,750.00	£2,170.00
CN	Claimant Costs	186C4MN0001	Nov-19	£17,500.00	
CN	Claimant Costs	186C4MN0001	Jan-20	£500.00	£18,000.00
CN	Damages	186C4MN0002	Apr-19	£10,000.00	
CN	Claimant Costs	186C4MN0002	Jun-19	£14,000.00	
CN	Claimant Costs	186C4MN0002	Jul-19	£1,800.00	£25,800.00
PI	Damages	196C4PI0002	Sep-19	£1,000.00	
PI	Claimant Costs	196C4PI0002	Sep-19	£1,350.00	
PI	Defence	196C4PI0002	Sep-19	£1,591.30	£3,941.30
CN	Defence	196C4MN0001	Jun-19	£700.00	£700.00
CN	Defence	196C4MN0002	Jan-20	£750.00	£750.00
PI	Defence	196C4PI0003	May-19	£746.30	£746.30
CN	Defence	206C4MN0001	Oct-19	£975.00	£975.00
CN	Damages	206C4MN0003	Oct-19	£3,000.00	£3,000.00
TOTAL				£62,580.10	£62,580.10

Appendix Aii

Redress Losses And Special Payments for 2019-20 Financial Year				Appendix Aii
1st April 2019 to 31st March 2020				
Payment Date	Laspar Reference	Nature of Payment	Amount	
Nov-19	196C4MN0003	Defence	£1,300.00	
Jun-19	196C4MN0011	Defence	£1,320.00	
Jan-20	196C4MN0012	Defence	£2,160.00	
Dec-19	196C4MN0008	Damages	£23,500.00	
Jun-19	196C4MN0008	Defence	£138.00	
Oct-19	196C4MN0019	Damages	£10,000.00	
Jun-19	196C4MN0006	Defence	£1,440.00	
Oct-19	196C4MN0010	Defence	£1,900.00	
Total			£41,758.00	
Reimbursements from Welsh Risk Pool				
Receipt Date	Laspar Reference	Nature of Reimbursement From Welsh Risk Pool	Amount	
Nov-19	196C4MN0018	Defence Costs	-£2,055.00	
Total			-£2,055.00	

Appendix Aiii

Other Losses And Special Payments for 2019-20 Financial Year			
1st April 2019 to 31st March 2020			Appendix Aiii
Payment Date	Laspar Reference	Nature of Reimbursement	Amount
Apr-19	206C4EG001	Ombudsman for Wales instruction to make payment in respect of a complaint raised to his office	£1,000.00
Jul-19	206C4EG002	Damage of staff Car by THB machinery	£720.31
Dec-19	206C4EG003	Damage of visitors car by movement of bollard	£93.79
May-19	206C4EG004	Damage of staff Car by tree branch	£400.00
Total			£2,214.10

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INTERNAL AUDIT PROGRESS REPORT 2020/21

Powys Teaching Health Board

September Audit Committee

NHS Wales Shared Services Partnership

Audit and Assurance Services

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APPENDIX C – ASSURANCE RATINGS

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1. INTRODUCTION

- 1.1 The purpose of this report is to inform the Committee of progress with the 2020/21 Internal Audit Plan as recorded at September 2020.
- 1.2 Appendix A details the 2020/21 Audit plan and shows the status of work to date. At the time of this report, progress against the Plan is as follows:

Number of audits finalised	3
Number of audits issued at draft	1
Number of audits in progress	8
Number of audits not started	10
Year-end reporting	2
Total number of audits in 2020/21 plan	24

2. OUTCOMES FROM COMPLETED REVIEWS

- 2.1 Since the July meeting of the Committee, two reviews have been finalised. These are included in the table below along with the allocated assurance rating where applicable. The full versions of these reports are included in the committee's papers as separate items.

Review	Assurance rating
Environmental Sustainability Reporting	N/A
Covid-19 governance review	N/A

3. DELIVERY OF THE 2020/21 AUDIT PLAN

Full details are available at Appendix A.

- 3.1 The following reports have been issued in draft and is pending management response:

Review
Health and safety follow up

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3.2 The following audit reviews are currently in progress:

Audit Review	Objective overview
Partnership governance – programmes interface	An assessment of the health board's contribution to progressing regional plans.
IM&T control and risk assessment	To review and assess the control environment for the management of IM&T within the organisation.
Annual Quality Statement	The overall objective is to ensure that the AQS is complete and consistent with information reported to the Board and other committees and meets the requirements of Welsh Government.
Theatres Utilisation	To provide an opinion on theatre efficiency, including a review of financial performance; use of staff resource; patient experience and clinical outcomes.
Advanced Practice Framework	To provide an assurance on the deployment of the framework.
Fire safety	To assess compliance against the processes and procedures put in place by management to operate the estate and compliance with statutory regulations in relation to fire precautions.
Capital Systems	The capital systems work is profiled on an annual basis. This is focused at reviewing specifically arrangements for the delivery of discretionary capital at the THB and may also include testing of any projects where an audit has not been separately planned.
Control of contractors	The audit will assess compliance with the requirements of HSE guidance on the safe management of contractors. This recognises recent HSE feedback to the THB.
Llandrindod Wells	To assess the delivery of the circa £6.6M multi phased project through to completion. Specific consideration will be given to the management of key issues affecting the delivery of the scheme to date, together with arrangements to ensure risks to project delivery are mitigated/managed appropriately and in accordance with defined contractual requirements.

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4. PROPOSED CHANGES TO REVISED 2020/21 PLAN

- 4.1 There are no proposed changes to report
- 4.2 The 2020/21 Plan will be kept under review for the remainder of the year due to exceptional circumstances.

5. ENGAGEMENT

- 5.1 Board and sub committees attended and meetings held during the reporting period:

Board/Sub Committee:

- Board – 29 July

- 5.2

Health board internal meetings:

- Carol Shillabeer, CEO – 16 July
- Vivienne Harpwood, Chair – 8 July
- Rani Mallison, Board Secretary – 3 September

Wales Audit Office Meetings:

- Dave Thomas / Elaine Matthews – 4 August

- 5.3 Health Inspectorate Wales Meetings:

- Rebecca Collier – 15 July

In addition to the above, the usual meetings with Executive Directors to discuss individual audit reviews.

6. POST AUDIT SURVEYS

- 6.1 Following the completion of each audit report, we issue a feedback survey to the Executive lead/key contact. Feedback is important as it helps us to improve our service and allows us to deal with any issues. We have issued two feedback forms recently and not yet received a response.

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- 6.2 We encourage auditees to take the opportunity to feedback on their experience, as this will allow us to consider improvements to the way we work.

7. RECOMMENDATION

7.1 The Audit Committee is invited to:




- note progress with the 2020/21 plan

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Planned output	Outline timing	Start of field work	End of field work	Draft report issued	Mgt response received	Final report issued	Assurance	Planned Audit Committee	Status
Corporate governance, risk management and regulatory compliance									
Head of Internal Audit Opinion & Annual Report	Q4								Year end
Annual Governance Statement	Q4								Year end
Health & Safety follow up	Q4	09/06	07/08	20/08					Draft issued
Strategic planning, performance management and reporting									
Progress against regional plans <ul style="list-style-type: none"> • Future fit • Clinical futures – effect on South Powys 	Q3								
Partnership governance – programmes interface	Q2								In progress
Section 33 governance arrangements follow up	Q1	08/06	09/06	17/06	18/06	18/06	Reasonable	September	Final issued
Financial governance and management									
Covid-19 governance review	Q2	22/06	30/07	06/08	N/A	01/09	N/A	September	Final issued
Clinical governance, quality and safety									
Annual Quality Statement	Q1	28/08							In progress
Concerns tracking/monitoring assurance	Q4								
Breathe well programme (appropriate use of oxygen)	Q2								
Cancer services	Q3								
Information governance and I.T. security									

Planned output	Outline timing	Start of field work	End of field work	Draft report issued	Mgt response received	Final report issued	Assurance	Planned Audit Committee	Status
IM&T control and risk assessment	Q2								In progress
Records management follow up	Q4								
Operational service and functional management									
Delayed transfers of care	Q2								
Access to primary care – GP contract	Q3								
Theatres utilisation	Q2								In progress
Workforce management									
Grievance policy	Q4								
Advanced Practice Framework	Q2								
Capital and estates management									
Environmental sustainability	Q2	18/05	01/09	18/08	28/08	01/09	N/A		Final
Fire safety	Q3								In progress
Machynlleth Hospital, Primary & Community Care Project	Q3								
Capital Systems	Q3								In progress
Control of contractors	Q2								In progress
Llandrindod Wells	Q1-Q4								In progress

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Indicator	Status	Actual	Target	Red	Amber	Green
Report turnaround: time from fieldwork completion to draft reporting [10 days]		3 out of 3	80%	v>20%	10%<v<20%	v<10%
*Report turnaround: time taken for management response to draft report [15 days]		2 out of 2	80%	v>20%	10%<v<20%	v<10%
*Report turnaround: time from management response to issue of final report [10 days]		2 out of 2	80%	v>20%	10%<v<20%	v<10%

Correct at 01/09/20



*
Within agreed timescales



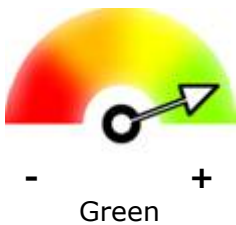
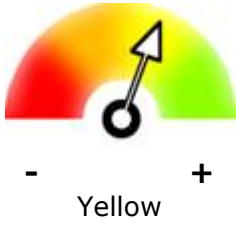
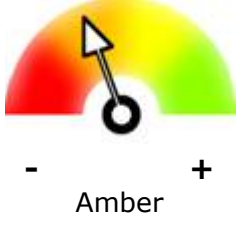
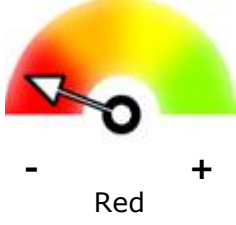
Less than 5 days over agreed timescale



More than 5 days over agreed timescale

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Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial assurance	 <p>- + Green</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.
Reasonable assurance	 <p>- + Yellow</p>	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	 <p>- + Amber</p>	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	 <p>- + Red</p>	The Board has no assurance that arrangements to secure governance, risk management and internal control, within those areas under review, 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.

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Governance Arrangements During Covid-19 Pandemic

Advisory Review Report

2020/21

Powys Teaching Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Services

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Review reference:	PTHB2021-33
Report status:	Final
Fieldwork commencement:	22 nd June 2020
Fieldwork completion:	30 th July 2020
Discussed with management	3 rd August 2020
Draft report issued:	6 th August 2020
Final report issued:	28 th August 2020
Auditors:	Helen Higgs, Head of Internal Audit Osian Lloyd, Deputy Head of Internal Audit Emma Rees, Audit Manager
Executive sign off:	Pete Hopgood, Director of Finance, Information & IT Services Rani Mallison, Board Secretary
Distribution:	Executive Committee (Gold Group)
Committee:	Audit, Risk & Assurance Committee

ACKNOWLEDGEMENTS

We would like to acknowledge the time and co-operation given by staff during the course of this review and to thank Executive Directors and Independent Members for their engagement during this challenging period.

Please note:

This advisory review 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 Committee. Advisory review reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching 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

The NHS in Wales continues to face unprecedented pressure in planning and providing services to meet the needs of those who are affected by Covid-19 and other essential services.

At the time of this report, the number of cases of Covid-19 in Wales is in decline and there is an opportunity for NHS Wales organisations to take stock following the initial peak of cases experienced between March and May 2020.

This rapid advisory review was requested by the All Wales Finance Directors Group to assess the adjusted financial and overall governance arrangements that were put in place to enable Powys Teaching Health Board ('the health board') to maintain appropriate governance whilst enabling its senior leadership team to respond to the rapidly developing emergency.

The Powys county area experienced a relatively low number of Covid-19 cases, with the first peak occurring in mid-late April 2020. The health board planned, prepared and implemented its response plan, but plans to increase beds for surge capacity were not activated due to the low Covid-19 numbers coupled with the fact the health board is predominantly a commissioning organisation with no District General Hospitals or Intensive Care Units. The health board continues to plan and prepare for anticipated future peaks. It is against this backdrop that we have assessed the effectiveness of those arrangements and whether the arrangements were in compliance with Welsh Government guidance. The key objective of the review is to provide independent, timely feedback to enable changes to be made to temporary governance arrangements if they are to be used in the future.

This rapid review was completed during late June and July 2020 and involved interviewing key members of the health board and reviewing associated documentation supplied. We have completed some detailed discussions and walkthroughs of arrangements in place and actions undertaken to manage the pandemic within the health board. However, whilst we have assessed this information against Welsh Government and other guidance, we have not undertaken detailed operational testing of the arrangements in place. We worked closely with Audit Wales to avoid unnecessary duplication with their work, sharing information where relevant and undertaking a number of interviews together.

Further detail regarding the scope of the review, the guidance used as the basis of the assessment and the work undertaken are included in the appendices to this report.

2. EXECUTIVE SUMMARY

Main Observations

The health board's temporary governance arrangements operated effectively during the period covered by our review (March to July 2020). The health board complied with the guidance and the principles issued by Welsh Government.

Board, Audit, Risk & Assurance Committee (ARAC) and Experience, Quality & Safety Committee meetings continued during April and May 2020. On the whole, the business of those meetings was appropriate, balanced with regular informal briefings with Independent Members.

Virtual meetings using Skype and Teams have developed over time, leading to the creation of a virtual meeting etiquette document. All planned meetings have gone ahead.

The Command Structure operated effectively and enabled the organisation to make decisions in an agile way. Financial governance was maintained, although improvements can be made to simplify and increase clarity over audit trails in order to clearly demonstrate the rationale and justification to support decision-making and the appropriate approval of expenditure.

There were no changes to the Scheme of Delegation. Covid-19 related expenditure is being separately identified and reviewed through dedicated cost centres.

Covid-19 specific risk management arrangements were put in place.

The health board continues to assess the ongoing applicability of the temporary arrangements and is looking ahead to securing some of the benefits from working in an agile way and re-focussing governance arrangements.

Partnership working with the Local Authority and involvement of the Community Health Council was effective, and communication with other partners undertaken as required.

Temporary arrangements in place over Long Term Agreements (LTAs) – mandated by the Department of Health and Welsh Government – present a longer term financial risk to the health board. The health board is engaged in national discussions on this matter.

Feedback from the Health Board Chair, Chief Executive and Chairs of the ARAC and EQSC on the health board's Covid-19 response approach was positive. In particular:

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- Once the Governance Framework was set up and Clinical Response Model developed, the Chair and Independent Members felt well informed and involved.
- Revised governance and assurance frameworks, including risk management, operated effectively and sufficient information was available to allow individuals to discharge their duties.
- With the learning from the Phase 1 response, the health board is now better placed to deliver services in a Covid-19 environment and to respond to any future Covid-19 peaks.
- The move towards greater use of digital technology has been positively received by most and there is a desire to further embrace this throughout the organisation.

Matters for future consideration arising from this feedback included:

- The health board was able to identify the staff needed to resource the response plan implemented. However, it was felt that there were certain areas where the health board's workforce would need to be more agile and flexible (for example, working in different locations or areas) should the surge capacity plans require activating in the future.
- The health board was able to make decisions in an agile manner. Part way through the initial response, some local decision-making was achieved through pop-up workshops, which were attended by the Chief Executive. It was felt that this process worked well and that, in future, the health board would benefit from adopting this approach from the outset.

Further responses from these interviews have been incorporated into our findings throughout the report.

Priority Considerations for the Future

We have not assigned priority ratings to considerations, but we consider the following to be key priorities:

- Reviewing the decisions and supporting justification / information to simplify and increase clarity over audit trails. This may vary between different types, values and levels of decisions, but decisions should be justifiable post-event.
- Ensuring the Gold decision log is kept up to date.
- Developing a protocol pack for future events that require similar arrangements to swiftly implement the required measures – this could be implicit within the Board's Pandemic Framework.

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- Ensuring that risks (Covid-19 and, as appropriate, non-Covid-19) are regularly reported to the Committees.
- Ensuring the work around staff training for Covid-19 is progressed and that relevant staff receive appropriate training to support delivery of services during the Covid-19 pandemic.
- Continuing the work around quantifying the potential impact of temporary LTA arrangements to aid further discussions at a national level, receiving assurances from Welsh Government on how the related costs will be funded and ensuring that learning and agreed actions from these discussions are reflected in the health board's response plans going forward.
- Refreshing business continuity plans throughout the health board to ensure lessons / experiences from the pandemic can be incorporated as appropriate.
- Publishing meeting summaries as soon as possible after Board and Committee meetings.
- Taking a report to ARAC on contract awards and value for money / appropriate use of public money assessment during the Covid-19 period.

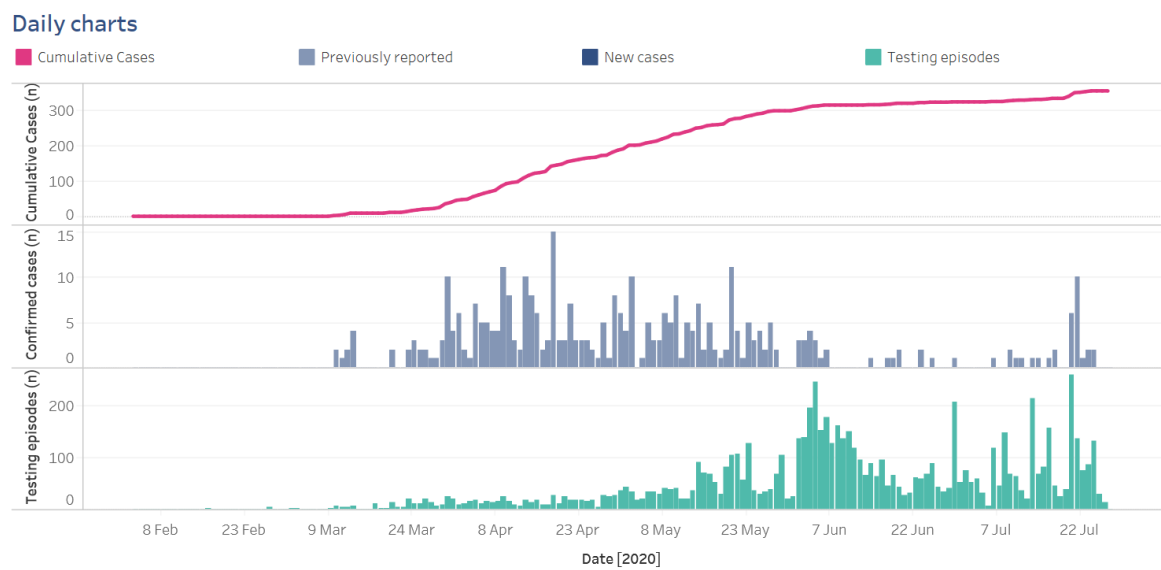
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3. DETAILED REPORT

Overview of the impact of the pandemic on the health board

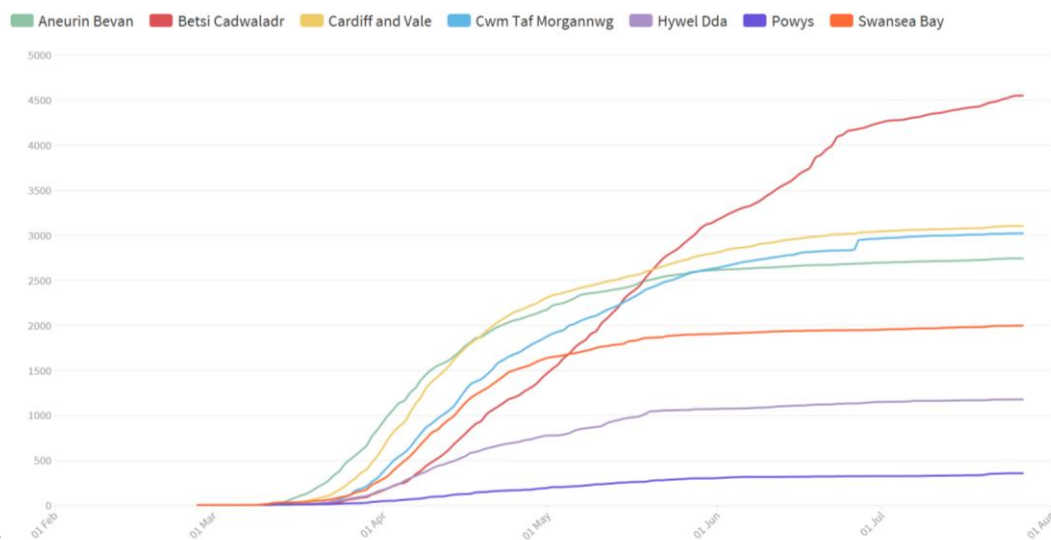
The Powys county area experienced a relatively low number of Covid-19 cases, with the first peak occurring in mid-April 2020. The graphs below illustrate the acceleration of the cases of Covid-19 within the health board's region.

Powys Teaching Health Board Daily Covid-19 Case Reports



Source: [Public Health Wales Coronavirus \(Covid-19\) data dashboard](#) (28th July 2020)

Cumulative Number of Covid-19 Cases by Health Board



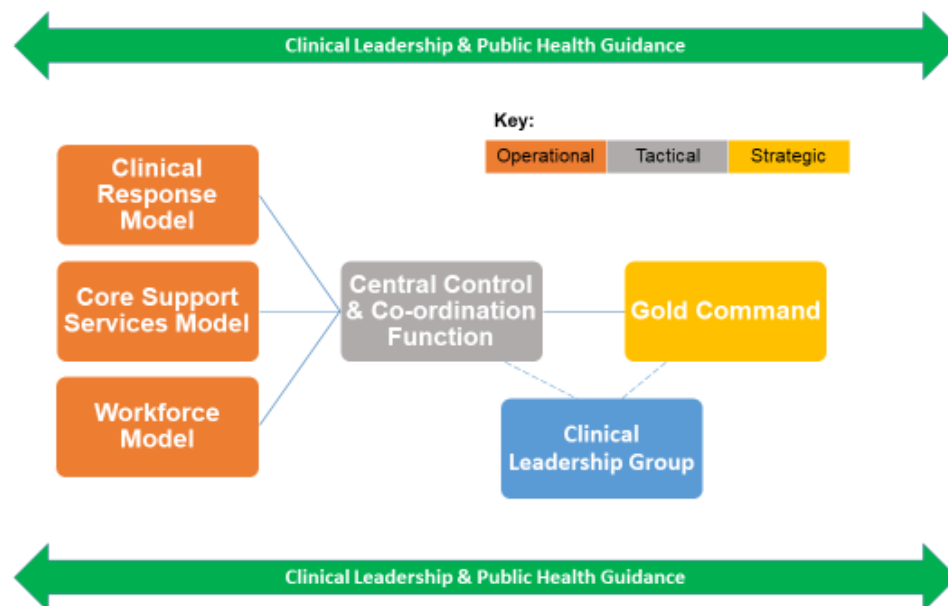
Source: [Graphs | CoronavirusCymru](#) (28th July 2020)

The rurality of Powys, nature of its population and the population's adherence to social-distancing measures all played a part in ensuring the level of Covid-19 cases remained relatively low in comparison to the rest of Wales. As at 28th July, Powys had 266.5 cases per 100,000 population compared to the All Wales figure of 540.9 cases per 100,000 population (source: [Public Health Wales Coronavirus \(Covid-19\) data dashboard](#)).

As a result of the low case numbers and new daily cases starting to decline from mid-April 2020, the health board planned, prepared and implemented its response plan, but plans to increase beds for surge capacity were not activated.

Command and Control Structure

The health board rapidly established a temporary hierarchy of command to progress actions / decisions during the initial phase of the pandemic (March to June 2020):



The command structure operated as follows:

- Strategic (Gold) Group (Gold Group) – chaired by the Chief Executive, responsible for determining the coordinated strategy and policy for the overall management of the health board's response to COVID-19.
- Central Control and Coordination Function (the CCF) – led by the Director of Planning & Performance, responsible for coordinating

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actions taken by the organisation to limit the impact on any business continuity disruption and manage the key stages of response.

- Programme Workstreams – the Gold Group established three programme Workstreams, led by nominated Executive Directors, to provide planning and operational management support in response to implementing the tactical plan: Clinical Response Model, Core Support Services Model and the Workforce Model.

The Clinical Leadership Group provided advice on the clinical guidance issued with regard to Covid-19.

Clinical Response Model

The Clinical Response Model (CRM) formed the health board's overarching framework for its response to the Covid-19 pandemic.

Underneath the CRM, we understand that national modelling – tailored to a local level – formed the basis for the health board's surge plans: surge 1 a 199 bed model; surge 2 a 250 bed model; and surge 3 requiring external capacity in a field hospital at the Royal Welsh Showground and additional beds within a Powys nursing home. The health board developed establishment plans for each surge which, having taken into account redeployment, identified the deficit in staff numbers for each surge.

The Core Services Support Model identified essential services required to support the CRM (including facilities, finance, governance, workforce, etc) and the staff required to support those services.

Adjusted Governance Arrangements

In addition to the Command and Control structure, the health board implemented a range of temporary measures to facilitate new ways of working including:

- streamlining of the Board and Committee structure including the suspension of committees of the Board, excepting the 'Audit, Risk & Assurance' and 'Experience, Quality & Safety' Committees;
- the introduction of virtual meetings with the available video conferencing facilities and changes to the public's access to meetings and records; and
- revised financial governance arrangements which were captured through the Interim Covid-19 Financial Control Procedures and remained flexible for adjustments.

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The conclusions and considerations for the future in this report take into account the rapid onset of the pandemic at the beginning of its spread through Wales and England and the consequent impact on the health board, its providers and Powys residents. Considered in this context, the health board quickly established governance arrangements and continued to strengthen measures to manage the pandemic as more guidance became available.

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4. DETAILED FINDINGS

This section sets out the detailed findings of the review, under the headings of Strategic Governance, Financial Governance and Other Areas of Governance.

Strategic Governance

1. Board and Committee Meetings
2. Scheme of Reservation and Delegation (SoRD) and Decision-Making Arrangements
3. Risk Management

Financial Governance

4. Annual Accounts and Reporting
5. Financial Systems and Processes
6. Covid-19 Expenditure (Revenue and Capital)
7. Workforce
8. Budget and Savings

Other Governance Areas

9. Long Term Agreements
10. Partnership Arrangements
11. Charitable Funds
12. Information Governance

Each section provides commentary on the adjusted governance arrangements put in place and considerations for the health board to take into account as it plans for potential further Covid-19 peaks in the future.

Where we consider it appropriate we have suggested areas which should be given greater priority.

Further considerations from our work across NHS Wales will be reported upon conclusion of these reviews.

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Strategic Governance

Board and Committee Meetings

What we found

Our review identified the following:

- The Board Secretary, Chair and Chief Executive acted quickly to review and streamline the Committees and agendas to focus on Covid-19 and key non-Covid-19 risks. This was communicated to Independent Members and Executive Directors, who showed a great deal of flexibility during this period and are now in a position to reflect on the last few months so that learning opportunities identified are not lost.
- The Board, ARAC, EQSC and Remuneration & Terms of Service Committee continued to operate, with all other committees suspended during Phase 1.
- Assurance and escalation of issues was set out in the agreed approach. We understand that all items that required escalation were taken to Board meetings during this time. The health board also held fortnightly informal briefings for Independent Members on its Covid-19 response and the Chair and Chief Executive were in frequent contact. This was important to keep members informed and give the opportunity to ask questions.
- Performance reporting was directed through to the Board. Whilst the standard performance measures were stood down by Welsh Government, the health board continued to monitor financial performance.
- Quoracy requirements and the standing orders remained unchanged (except for the requirements of Welsh Health Circular 2020/11), where committees still operated.
- All Committees were stood up from June 2020, with temporary changes to the meeting frequency of the Performance & Resources and Executive Committees. This approach was formalised and approved by the Board during May 2020. The 2020/21 Board and Committee Work plans were also taken to the July 2020 Board meeting. We understand the Board is to keep the temporary arrangements under review at each meeting. There may be questions of practicality in adopting a more streamlined approach to meetings on a long term basis.

From April 2020 onwards, the health board held virtual meetings in order to comply with social distancing and other Welsh Government (WVG) guidance. To support these meetings, a virtual meeting

etiquette document was developed, which includes submitting questions on papers in advance of meetings.

- Independent Members have generally seen the move to virtual meetings as a positive experience and are keen for the health board to further embrace digital technology.
- During April-July 2020, members of the public were not able to attend meetings in light of the guidance in relation to Covid-19. The 29th July Board meeting was recorded and uploaded to the health board's website. We understand future meetings will also be recorded and published until the health board is in a position to livestream meetings.
- The health board committed to publishing meeting summaries within seven days, which has proved challenging. Going forward, the health board has amended this commitment to publishing summaries within ten days of the meeting. We understand all summaries are now published.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Publishing meeting summaries as soon as possible after Board and Committee meetings.
- Developing a protocol pack for future events that require similar arrangements to swiftly implement the necessary measures – this could be implicit within the Board's Pandemic Framework. For example:
 - Formally identifying Committees to be suspended or operated on reduced agendas/frequencies and the revised assurance/escalation arrangements to support this;
 - Formally establishing meeting etiquette, membership, platform to use, meeting arrangements, etc;
 - Clarifying records required and decision log requirements (see considerations in the 'Scheme of Reservation and Delegation (SoRD) and Decision-Making Arrangements' section).

Furthermore, we suggest the following considerations as the organisation looks forward:

- Continuing to apply a risk based approach to key business as usual matters in the streamlined agendas and keeping this under review as the pandemic progresses.

• We concur with the health board's intentions to livestream its Board and Committee meetings – this should be made available to the public

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as soon as possible. In doing so, the health board should continue to utilise suitable technology (maintaining privacy and security requirements) that is user friendly and accessible to all members and readily available for members of the public.

- Offer Freephone dial-in numbers for members of the public who may not have access to suitable technology.
- Continue to ensure that all members / participants are suitably trained / offered training to use the conference software available.
- Consider a separate meeting host of the Board and Committees in addition to the Chair to support technical arrangements.
- Continue to review and refresh the virtual meeting etiquette document based on learning from ongoing virtual meetings.

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Scheme of Reservation and Delegation (SoRD) and Decision-Making Arrangements

What we found

Our review identified the following:

- The health board did not amend its SoRD during the Phase 1 response and does not plan to do so unless staff sickness levels require changes to be made. Similarly, there were no changes to delegated limits or authorised signatories. These arrangements are being kept under review.
- The health board has set out its Covid-19 command and control structure and decision-making arrangements in its Covid-19 Governance Framework (the Framework), which operates in line with the existing SoRD. The initial Framework was based on the health board's Pandemic Flu Framework and was subsequently refined to address the needs of the health board's Covid-19 response.
- We found that financial decisions were processed quickly via the Gold Group for scrutiny and then subsequently reported to the ARAC for ratification / information as appropriate.
- Minutes and actions were maintained for the Gold Group and CCF. We reviewed a sample of four actions, three of which had been followed through. One relating to a capital expenditure paper on ventilation had not been actioned – the related consideration is captured within the Covid-19 Expenditure section below and is not repeated here.
- The Gold Group decision log had only been completed up to the end of April 2020 at the time of our review. Additionally, there is no log for Board or CCF decisions. As a result, we encountered difficulty identifying audit trails to demonstrate the rationale, justification and approval of key financial and non-financial decisions.
- We reviewed nine decisions (financial and non-financial) from the Phase 1 response. For one (the Workforce Plan), we were unable to identify the audit trail to demonstrate appropriate scrutiny and approval. For the remaining eight, we found that supporting evidence was in place, but this was not in a consistent format, was not always easily retrievable and did not always fully justify the decision, noting the point above.
- We acknowledge that a significant level of work has been undertaken to support and record the health board's Covid-19 response and those at Gold level would also have been involved in this. Therefore, relevant individuals would have been able to answer any queries and provide explanations as needed. However, this is not always

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documented in the Gold Group minutes. Over the longer term, there is a risk that the health board may not be able to clearly evidence the scrutiny and approval of key decisions.

- The health board maintained its standard approach to declarations of interest during this time.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Reviewing the decisions and supporting justification / information to simplify and increase clarity over audit trails, setting out how additional revenue funding for Covid-19 is linked into the Clinical Response Model and/or supporting plans. Whilst there is a balance between expedience and evidence, it is important that all elements of this process are sufficiently documented. This may vary between different types, values and levels of decisions, but decisions should be justifiable post-event.
- Ensuring the Gold decision log is kept up to date.

Furthermore, we suggest the following considerations as the organisation looks forward:

- Maintaining a decision log at CCF level.

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Risk Management

What we found

Our review identified the following:

- The Board continued to receive the Corporate Risk Register (CRR) throughout the Covid-19 response. The CRR was updated to reflect the impact of Covid-19 on the health board's strategic objectives.
- A Covid-19 Risk Register (C-19RR) was developed and overseen by Gold Group. The C-19RR covered risks around the health board's ability to respond to Covid-19 and has been reported to the Board since May 2020. This was a useful tool for the Executive to monitor risks in a rapidly changing environment and enabled looking a few weeks ahead which was important.
- Throughout April to July 2020, Committee Risk Registers were not presented to their respective Committees.
- At a directorate level, risks were to be managed as per the Risk Management Framework. However, monitoring and scrutiny by the Risk & Assurance Group was suspended. Executive Directors were asked to review the directorate risk registers. We did not consider the directorate risk registers in our testing.
- Whilst we could see that risks are considered as part of the Clinical Response Model and are broadly considered within the C-19RR, it was less clear how more specific risks had been considered or were linked to the C-19RR in other decisions in our testing which were not supported by a documented risk assessment process.
- A response plan has been developed for future phases of the pandemic. The response plan has been updated every 60-90 days and there is a section in each update on the learning from the previous period and any reviews.
- The health board has reviewed its strategic objectives and priorities and developed a reprioritised annual plan for 2020/21.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Ensuring that risks (Covid-19 and, as appropriate, non-Covid-19) are regularly reported to the Committees.

Furthermore, we suggest the following considerations as the organisation looks forward:

Continuing to update the response plan for any changes arising from this review and any other retrospective reviews being completed.

- Continuing to manage non-Covid-19 risks and report as appropriate to respective committees, to ensure that emerging risks are adequately reviewed / managed.
- Continuing to review key objectives and priorities in light of new information.
- Any future decision making framework should incorporate a documented risk assessment process over decisions completed.

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Financial Governance

Annual Accounts and Reporting

What we found

Our review identified the following:

- The health board revised its accounts production timetable in line with updated Welsh Government deadlines. Draft accounts were submitted on 21st May 2020. Final accounts were signed by the Board on 29th June 2020, ahead of the 30th June 2020 submission deadline. This is a notable success with the accounts being produced by the team working remotely.
- Audit Wales did not observe any significant issues in the audit of the draft accounts.

What could be done differently in the future

We suggest the following consideration as the organisation looks forward:

- The benefits of preparing the final accounts and completing the accompanying statutory audit remotely should be reviewed and retained for future financial years. Any efficiencies implemented to assist in the delivery should be retained / expanded upon.

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Financial Systems and Processes

What we found

Our review identified the following:

- Temporary amendments to the Standing Financial Instructions (SFIs) and Financial Control Procedures (FCPs) were captured through the use of an Interim Covid-19 FCP (the Interim FCP). This approach ensured changes to SFIs/FCPs were communicated in a concise and easily understandable manner.
- Whilst the Interim Covid-19 Financial Control Procedure sets out approval levels for Covid-19 revenue expenditure, we identified that the approval process for Covid-19 capital expenditure was not clear (note: we understand that this point was addressed subsequent to the completion of our review).
- Specific Covid-19 cost centres have been established, with linkage to the Oracle approval limits set out in the Interim FCP.
- Indemnity arrangements appear to be in line with advice issued by NWSSP Legal & Risk Services.
- To ensure Personal Protective Equipment (PPE) is available and appropriately distributed, the health board set up a PPE hub at Bronllys hospital, overseen by the Assistant Director of Facilities.
- The Finance department did not have a full Business Continuity Plan in place. However, the Finance Team was able to swiftly respond to set up flexible, safe working arrangements to maintain services levels and meet year end deadlines. In the process, the team has identified improvements that accelerate the implementation of the digital transformation agenda and move away from manual, paper-based processes.
- There were no losses or write offs recorded during the pandemic.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Refreshing business continuity plans throughout the health board to ensure lessons / experiences from the pandemic can be incorporated as appropriate.

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Covid-19 Expenditure (Revenue and Capital)

What we found

Our review identified the following:

- Expenditure in our sample testing was authorised in accordance with the SoRD and Governance Framework. However, as noted above, we found that it was not easily possible to identify a clear audit trail and link between the expenditure and the Clinical Response Model or supporting plans and to reconcile the entire decision making process from decisions made within the CCF and Gold Groups, through to the Board (or other applicable forums).
- In line with the Interim FCP, Gold Group has received regular Covid-19 expenditure reports, including details of orders over £5,000, Covid-19 planned capital expenditure and the actual / forecast Covid-19 revenue expenditure.
- The Board has received the actual / forecast Covid-19 expenditure as part of the standard financial performance reports, including the Monthly Monitoring Return which now includes specific reporting on Covid-19 expenditure. The July 2020 ARAC meeting received a report on expenditure over £5,000 without three quotes.
- Due to the ability to make financial decisions quickly via the Gold Group, as noted above, we understand the health board has not had to utilise Chair's Actions during its Covid-19 response so far. However, should the need arise, this option is available under the Standing Orders. Similarly, the Single Tender Waiver process has not been used for Covid-19 to date.
- Additional funding required has yet to be agreed by the Welsh Government, representing a significant financial risk for the health board. This is recognised in the financial reports to the Board, the Monthly Monitoring Returns and the Corporate Risk Register.
- We understand that, in addition to scrutiny and approval of items over £25,000 at Gold Group, expenditure posted to Covid-19 cost centre codes was actively reviewed by Finance to ensure requisitions were appropriate and authorised swiftly.
- There were no payments made in advance by the health board during the pandemic.
- Variable pay costs – such as agency (including off-contract), overtime and bank – are initially allocated to the cost centre where the substantive post holder is paid. This expenditure is then apportioned to Covid-19 based upon the increase above previous years' average monthly spend. This approach is set out in the Interim FCP.

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- Capital expenditure requirements have been reported to Welsh Government. There is transparency of the capital expenditure that has been incurred to date and what is likely to be incurred as the months progress to ensure the health board is in the best position to address the requirements for operating within an appropriate hospital environment.
- In terms of non-Covid-19 capital, only major projects for which Welsh Government funding has been approved have continued during this time.
- There has been no amendment to the discretionary capital amount per the Capital Resource Limit. This has been reviewed to ensure only essential work is included and to ensure a contingency is maintained.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Ensuring that a clear audit trail of decisions made is retained for each decision (see considerations in the 'Scheme of Reservation and Delegation (SoRD) and Decision-Making Arrangements' section).
- Taking a report to ARAC on contract awards and value for money / appropriate use of public money assessment during the Covid-19 period.

Furthermore, we suggest the following consideration as the organisation looks forward:

- Liaising with other health boards to identify a more accurate approach to apportioning variable pay costs.

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Workforce

What we found

Our review identified the following:

- We understand that a Workforce Plan was developed, which included details of the deficit in staff for each level of the Surge Plan taking into account existing staff and redeployments. However, we have been unable to ascertain where this plan was costed, scrutinised and approved.
- We understand that the health board took the conscious decision to not pay any overtime or enhancements for senior manager (Band 8a and above) or other officers involved in Covid-19 activities. It also did not use any non-Agenda for Change rates or incentives to attract new staff.
- A redeployment process was established, overseen by the Temporary Staffing Unit. The health board was also able to support another health board through staff redeployment.
- Recruitment to support the Covid-19 response was based upon the deficit in the Workforce Plan. A streamlined recruitment process was approved by Gold Group.
- Our testing on a sample of five new Covid-19 starters confirmed pre-employment checks had been undertaken as appropriate.
- The health board ran an induction programme for all new Health Care Support Workers (HCSW). We understand that further training for HCSWs is being planned.
- The health board identified improvements were needed on the uptake on training for Covid-19 Infection Prevention & Control (IPC) and clinical skills, although we were informed that, given the health board did not have to activate its surge capacity plans, there were sufficient staff with the skills and knowledge to meet the requirements of the model in place. This training was aimed at new and redeployed staff, covering care for Covid-19 patients and for staff to adjust to the context of providing services during the Covid-19 pandemic.
- The IPC and Clinical Education Teams are undertaking work around the Covid-19 training offered to ensure all relevant staff receive training in advance of any future peaks and to ensure appropriate reporting mechanisms are in place to capture compliance levels.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Ensuring that a clear audit trail of decisions made is retained for each decision (see also considerations in the Scheme of Reservation and Delegation (SoRD) and Decision-Making Arrangements' section)
- Ensuring the work around staff training for Covid-19 is progressed and that relevant staff receive appropriate training to support delivery of services during the Covid-19 pandemic.

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Budget and Savings

What we found

Our review identified the following:

- The 2020/21 pre-Covid-19 Financial Resource Plan was approved by the Board in May 2020 and is being used to monitor budgets in Board reports and at an operational level.
- Financial reports to the Board assume that the Covid-19 expenditure will be fully funded by Welsh Government. This, along with the risk that full funding may not be provided, is made clear in the reports. The reports also detail the actual, planned and forecast Covid-19 expenditure (revenue and capital).
- Covid-19 expenditure is also separately reported to Welsh Government via the Monthly Monitoring Returns.
- The Interim FCP sets out changes to the budget monitoring process, namely that budget holder meetings were stepped down during the Phase 1 response. We understand that budget holder meetings will be stood up in the near future, which will be reflected in an update to the Interim FCP.
- The savings position is reported in monthly finance reports, which is subsequently reported to the Welsh Government. Covid-19 is anticipated to have a significant impact on the health board's ability to achieve its original savings plan of £5.5m. This is predominantly due to the loss of potential savings within the health board's Long Term Agreements (LTAs), resulting from the block contracts in place for the duration of the Covid-19 response. The revised savings plan is £1.8m.
- Whilst the health board will be unable to realise the benefit of potential savings relating to the LTAs, we understand it will still carry out the work behind these savings in order that the benefit can be felt once the LTA contracts have reverted to pre-Covid-19 arrangements.

What could be done differently in the future

We suggest the following consideration as the organisation looks forward:

- With the additional expenditure incurred as a result of Covid-19, the health board should continue to refocus efforts onto savings and efficiencies plans. This will become even more pertinent if the request to the Welsh Government for additional funding is not fully granted.

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Other Governance Areas

Long Term Agreements

What we found

Our review identified the following:

- A temporary, simplified approach is in place over LTAs. We understand this was mandated by the Department of Health for English LTAs and Welsh Government for Welsh LTAs. Cash based payments are being made and, at present, the arrangement does not allow adjustments for under or over performance. We understand these arrangements will be in place until at least September 2020.
- LTA payments above the budgeted IMTP levels are included in the Covid-19 expenditure reported to Welsh Government, calculated based upon updated 2019/20 outturn forecasts vs the October/November 2019 forecasts used in the IMTP. As at month 3, this is forecast to be £2.7m above budget.
- Under these arrangements, the health board has been unable to operate its Commissioning Assurance Framework. However, it has participated in the command arrangements for English regions and has monitored available quality and safety information.
- The related risk has been reported to Gold Group and the Board. Additionally, the Corporate Risk Register was updated to reflect the potential impact of the temporary arrangements on quality and patient safety.
- When the health board moves out of the temporary arrangements and requires additional activity to reduce backlogs in planned activity on top of new referrals, there is a risk that it could overpay for services if underperformance during the temporary arrangements is not accounted for. We understand the health board has explicitly raised this with all parties, including Welsh Government, and has started to undertake analysis of the impact to support further discussions. We also understand the health board is part of the Welsh Government lead group that has been meeting with NHS England with regard to the temporary LTA arrangements.

What could be done differently in the future

We advise that priority should be given to considering the following:

- We support the health board's ongoing work to quantify the potential impact of the temporary LTA arrangements to aid further discussions. Management should ensure the health board receives assurances from Welsh Government on how the related costs will be funded and

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that the learning and agreed actions from these discussions are reflected in the health board's response plans going forward.

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Partnership Arrangements

What we found

Our review identified the following:

- As noted previously, the health board did not need to activate its plans for surge capacity and, therefore, did not require any external capacity.
- We understand plans are in place for a field hospital, should the need arise in the future. If this were required, the health board is aware of the need to ensure additional standard operating procedures (SOPs) and indemnity arrangements are in place.
- Additional costs for primary care contractors are captured via a dedicated Covid-19 account code. At the time of writing, such costs include an accrual for GP Covid-19 expenditure submissions and additional GP Out-Of-Hours service costs.
- The health board has worked closely with the Local Authority (LA) throughout the response to date, with the LA's Director of Social Services attending the health board's Gold Group meetings. In addition, a specific workstream was set-up to support the Covid-19 response in enhanced and care home settings, which included support for fit testing of FFP3 masks.
- The health board undertook regular meetings with the Community Health Council throughout the pandemic response.
- Risk assessments continued to be completed by the Counter Fraud Team to identify emerging risks relating to fraud, e.g. malware attacks. The promotion of local counter fraud arrangements has continued throughout the pandemic.

What could be done differently in the future

We suggest the following considerations as the organisation looks forward:

- Ensuring appropriate indemnity arrangements and SOPs are put in place should additional capacity be required.
- Continuing to engage with Local Authority partners to ensure arrangements are confirmed and in place, in preparation for future outbreaks.
- Continuing to review the capacity situation to ensure sufficient capacity is available in the event of surge demand for beds if there are further peaks.

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Charitable Funds

What we found

Our review identified the following:

- Charitable donations are processed in accordance with the charitable objectives of the Charity.
- A Covid-19 Response Fund was ring-fenced from money received through NHS Charities Together. A bespoke application form was developed and all applications to this Fund were considered by the Gold Group.
- A Just Giving page was established to assist with increased public desire to donate to the health board.
- We were informed that donations were not used for PPE and / or essential equipment as this is provided for by the Welsh Government.
- A report on the amount of donations and expenditure was presented to the July Charitable Funds Committee, which separately identified the income received under the Covid-19 Response Fund.
- We were unable to identify if staff were reminded of their obligation to record gifts or hospitality, or if they were provided with guidance for when approached with donations.

What could be done differently in the future

We suggest the following consideration as the organisation looks forward:

- Ensuring staff are reminded of their obligation to record gifts or hospitality.
- Providing guidance for staff who are approached with donations.

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Information Governance

What we found

Our review identified the following:

- Guidance and controls have been implemented to address emerging risks in relation to Covid-19.
- There was good communication around Information Governance and Cyber Security issues.
- Links were visible into Gold Group for Information Governance and Cyber Security related matters.
- There is evidence that changes to practices included Information Governance and Cyber Security considerations.
- The health board was engaged in communications at a national level around Information Governance and Cyber Security.
- A consistent approach across Wales has been established via the National Information Governance Managers' Group (IGMAG), which helps set processes and guidance for the use of technology at home.

What could be done differently in the future

There are no improvements identified.

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Appendix One – Guidance, Principles and Scope

Guidance and Principles

In its response (dated 26 March 2020) to a letter received on behalf of the Board Secretaries Group, Welsh Government agreed the Governance Principles (the 'Principles') that are designed to help focus consideration of governance matters.

The Principles are:

- public interest and patient safety;
- staff wellbeing and deployment;
- governance and risk management;
- delegation and escalation;
- departures from existing policies and processes;
- one Wales (acting in the best interest of the whole of Wales); and
- communication and transparency.

In particular, the Welsh Government reiterated the importance of continuing the role of both the Audit Committee and the Quality and Patient Safety Committee during the Covid-19 outbreak, in supporting the Board with discharging its responsibilities.

Further detailed guidance was issued regarding financial governance in Covid-19 Financial Guidance to NHS Wales' Organisations and the Covid-19 Decision Making and Financial Governance Letter from Welsh Government dated 30th March 2020.

Scope of this Advisory Review

The advisory review assessed the adequacy and effectiveness of internal controls in operation during the Covid-19 outbreak, with particular regard to the Principles set out by the Welsh Government regarding maintaining financial governance.

This review focused on the following:

- governance and risk management;
- delegation and escalation; and
- departures from existing policies and processes.

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In particular, we undertook interviews and review of documentation:

- to ensure that appropriate key decisions are made through the revised management arrangements, with risk, impact and value for money adequately assessed;
- to confirm that the Scheme of Delegation and escalation requirements are adhered to;
- to ensure appropriate oversight and scrutiny remains by the Board over applicable matters – for example, the risk appetite level set;
- to ensure that departures from existing standards, frameworks, policies and procedures are appropriately documented and reviewed regularly, but still in accordance with the Principles; and
- to determine if the command structure established is appropriate – for example, achieving the Principles set out by the Welsh Government.

In our interviews with Board Members we discussed the remaining Principles and where appropriate commentary on those is include in the detail of this report.

The potential risks considered in this review were as follows:

- decisions are not completed in the best interest of the public;
- statutory requirements are not met;
- inappropriate expenditure and financial commitments;
- insufficient scrutiny of the risks associated with each key decision;
- the Welsh Government Principles are not adhered to; and
- inappropriate governance arrangements.

As this is an advisory review, the assignment is not allocated an assurance rating, but we have suggested some considerations for the future, should temporary governance arrangements be required in response to further peaks.

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Appendix Two – What we did

We undertook the following review activity:

- Interviewed the following:
 - Board Secretary;
 - Director of Finance, Information & IT;
 - Director of Workforce & Organisational Development;
 - Director of Planning & Performance;
 - Director of Nursing;
 - Assistant Director of Finance
 - Assistant Director of Workforce
 - Planning Manager
 - Chair of the health board;
 - Chair of the Audit, Risk & Assurance Committee;
 - Chair of the Experience, Quality & Safety Committee; and
 - Chief Executive.
- Reviewed notices, agendas and minutes of the Board, Audit, Risk & Assurance Committee and Experience, Quality & Safety Committee from March 2020.
- Reviewed the public availability of the respective committee papers and meeting summaries on the health board's webpage.
- Reviewed the risk register(s) for Covid-19 and non-Covid-19 risks.
- Reviewed the SoRD, Standing Financial Instructions and Interim Covid-19 Financial Control Procedure.
- Reviewed relevant papers / documentation / logs from Gold Group.
- Observed key committees.
- Selected a sample of seven decisions, four from the Gold decision log and three "expected" decisions, to review the documentation of approval and link with the Clinical Response Model behind each.
- Reviewed the response plans and business continuity arrangements within Finance.
- Reviewed the revised timetable for reporting of annual accounts.
- Reviewed the Monthly Monitoring Returns.
- Considered the impact of Covid-19 on the health board's saving plans.
- Obtained the list of newly created cost centres, specifically created for Covid-19 expenditure.
- Reviewed the command structure for managing Covid-19 arrangements.

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- Reviewed the assets directly linked to the pandemic.
- Reviewed indemnity arrangements within the health board.
- Considered the arrangements for stocks, in particular PPE.
- Reviewed workforce and establishment plans.
- Identified new starters and, for a sample of five, ensured pre-employment checks had been undertaken prior to starting.
- Reviewed the calculations behind variable pay costs apportioned to Covid-19 expenditure.
- Considered the impact of block contract arrangements on the health board and reviewed the calculations behind LTA costs apportioned to Covid-19 expenditure.
- Identified and reviewed partnership arrangements.
- Obtained capital project information, including expenditure incurred.
- Discussed charitable funds arrangements and any changes to policies.
- Discussed Local Counter Fraud arrangements during the Covid-19 response.
- Considered the approach to information governance and cyber security during the Covid-19 response.
- Shared information and emerging findings with Audit Wales for consistency.

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Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

Environmental Sustainability Reporting

Internal Audit Report

2020/21

Powys Teaching Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Services

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Appendix A	Management Action Plan
Appendix B	Matters Arising
Appendix C	Prioritisation of Recommendations
Appendix D	Responsibility Statement

Review reference:

PTHB-2021-03

Report status:

Final

Fieldwork commencement:

18 May 2020

Fieldwork completion:

1 September 2020 (following receipt of Final Sustainability Report)

Debrief meeting:

29 June 2020

Draft report issued:

18 August 2020

Management response received:

28 August 2020

Final report issued:

1 September 2020

Auditor/s:

Helen Higgs, Head of Internal Audit
 Osian Lloyd, Deputy Head of Internal Audit
 Matthew Smith, Senior Auditor

Executive sign off

Hayley Thomas, Director of Planning & Performance

Distribution

Wayne Tannahill, Assistant Director of Estates & Property
 Duncan Crawley, Quality Improvement Manager
 Steven Bromley, Environmental & Sustainability Manager

Committee

Audit Committee

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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.

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 Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching 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 the Environmental Sustainability Report sought to provide Powys Teaching Health Board (the 'health board') with assurance that operational procedure is compliant with Welsh Government minimum reporting requirements. HM Treasury released a document: '*Public Sector Annual Reports: Sustainability Reporting Guidance 2019-20*', which stipulates the importance of all organisations possessing relevant audit or scrutiny arrangements, to ensure that the correct procedures are in place to produce robust data on performance.

In May 2012 the Welsh Government launched the '*Achieving Excellence: The Quality Delivery Plan for the NHS in Wales 2012-2016*'. The plan set out the Government's ambition to achieve a quality driven NHS, focused on providing high quality care and excellent patient experience. The plan included the requirement that every NHS organisation from 2012 will publish an annual report. From 2012/13 public bodies in Wales that produce an annual report under the Government Financial Reporting Manual (FReM) and meet the FReM de-minimis are required to include an Environmental Sustainability Report.

The NHS Wales Manual for Accounts provides a recommended format for NHS Wales bodies' sustainability reports, including minimum requirements for emissions, waste and the use of resources.

2. Scope and Objectives

The overall objective was to ensure that the Environmental Sustainability Report within the Annual Report is complete and consistent with the data collated throughout 2019/20 and satisfies Welsh Government minimum reporting requirements.

The scope was limited to assessing:

- compliance with minimum reporting requirements of guidance published in the NHS Wales Manual for Accounts;
- the extent to which the information presented within the Environmental Sustainability Report was consistent with the data collated throughout 2019/20 and can be verified to supporting evidence; and
- progress in implementing the recommendations raised during the 2019/20 audit.

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3. Associated Risks

The potential risks considered in the review were as follows:

- non-compliance with Welsh Government guidance, breach of key public disclosure reporting requirements and lack of transparency;
- published information does not present a fair and balanced picture to stakeholders of the performance in the year; and
- the information detailed within the Environmental Sustainability Report is incomplete and/or inaccurate.

OPINION AND KEY FINDINGS

4. Overall Assurance Conclusion

Based on the results of our procedures, for year ended 31 March 2020, we noted the following:

- the sample information tested is now consistent with supporting documentation (where available), in all material aspects;
- the Environmental Sustainability Report has substantially been prepared in accordance with the minimum requirements of the NHS Wales 2018-19 Manual for Accounts; and
- instances were identified where data within the draft sustainability report could not be verified to supporting documentation.

5. Summary of Audit Findings

It was agreed with management that our review would commence following approval of the draft sustainability report by management. Our review assessed the version of the report provided by the health board on 7 May 2020. The report was complete with the exception of the waste section which would follow as soon as the data became available to management.

We conducted a limited scope review of the Environmental Sustainability Report, examining the data tables and narrative disclosure text against the Government Financial Reporting Manual and HM Treasury guidance. These documents contain a low level of prescription, but do provide minimum disclosure requirements for data and narrative.

We fed back all observations noted throughout the audit to allow for any issues highlighted to be rectified and the draft sustainability report finalised prior to being incorporated in the Annual Report for submission to Welsh Government before the 31 August deadline. This deadline had been deferred from the 31 May due to the Covid-19 pandemic.

Management has been informed of the matters arising from our review of compliance with reporting requirements and the consistency of data within the draft sustainability report and source documentation. These have substantially been addressed by management and are detailed within Appendix B.

Compliance with Minimum Reporting Requirements within the NHS Wales Manual for Accounts

Completion, Review, Approval and Submission of the Environmental Sustainability Report

Due to the Covid-19 pandemic, the submission date of the Annual Report (which includes the Environmental Sustainability Report) to Welsh Government was deferred from 31 May to 31 August 2020. This was detailed within their communication of the NHS Wales Manual for Accounts 2019-20. The deferred date had also been clearly communicated by the Board Secretary to relevant staff in a timely manner.

The Annual Report was to be endorsed by the Executive Committee and the Board on 15 July 2020 and 29 July 2020 respectively. Additionally, the final draft of the sustainability report was presented at the Sustainability Group meeting on 18 July for comment. This is an improvement on the prior year where we identified the performance report was not submitted until after the Welsh Government Submission deadline.

Format of the Environmental Sustainability Report

The draft Environmental Sustainability Report examined was found to be largely compliant with guidance documentation, with the exception of some errors and omissions, which are detailed within Appendix B for information. However, a summary is provided below:

- The inclusion of the scope 3 transmission and distribution calculation for electricity within the gross emissions disclosure; and
- the reporting of the full costs associated with the water supply, including sewerage and service charges, in the use of resources section.

These errors and omissions were substantially amended in the final version prior to publication. We also suggested some minor improvements to improve the disclosure requirements. We did not identify any further issues. Refer also to Finding 1 in Appendix A.

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Accuracy of Data

There was a demonstrable trail from the reported figures for gas, electric, waste and water to the supporting calculations, typically held within internal spreadsheets and source data (invoices).

Our sample testing to determine the accuracy of data in the report identified material anomalies in relation to the accuracy and completeness of water consumption values and associated costs.

Gas

Our chosen sample verified 20% of the total gas kWh consumed. We also reconciled the gas Gross Emissions Scope 1 (direct) and related energy consumption and cost totals calculated within the internal spreadsheets to ensure alignment with the figures published within the draft sustainability report and found no issues. Although we did note that the Total Gross Emissions value (the sum of the individual resources tCO₂e) was incorrectly calculated as 4.434 instead of 4.174, an overstated difference of 0.260 tCO₂e (5.86%).

This error was amended in the final version prior to publication. Refer also to Finding 1 in Appendix A.

Electric

The carbon footprint of an organisation is measured in tonnes of carbon dioxide equivalent (tCO₂e). The carbon dioxide equivalent (CO₂e) allows for the different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO₂.

Review of the electric data did not identify any material variances between that documented within the electric data spreadsheets and the values published in the draft sustainability report. However, in respect of the total tCO₂e, the additional scope 3 calculation relating to the Transmission and Distribution element of purchased electric had not been undertaken. This resulted in the tCO₂e value being under-reported by approximately 8%, and the total gross emissions tCO₂e underreported by 1.16%. In mitigation, we acknowledge that there is a contradiction between the various guidance in how 'green' electricity data should be presented. We understand that this will be clarified through the introduction of the 'NHS Wales Carbon Strategy' currently under development.

This omission was amended in the final version prior to publication. Refer also to Finding 1 in Appendix A.

Water

Our chosen sample captured 32% of the total water m³ consumed. Immaterial differences were identified relating to the rounding of spreadsheet formulas.

However, our sample testing to determine the accuracy of data in the report identified material anomalies in relation to the accuracy and completeness of water consumption values and associated costs. Our review of the draft report identified a significant 30.75% reduction in water consumption (43,010m³ versus 30,059m³) between 2018/19 and 2019/20 respectively. There was no narrative included within the report that provided an explanation to the reader for such a reduction.

In addition, our review of the supporting spreadsheets and calculations identified discrepancies with the values published in the draft sustainability report. The result being the under-reporting of water consumption by 3,308m³ (10%), where the calculations supported a water consumption figure of 33,367m³ for the health board. We also identified that not all costs had been included, sewerage costs and service charges that are inextricably linked to the water supply costs had been omitted.

Following feedback of these observations to management we were provided with an updated version of the draft sustainability report. This included a revised water consumption figure of 33,458m³ and the associated sewerage costs. Management had also completed a review of the water consumption reduction and identified that two historic water leaks had been repaired during the year at Brecon and Bronllys Hospitals. Additionally, it was identified that at Welshpool Hospital, the water meter had malfunctioned in 2019 and a significantly lower usage value is included in the report as a result.

The material variances identified between the data as the audit progressed has resulted in a recommendation being raised for the health board to undertake a complete review (for accuracy) of the data contained within the report for the Greenhouse Gas Emissions, Waste and Use of resource tables. This was raised noting our sample testing was limited to two entries from two of the three tables.

See Finding 1 in Appendix A. Further information is also provided in Appendix B.

Waste

Historically, waste verification has been a challenge within the health board and it is still not possible to reconcile general waste data. This is because the health board does not receive itemised billing of individual waste streams from the service provider. Despite numerous discussions between both parties, itemised billing of individual waste streams and associated costs cannot be provided. As a result, it is not possible to reconcile the general waste data to supplier invoices. Reliance is therefore placed on the health board's internal process for the collation of general waste data.

We were informed that progress was made during 2019/20 whereby a procurement exercise was undertaken to secure metal, Waste Electrical and Electronic Equipment recycling (WEEE) and general waste skips to clear a backlog of waste accumulated at Bronllys Hospital. We were also advised that a tender exercise to secure a new general and recyclable waste contractor has commenced. It is hoped that the new contract will allow for greater accuracy of waste being disposed and allow the health board to progress its ambitions of achieving the zero waste to landfill target before the government target date of 2050.

In the meantime, considerable work has been undertaken by the Quality Improvement Manager in developing internal arrangements for the monitoring of individual waste streams and associated costs. In addition, we were informed that Support Services are looking to increase their administration establishment and if successfully achieved their role would include the collation of waste data within the health board. Whilst we were provided with these supporting schedules, this was towards the conclusion of audit fieldwork and therefore we were only able to review the spreadsheet to ensure that the individual waste stream data held in the waste spreadsheet reconciled to the figures reported within the final sustainability report. We confirmed that the reported waste figures within the draft sustainability report reconciled to the internal spreadsheets, although the report will need amending to reflect the correct total waste figure of 374.24 tonnes due to the composted waste being omitted from this calculation.

This error was amended in the final version prior to publication. Refer also to Finding 1 in Appendix A.

Previous Internal Audit Recommendations

One medium priority finding was raised in relation to the need for quality reviews by management to ensure compliance, completeness and accuracy of the draft sustainability report prior to submission to Welsh Government. This finding is repeated this year following our identification of material anomalies, particularly in respect of the water data.

We have closed two previous recommendations, one in respect of documenting the timescales for the completion, review and approval of the

sustainability report by a relevant committee, another regarding the methodology used in the collation of waste data and formulae errors present within the waste spreadsheets.

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Finding 1 Quality Review of the Draft Sustainability Report (Design)	Risk
<p>Our review assessed compliance with the mandatory sections of the NHS Wales Manual for Accounts 2019-20 guidance, which related to:</p> <ul style="list-style-type: none"> (i) the format and narrative content of the report; and (ii) the disclosure within the report of numeric data of volumes / weights / measures etc. of greenhouse gas emissions, waste and use of resources. <p>The 2019/20 Environmental Sustainability Report was largely consistent with the reporting format set out in the guidance. Minor instances of non-compliance were identified in relation to the report format and completeness of data. However, our sample testing to determine the accuracy of data in the report identified material anomalies in relation to the accuracy and completeness of water consumption values and associated costs (refer to appendix B).</p> <p>Management were informed of the required amendments during audit fieldwork and we confirmed that these have substantially been addressed in the final version of the report, although some additional footnotes and narrative explanations could have been included to provide further clarification to the reader.</p>	<p>The Environmental Sustainability Report does not conform to the requirements set out within the NHS Wales Manual for Accounts 2019/20.</p> <p>Data contained within the Environmental Sustainability Report is incomplete and/or incorrect.</p>
Recommendation 1	Priority level
<p>A thorough quality review of the Environmental Sustainability Report should be undertaken by management before it is published to confirm compliance with the NHS Wales Manual for Accounts and HM Treasury Sustainability Reporting guidance and to ensure completeness and accuracy.</p> <p><i>NB: This is a repeat recommendation.</i></p>	<p>Medium</p>

Management Response 1	Responsible Officer/ Deadline
Agreed: Management reviews are undertaken in parallel with Audit and Assurance checks and the process will be more formally mapped with corrections annotated during future reporting periods. Table evidencing water consumption analysis completed.	Executive Lead: Director of Planning and Performance Assistant Director: Estates and Property Ahead of publication

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Appendix B: Matters arising from our review of the health board's 2019/20 Environmental Sustainability Report against NHS Wales 2019-20 Manual for Accounts Guidance and source documents.

Assessment of the health board's Environmental Sustainability Report (draft as at 7 May 2020) against the requirements of the NHS Wales Manual for Accounts and HM Treasury Sustainability reporting guidance 2019/20 identified errors, omissions and minor disclosure amendments. Our sample testing to determine the accuracy of data in the report identified material anomalies in relation to the accuracy and completeness of water consumption values and associated costs. Our sample testing was limited to two entries from each of the three tables as follows: *Greenhouse Gas Emissions: Non-Financial Indicators (1,000 tCO₂e) - 2019/20 Gross Scope 1 Gas Emissions and Related Energy Consumption (million KWh) - 2019/20 Gas Consumption; and Use of Resources: Non-Financial Indicators (000m³) - 2019/20 Water Consumption (Office Estate) / Supplied and Financial Indicators (£million) - 2019/20 Water Supply Costs (Office Estate)*. Whilst we were provided with the supporting schedules for the waste section, this was only towards the audit fieldwork and therefore we were only able to review the spreadsheet to ensure that the individual waste stream data held in the waste spreadsheet reconciled to the figures reported within the final sustainability report.

The following inaccuracies and omissions have been communicated to management. We confirmed that these have substantially been addressed in a subsequent iteration (28 August 2020) of the report:

Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment
Greenhouse Gas Emissions	Commentary on Greenhouse Gas Emissions h. Discussion of performance in the table below, including any targets and direction of the organisation in terms of performance.	Observation: The Total Gross Emissions value (the sum of the individual resources tCO ₂ e) was incorrectly calculated as 4.434 instead of 4.174, an overstated difference of 260 tCO ₂ e (5.86%).

Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment																																																																
	<p>i. Narrative on any data availability issues should be noted here, including the use of estimated data, omissions and actions to be taken to improve data collection.</p> <table border="1"> <thead> <tr> <th colspan="2">Greenhouse Gas Emissions</th><th>2019-20</th></tr> </thead> <tbody> <tr> <td rowspan="4">Non-Financial Indicators (1,000 tCO₂e)</td><td>Total Gross Emissions</td><td></td></tr> <tr> <td>Total Net Emissions</td><td></td></tr> <tr> <td>Gross Emissions Scope 1 (direct)</td><td></td></tr> <tr> <td>Gross Emissions Scope 2 & 3 (Indirect)*</td><td></td></tr> <tr> <td rowspan="5">Related Energy Consumption (million KWh)</td><td>Electricity: Non-renewable</td><td></td></tr> <tr> <td>Electricity: Renewable</td><td></td></tr> <tr> <td>Gas</td><td></td></tr> <tr> <td>LPG</td><td></td></tr> <tr> <td>Other</td><td></td></tr> <tr> <td rowspan="4">Financial Indicators (£million)</td><td>Expenditure on Energy</td><td></td></tr> <tr> <td>CRC License Expenditure (2010 onwards)**</td><td></td></tr> <tr> <td>Expenditure on accredited offsets (e.g. GCOF)**</td><td></td></tr> <tr> <td>Expenditure on official business travel</td><td></td></tr> </tbody> </table> <p><i>*The minimum requirement for public sector emissions accounting is full coverage of Scope 1, Scope 2 and emissions from staff travel on official business under Scope 3.</i></p> <p><i>**If CRC License Expenditure and accredited offsets is not applicable, these lines need not be disclosed.</i></p>	Greenhouse Gas Emissions		2019-20	Non-Financial Indicators (1,000 tCO ₂ e)	Total Gross Emissions		Total Net Emissions		Gross Emissions Scope 1 (direct)		Gross Emissions Scope 2 & 3 (Indirect)*		Related Energy Consumption (million KWh)	Electricity: Non-renewable		Electricity: Renewable		Gas		LPG		Other		Financial Indicators (£million)	Expenditure on Energy		CRC License Expenditure (2010 onwards)**		Expenditure on accredited offsets (e.g. GCOF)**		Expenditure on official business travel		<table border="1"> <thead> <tr> <th colspan="2">Greenhouse Gas Emissions</th><th>2019-20</th></tr> </thead> <tbody> <tr> <td rowspan="4">Non-Financial Indicators (1,000 tCO₂e)</td><td>Total Gross Emissions</td><td>4.434</td></tr> <tr> <td>Total Net Emissions</td><td>4.434</td></tr> <tr> <td>Gross Emissions Scope 1 (direct)</td><td>Gas 2.300 Oil 0.168</td></tr> <tr> <td>Gross Emissions Scope 2 & 3 (indirect)</td><td>Electric 0.932 Business travel 0.734⁷</td></tr> <tr> <td rowspan="5">Related Energy Consumption (million KWh)</td><td>Electricity: Non-renewable</td><td>3.646</td></tr> <tr> <td>Electricity: Renewable</td><td>0.200</td></tr> <tr> <td>Gas</td><td>12.509</td></tr> <tr> <td>LPG</td><td>N/A</td></tr> <tr> <td>Other</td><td>Oil 0.641</td></tr> <tr> <td rowspan="4">Financial Indicators (£million)</td><td>Expenditure on Energy</td><td>Electric: 0.690 Gas: 0.410 Fuel oil: 0.034 Total: 1.134</td></tr> <tr> <td>CRC License Expenditure (2010 onwards)**</td><td>N/A</td></tr> <tr> <td>Expenditure on accredited offsets (e.g. GCOF)**</td><td>N/A</td></tr> <tr> <td>Expenditure on official business travel</td><td>1.089</td></tr> </tbody> </table> <p>Audit Assessment:</p> <p>As the data has been refined since the first draft, amendment of the value to 4.174 is required.</p>	Greenhouse Gas Emissions		2019-20	Non-Financial Indicators (1,000 tCO ₂ e)	Total Gross Emissions	4.434	Total Net Emissions	4.434	Gross Emissions Scope 1 (direct)	Gas 2.300 Oil 0.168	Gross Emissions Scope 2 & 3 (indirect)	Electric 0.932 Business travel 0.734 ⁷	Related Energy Consumption (million KWh)	Electricity: Non-renewable	3.646	Electricity: Renewable	0.200	Gas	12.509	LPG	N/A	Other	Oil 0.641	Financial Indicators (£million)	Expenditure on Energy	Electric: 0.690 Gas: 0.410 Fuel oil: 0.034 Total: 1.134	CRC License Expenditure (2010 onwards)**	N/A	Expenditure on accredited offsets (e.g. GCOF)**	N/A	Expenditure on official business travel	1.089
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	LPG	N/A																																																																
	Other	Oil 0.641																																																																
Financial Indicators (£million)	Expenditure on Energy	Electric: 0.690 Gas: 0.410 Fuel oil: 0.034 Total: 1.134																																																																
	CRC License Expenditure (2010 onwards)**	N/A																																																																
	Expenditure on accredited offsets (e.g. GCOF)**	N/A																																																																
	Expenditure on official business travel	1.089																																																																

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Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment
		<p>Observation:</p> <p>In respect of the total tCO₂e, the additional scope 3 calculation relating to the Transmission and Distribution element of purchased electric had not been undertaken. This resulted in the tCO₂e value being under-reported by 79.28 tCO₂e (approximately 8%), and the total gross emissions tCO₂e underreported by 1.16%.</p> <p>Audit Assessment:</p> <p>The tCO₂e value for electricity transmission & distribution should be included in the scope 3 calculation and the totals amended as above. In mitigation, we acknowledge that there is a contradiction between the various guidance in how 'green' electricity data should be presented. We understand that this will be clarified through the introduction of the 'NHS Wales Carbon Strategy' currently under development.</p> <p>Observation:</p> <p>We identified the conversion factor for an 'average car' using 'Diesel fuel' by mileage kgCO₂e of 0.27901 was used instead of the 'average car' of 'unknown fuel' conversion factor 0.28502. This resulted in an immaterial difference in the final total emission values calculated (0.734 versus 0.750).</p> <p>Audit Assessment:</p> <p>Unless the fuel of the vehicles is known, the 'average car' with 'unknown fuel' conversion factor should be used.</p>

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Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment																													
Waste	<p>Commentary on Waste</p> <p>j. Discussion of performance in the table above, including any targets and direction of the organisation in terms of performance.</p> <p>k. Narrative on any data availability issues should be noted here, including the use of estimated data, omissions and actions to be taken to improve data collection.</p> <table border="1"> <thead> <tr> <th colspan="2">Waste</th><th>2019-20</th></tr> </thead> <tbody> <tr> <td rowspan="6">Non-Financial Indicators (tonnes)</td><td>Total Waste</td><td></td></tr> <tr> <td>Landfill</td><td></td></tr> <tr> <td>Reused/Recycled</td><td></td></tr> <tr> <td>Composted</td><td></td></tr> <tr> <td>Incinerated with energy recovery</td><td></td></tr> <tr> <td>Incinerated without energy recovery</td><td></td></tr> <tr> <td rowspan="6">Financial Indicators (£million)</td><td>Total Disposal Cost</td><td></td></tr> <tr> <td>Landfill</td><td></td></tr> <tr> <td>Reused/Recycled</td><td></td></tr> <tr> <td>Composted</td><td></td></tr> <tr> <td>Incinerated with energy recovery</td><td></td></tr> <tr> <td>Incinerated without energy recovery</td><td></td></tr> </tbody> </table> <p><i>If organisations are able to provide analysis of Hazardous Waste elements of the above, e.g. Hazardous / Non-Hazardous split of Total Waste, and its' disposal method this is desirable additional disclosure.</i></p>	Waste		2019-20	Non-Financial Indicators (tonnes)	Total Waste		Landfill		Reused/Recycled		Composted		Incinerated with energy recovery		Incinerated without energy recovery		Financial Indicators (£million)	Total Disposal Cost		Landfill		Reused/Recycled		Composted		Incinerated with energy recovery		Incinerated without energy recovery		<p>Observation:</p> <p>Our review of the waste data identified that the total waste value within the report did not reconcile to the calculations within the supporting internal spreadsheets. This resulted in an immaterial difference of 10.36 tonnes (2.8%).</p>
Waste		2019-20																													
Non-Financial Indicators (tonnes)	Total Waste																														
	Landfill																														
	Reused/Recycled																														
	Composted																														
	Incinerated with energy recovery																														
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Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment																														
		<table> <tr> <td>Waste</td><td></td><td>2019-20</td></tr> <tr> <td rowspan="5">Non financial indicators (tonnes)</td><td>Total waste</td><td>363.88</td></tr> <tr> <td>Landfill</td><td>General waste 140.83 Medical 22.00 Total 162.83</td></tr> <tr> <td>Reused/Recycled</td><td>General 118.04 Medical 26.01 Total 144.05</td></tr> <tr> <td>Composted</td><td>Food 11.24</td></tr> <tr> <td>Incinerated with energy recovery</td><td>General 000.00 Medical 56.15 Total 56.15</td></tr> <tr> <td></td><td>Incineration without energy recovery</td><td>0.0</td></tr> <tr> <td rowspan="6">Financial indicators (£million)</td><td>Total disposal cost</td><td>1£0.186</td></tr> <tr> <td>Landfill</td><td>General 0.067 Medical 0.008 Total 0.076</td></tr> <tr> <td>Reused/ recycled</td><td>General 0.039 Medical 0.000 Total 0.039</td></tr> <tr> <td>Composted</td><td>Food 0.003</td></tr> <tr> <td>Incinerated with energy recovery</td><td>General 0.000 Medical 0.068 Total 0.068</td></tr> <tr> <td>Incinerated without energy recovery</td><td>N/A</td></tr> </table>	Waste		2019-20	Non financial indicators (tonnes)	Total waste	363.88	Landfill	General waste 140.83 Medical 22.00 Total 162.83	Reused/Recycled	General 118.04 Medical 26.01 Total 144.05	Composted	Food 11.24	Incinerated with energy recovery	General 000.00 Medical 56.15 Total 56.15		Incineration without energy recovery	0.0	Financial indicators (£million)	Total disposal cost	1£0.186	Landfill	General 0.067 Medical 0.008 Total 0.076	Reused/ recycled	General 0.039 Medical 0.000 Total 0.039	Composted	Food 0.003	Incinerated with energy recovery	General 0.000 Medical 0.068 Total 0.068	Incinerated without energy recovery	N/A
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Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment																																
		Audit Assessment: The report will need amending to include the correct total waste value of 374.24 tonnes.																																
Water	Commentary on Use of Resources l. Discussion of performance in the table above, including any targets and direction of the organisation in terms of performance. m. Narrative on any data availability issues should be noted here, including the use of estimated data, omissions and actions to be taken to improve data collection.	<div><div></div><table><tr><th colspan="3">Finite Resource Consumption</th><th>2018-19</th><th>2019-20</th></tr><tr><td rowspan="6">Non-Financial Indicators (000m³)</td><td rowspan="3">Water Consumption (Office Estate)</td><td>Supplied</td><td>043.410</td><td>030.059</td></tr><tr><td>Abstracted</td><td>N/A</td><td>N/A</td></tr><tr><td>Per FTE</td><td>0.025</td><td>0.016</td></tr><tr><td rowspan="2">Water Consumption (Non-Office Estate)</td><td>Supplied</td><td>Not available</td><td>Not available</td></tr><tr><td>Abstracted</td><td>Not available</td><td>Not available</td></tr><tr><td rowspan="2">Financial Indicators (£million)</td><td colspan="2">Water Supply Costs (Office Estate)</td><td>0.071</td><td>0.048</td></tr><tr><td colspan="2">Water Supply Costs (Non-Office Estate)</td><td>N/A</td><td>N/A</td></tr></table></div>	Finite Resource Consumption			2018-19	2019-20	Non-Financial Indicators (000m³)	Water Consumption (Office Estate)	Supplied	043.410	030.059	Abstracted	N/A	N/A	Per FTE	0.025	0.016	Water Consumption (Non-Office Estate)	Supplied	Not available	Not available	Abstracted	Not available	Not available	Financial Indicators (£million)	Water Supply Costs (Office Estate)		0.071	0.048	Water Supply Costs (Non-Office Estate)		N/A	N/A
	Finite Resource Consumption			2018-19	2019-20																													
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	Water Supply Costs (Non-Office Estate)		N/A	N/A																														
		<i>In addition to the mandatory requirements to report on water consumption, bodies should at a minimum consider whether there are any other finite resources whose use has a material impact.</i>	Observation: When we received the first draft sustainability report we noted there was a significant 30.75% reduction in water usage (43,010m³ versus 30,059m³) between 2018/19 and 2019/20 respectively) as shown in the table above. There was no narrative included within the report that provided an explanation for such a reduction. We also performed a reconciliation exercise between the data held in each 'tab' for the individual sites and a water 'totals'																															

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Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment
		<p>tab within the spreadsheet to assess for accuracy. The following anomalies were identified:</p> <ul style="list-style-type: none"> • Brecon Hospital – variance of -408m³ and -£1,174.04 in total costs; • Bronllys Hospital – variance of -3,727m³ and -£5,533.29 in total costs; • Llandrindod Hospital - variance of -37m³ and -£107.00 in total costs; • Newtown Clinic – No anomalies identified • Ystradgynlais Hospital –variance of -£0.18 in total costs; • Knighton Hospital – variance of -26m³ and -£99.23 in total costs; • Llanidloes Hospital – variance of -£0.76 in total costs; • Newtown Hospital –variance of -£0.03 in total costs; • Welshpool Hospital –variance of -£0.85 in total costs; and • Machynlleth Hospital – variance of +890m³ and +£3,899.19 in total costs. <p>We were subsequently provided with an updated version of the draft report which included an amended water consumption figure of 33,458m³, correcting the discrepancies detailed above. The health board had also completed a review of the water consumption to understand the reduction and identified two historic water leaks had been repaired at</p>

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Section	NHS Wales 2018-19 Manual for Accounts Guidance	Audit Assessment
		<p>Brecon and Bronllys Hospitals. Additionally, it was identified that a water meter at Welshpool Hospital had malfunctioned in 2019 and a significantly lower usage value has been included as a result.</p> <p>Audit Assessment:</p> <p>A review of the water data held within internal spreadsheets should be undertaken due to the anomalies identified within the spreadsheets in order to ensure accuracy.</p> <p>The draft sustainability report should include narrative explaining to the reader the reasons for the reduction in water consumption.</p> <p>Observation:</p> <p>The full costs associated with the water supply, including sewerage and service charges, had not been included.</p> <p>Audit Assessment:</p> <p>The table should include the full costs associated with the water supply, which are inextricably linked.</p>

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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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Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The health board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the health board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and internal auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

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Powys Teaching
Health Board

Item 3.5

Counter Fraud Update Report

08 September 2020

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1. INTRODUCTION

- 1.1 The purpose of this report is to update the Audit Committee on key areas of work undertaken by the Health Board Local Counter Fraud Specialists since the last meeting.

2. BACKGROUND

- 2.1 Meetings are held on a regular basis with the Director of Finance, where progress against the annual work plan and with the LCFS case workload is discussed and monitored.
- 2.2 The following sets out activity under the Key Principles specified within the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales).

3. RESOURCE UTILISATION

- 3.1 Resource utilised in line with the four Strategic Areas aligned to NHS Counter Fraud Standards is presented below. Figures are correct as of 21 August 2020.

Strategic Area	Resource Allocated	Resource Used
Strategic Governance	25	3.5
Inform and Involve	40	4.5
Prevent and Deter	57	5
Hold to Account	106	9
TOTAL	228	22

4. STRATEGIC GOVERNANCE

- 4.1 The Head of Local Counter Fraud Services (HoLCFS) has been nominated as the representative for all Wales Local Counter Fraud Specialists (LCFS) on the Counter Fraud Steering Group (CFSG), a sub-group of the NHS Wales Directors of Finance Group. The role of the CFSG is to provide strategic oversight and review of the counter fraud service in Wales.
- 4.2 A new LCFS has commenced with Swansea Bay University Health Board. The new recruit will be based in Bronllys Hospital and will be focussed solely on Powys Teaching Health Board (Powys THB). The new LCFS has attended the Powys THB corporate induction to get a better idea of the Health Board.

5. INFORM AND INVOLVE

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- 5.1 As detailed within the 2020/21 Counter Fraud Work Plan, an on-going programme of work has been put in place to raise awareness of fraud, bribery and corruption amongst all staff and practitioners across all sites. The new Counter Fraud Team will be exploring methods of delivery that align with Social Distancing requirements. Virtual delivery of awareness sessions via Microsoft Teams is being trialled at Swansea Bay UHB with good results. Delivery via these means also reduces the resource input for travel to other sites and allows multiple users from different sites to attend the same session. This seems to be an ideal solution for Powys THB.
- 5.2 To support remote awareness raising the Counter Fraud Team have developed a counter fraud information booklet which succinctly provides information on identifying fraud and scams as well as outlining actions to take if concerns are held. The information booklet can be utilised in a number of different contexts and will form the basis of information the Counter Fraud Team can provide to staff.
- 5.3 The Counter Fraud Team has provided an awareness slide to the Learning and Development Team for inclusion on the Health Board's Corporate Induction. The slide provides basic information about fraud and drives inductees to the accompanying Information Booklet. Agreement has been reached with course facilitator to direct any queries direct to the Counter Fraud Team.
- 5.4 The Health Board's Counter Fraud Internet and Intranet pages have been updated to reflect the change in staffing. The counter fraud information was reviewed and found to be current. The pages will be under constant review and development intended to be utilised to drive staff to a central point within the Health Board for Counter Fraud news, information and guidance.
- 5.5 A Counter Fraud Newsletter has been produced and issued to staff. A copy is attached to this report at **Appendix 1** for the Committee's perusal. The Newsletter is available in Welsh and English languages.

6 PREVENT AND DETER

- 6.1 A proactive fraud detection exercise has been planned around pre-employment checks. This will cover Agencies, Nurse Bank and substantive recruitment. Verification of pre-employment checks undertaken by agencies by NHS Organisations was raised as a risk area by NHS Counter Fraud Authority in 2019/20 who established there was an over reliance on the contract terms which state that it is the responsibility of the Agency to undertake pre-employment checks.

Verification of pre-employment checks for substantive and Nurse Bank staff will cover recruitment completed in 2019/20. A comparison will be made between this and Covid intake to better understand risk related to pre-employment checks.

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A report will be presented to the Committee upon completion of exercise.

- 6.2 The HoLCFS has arranged access to the Health Board's National Fraud Initiative (NFI) account. Data encompassing ESR records and accounts payable information is due to be submitted in early October. The HoLCFS has sought advice from the Health Board's Information Governance Team around requirements of a Privacy Notice to ensure compliance with this processing in line with Data Protection Act 2018 and awaits reply. The deadline for confirming compliance with Privacy Notice requirements is 25th September 2020.
- 6.3 The HoLCFS reviewed the Risk Management Policy and Procedure within the Health Board. The Counter Fraud Team will need to establish links with Datix Team and ensure that fraud risks can be appropriately recorded on that system. Once in place known fraud risks from variety of sources such as previous fraud alerts, NHS CFA Fraud Prevention Notices and national guidance will be formally considered and assessed in line with Health Board procedure.

7 HOLD TO ACCOUNT

- 7.1 The Counter Fraud Team have reviewed all open investigations and formulated action plans in relation to them. A full review of seized property being held, investigation files, interview under caution tapes/CDs has also been undertaken and a formal destruction record created to enable tracking of information and property held. This will ensure the Counter Fraud Team do not hold information or property that can be destroyed/returned as appropriate in line with legislation and NHS Counter Fraud Standards.
- 7.2 The status of the LCFS investigative caseload at the time of reporting is summarised at **Appendix 2** for information.

8. RECOMMENDATION

- 8.1 The Audit Committee is asked to **note** the Counter Fraud Progress Report.

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THE FRAUD REPORTER

Welcome to the Summer Edition of The Fraud Reporter

Welcome to the Summer edition of the Fraud Reporter, the Powys THB newsletter to keep you up-to-date with fraud issues affecting the Health Board and wider NHS.

Covid-19 has had a massive impact on the NHS. We have all had to adjust ways of working and respond to the new disease. Fraud and scams exploded in the wake of the emerging pandemic with unscrupulous fraudsters recognising the crisis as an opportunity to target people and organisations to line their own pockets.

We were updated of specific threats to the NHS arising from Covid-19 and have been working in the background to make colleagues aware of this and assess the risk to the Health Board. We've also been updating everyone on emerging scams doing the rounds via the intranet page.

As always get in touch if you have any fraud concerns. Our contact details on the back page.



Inside this issue:

Hywel Dda worker forged 25 sick notes	2
Man charged with Fraud 'for staying at a hotel for NHS workers'	2
Governance manager ordered to pay back £220,000 to NHS	2
COVID-19 related fraud	3
LCFS Contact Details	4

Student nurse claimed £60k in bogus NHS bursaries

A student nurse dishonestly claimed £60,000 in NHS bursaries after falsely claiming to be a single mother despite being married.

Annaliese Slater received the money while studying at three different universities over a decade, Liverpool Crown Court heard.

The 45-year-old, who was married to a soldier, admitted nine

offences of fraud by false representation.

She received a 10 month jail term, suspended for 18 months.

The court was told how Slater never even qualified and deprived another would-be nurse of a training placement.

In total, she received more than £110,000 in payments from the NHS, more than half of which were claimed illegally.

The mother-of-three, of Ashlea Road, Birkenhead, who is no longer with her husband, claimed the cash under the NHS student bursary scheme between February 2008 and January 2018.

She initially applied for a

bursary while studying nursing at Bucks New University and claimed she was a single mother having separated from her husband.

She went on to study at Anglia Ruskin University and the University of Chester while still receiving the payments.

The Royal Military Police contacted NHS fraud investigators in 2015 when Slater and her husband were in the genuine process of separation and divorce.

Judge Stuart Driver said a psychiatric report showed Slater's traits included "an obsessive altruistic desire to nurse injured soldiers".

He took into account that she was the sole carer for her school-age children,

Fraud Awareness Training

Remote Training Available

One of the key aims of an LCFS is to develop an anti-fraud culture within the Health Board and ensure that staff can spot fraud when it occurs so something can be done about it.

Training can be tailored to the fraud risks for your specific work area and can be delivered at a time and place that suits you and your team.

Contact the LCFS to arrange your fraud training:

Tel: 01792 618833

Email:

matthew.evans20@wales.nhs.uk

and was a hard worker who suffered from anxiety and depression.

As well as the suspended sentence, Slater was ordered her to carry out 25 days of rehabilitation activities and 70 hours in unpaid work. She must also pay £500 towards the prosecution costs.



Student Bursaries

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Hywel Dda worker forged 25 sick notes and conned NHS out of £18,000

A Community Resilience Coordinator based in Llanelli admitted fraud by submitting false Statements of Fitness for Work Statements.

Swansea Crown Court heard that Edward Dewar, 37, of Maes Yr Haf, Llanelli submitted false 'sick notes' to his manager between September 2017 and February 2019, citing conditions such as Ménière's disease and tonsillitis.

As part of the process, he had to present fitness for work certificates and his line manager was in regular contact with him to obtain them.

After some issue obtaining the documents Dewar sent them to his manager via email in October 2018, who became concerned they were not genuine

as the reference number attached to each document was the same.

The line manager referred the issue to the HR department who in turn referred the matter to the Counter fraud team. They got in touch with Dewar's GP surgery who confirmed that each document should have a unique reference number and that no two would be the same.

Swansea Crown Court heard that Dewar had submitted 30 certificates, of which 25 were forged.

Dewar appeared before Swansea Crown Court for sentencing having admitted committing fraud by dishonestly making false representations on the certificates which he

know contained false information, intending to make a gain for himself, namely employer and statutory sickness payments to which he was not entitled.

Sentencing Dewar, Judge Keith Thomas described the offending as "deliberate and protracted fraud".

Dewar was given a seven-month prison sentence, suspended for 18 months, and he must pay £2,000 compensation.



Man charged with fraud 'for staying at hotel for NHS workers'

A man has been charged with fraud after allegedly spending six free nights at a hotel by claiming to be an NHS worker.

Ben Quince, 30, checked into the Casa Hotel in Lockoford Lane, Chesterfield, at the end of March on a floor reserved for health workers, Derbyshire Police said.

He is said to have stayed there for six nights after telling staff he worked in the A&E department at Chesterfield Royal Hospital.

The hotel is offering complimentary lodgings for NHS staff during the Covid-19 pandemic, the force said.

Quince, of no fixed address, has been charged with fraud by false representation.

He will be appearing in Court at a later date.



Governance manager ordered to pay back £220,000 to NHS after fraud

An NHS manager jailed for fraud in 2018 has been ordered to pay back £220,431.48 he defrauded from the NHS (Snaresbrook Crown Court, 4 October 2019)

Michael Inije, 58, of Stainforth Road, Newbury Park, Ilford was employed as the Deputy Accounts and Governance Manager at North East London Commissioning Support Unit.

In May 2017, a colleague of Inije noticed that a £18,536.95 invoice submitted for payment by a company called DAVII J SERVICES LTD was not clear about the services it had provided to NHS Newham CCG.

The suspect payment was for claims support given to Continuing Healthcare (CHC) case assessments and reviews, services

allegedly provided in March 2017. The invoice was approved by Mr Inije, who would not normally approve payments relating to CHC.

All invoices for DAVII J SERVICES LTD were sent only to Inije for approval. NHS investigators discovered that the company's sole director was Inije and that between November 2013 and May 2017 he submitted and approved a further 24 invoices.

Inije pleaded guilty to Fraud by Abuse of Position in October 2018 and was sentenced to 3 years 9 months imprisonment.

Proceeds of Crime Act investigation established that Inije has £220,431.48 in available assets, earmarked for the NHS.

Coronavirus-related frauds increase by 400%

Law enforcement, government and private sectors partners are working together to encourage members of the public to be more vigilant against fraud, particularly about sharing their financial and personal information, as criminals seek to capitalise on the Covid-19 pandemic.

Criminals are experts at impersonating people, organisations (e.g. your bank or HMRC) and the police.

Social Engineering

Social Engineering is defined as "The clever manipulation of the natural human tendency to trust." It's easier to trick you into opening an infected email than it is to hack into your account. Due to this, social engineering has become much more prominent, and cyber criminals are trying more diverse ways to get people to undertake tasks, provide information or hand over money using these techniques.

Types of social engineering;

Phishing – fraudulent emails sent by cyber criminals pretending to be someone else, for example a bank, NHS or government department. The aim of the email is to install malicious software on your device or obtain Personal Identifiable Information including login credentials.

Spoofing – is the act of disguising a communication from an unknown source as being from a known, trusted source. This can apply to emails, phone calls and websites.

Smishing – fraudulent text messages purporting to be from reputable companies in order to get individuals to reveal personal information, such as passwords or financial details.

Vishing – criminals making phone calls or leaving voice messages pretending to be from reputable organisation in order to induce individuals to reveal personal information such as bank details and credit card numbers.



Counter Fraud Authority

STOP

Taking a moment to stop and think before parting with your money or information could keep you safe

CHALLENGE

Could it be fake? It's ok to reject, refuse or ignore any requests. Only criminals will try to rush or panic you.

PROTECT

If attempt is noticed in work, contact the Counter Fraud Team or outside work contact your bank immediately if you think you've fallen for a scam and report it to Action Fraud..



How to protect yourself:

- Don't assume a call, text or email is genuine.
- Never provide financial or personal details to a caller.
- Don't click on website links or download attachments in unexpected texts or emails.
- Phone numbers and emails can be changed (spoofed) and are not proof of identity.
- Challenge every request for your information, money or details.
- Double check requests for your details and verify via a trusted source.

We can't stop crime we don't know is happening

If you suspect a Fraud has occurred in your area of work then please contact Matthew Evans on details below



01792 618833



matthew.evans20@wales.nhs.uk

Further, up-to-date information around fraud and scam threats emerging as a result of Covid-19 is available on the Health Board's intranet page.

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Further Information

With fraud and cyber crime on the rise across the UK its a good idea that we all know how to deal with scams if we find ourselves unlucky enough to be in that situation. Action Fraud lead the fight against fraud and cyber scams in the UK and they have issued some simple rules to follow to stay safe.

Following this link for Action Fraud <https://www.actionfraud.police.uk/>

Further advice is available from the Take Five—To Stop Fraud campaign which is a Government backed initiative to reduce fraud <https://takefive-stopfraud.org.uk/about/take-five/>

YOU CAN SEARCH COUNTER FRAUD ON THE POWYS INTRANET FOR FURTHER INFORMATION

The Health Board's Counter Fraud Team are responsible for raising awareness of fraud, preventing fraud through 'fraud proofing' exercises and investigating fraud where uncovered.

The Counter Fraud Team are always happy to offer advice about NHS fraud, bribery and corruption.

The LCFS is available to support, guide and assist on all fraud, bribery and corruption matters. If you need any advice on fraud or if you want to request counter fraud training for your team please contact your LCFS.

The Counter Fraud Team

Matthew Evans—Head of Local Counter Fraud Services

☎ 01792 618833

✉ matthew.evans20@wales.nhs.uk

Kirsty James—Local Counter Fraud Specialist

☎ 01874 712419

✉ Kirsty.james4@wales.nhs.uk

✉ SBU.CounterFraudTeam@wales.nhs.uk

You can also make a report anonymously you can call the Fraud & Corruption Reporting Line on

0800 028 40 60

or search 'NHS Fraud' online for more information.

STOP NHS FRAUD
www.reportnhsfraud.nhs.uk
0800 028 4060

POWERED BY CRIMESTOPPERS

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Item 3.5 Appendix 2 - Counter Fraud Investigations Update Report

Open Cases					
WARO Reference	Date Commenced	Fraud Type	Subject Type	Allegation	Status
WARO/18/00070	11/05/2018	Abuse of Position	Staff	Unaccounted for controlled drugs – suspected fraud/theft by member of staff.	Counter fraud actions completed resulted in no further action. Information provided for consideration of disciplinary action. Suspect resigned position. Awaiting outcome of disciplinary action.
WARO/18/00091	29/06/2018	False expenses	Staff	Staff member found by Police to have been driving whilst otherwise in accordance with licence and therefore invalidated insurance. Expense claims made during this time were therefore made fraudulently.	Counter Fraud actions resulted in application of simple caution and recovery of £1786.74. Awaiting outcome of action by professional body.
WARO/18/00143	18/10/2018	Timesheet	Staff	Unauthorised extended breaks resulting in non-completion of contracted hours.	Counter Fraud enquiries ongoing.
WARO/18/00153	02/11/2018	Theft	Staff	Theft of money at Health Board site.	Matter referred to Police. LCFS to follow up on outcome.
WARO/18/00159	09/11/2018	Abuse of Position	Staff	Inappropriate disposal of assets potentially resulting in a personal gain or undue loss to Health Board.	LCFS requires corroborative statements to assess case fully. Witnesses to be approached and witness interviews to be arranged.
WARO/19/00073	12/07/2019	Working elsewhere whilst on sick leave	Staff	Subject alleged to have been working elsewhere whilst in receipt of occupational sick pay.	Counter Fraud enquiries ongoing.
WARO/19/00099	27/08/2019	Abuse of Position	Staff	Non-completion of contracted sessions alongside claiming of expenses for journeys relating to those sessions.	Counter Fraud enquiries ongoing.
WARO/19/00100	28/08/2019	False Prescription	Staff	Theft of patient prescription which was alleged to be cashed by staff member presenting at pharmacy as patient.	Counter Fraud enquiries ongoing.

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Item 3.5 Appendix 2 - Counter Fraud Investigations Update Report

Open Cases					
WARO Reference	Date Commenced	Fraud Type	Subject Type	Allegation	Status
WARO/19/00119	14/10/2019	Timesheet	Staff	Additional unworked hours added to timesheet.	Counter Fraud enquiries ongoing.

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Audit Committee Update – Powys Teaching Health Board

Date issued: August 2020

Document reference: 2001A2020-21

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Audit Committee Update

About this document

- 1 This document provides the Audit Committee with an update on current and planned Audit Wales work. Accounts and performance audit work are considered, and information is also provided on the Auditor General's wider programme of national value-for-money examinations and the work of our Good Practice Exchange (GPX).

Accounts audit update

- 2 **Exhibit 1** summarises the status of our key accounts audit work to be reported during 2020-21.

Exhibit 1 – Accounts audit work

Area of work	Current status
Audit of the 2019-20 Accountability Report and Financial Statements	Completed. Certified by the Auditor General and laid by the Senedd in early July 2020.
Audit of the 2019-20 Funds Held on Trust Accounts	The audit will be undertaken in the autumn and is scheduled to be completed (and the accounts certified) ahead of the Charity Commission's deadline of 31 January 2021.
Audit of the 2020-21 Accountability Report and Financial Statements	Audit planning is scheduled to start in December.

Performance audit update

- 3 The following tables set out the performance audit work included in our current and previous Audit Plans, summarising:

- completed work since the last Audit Committee update (**Exhibit 2**);
- work that is currently underway (**Exhibit 3**); and
- planned work not yet started or revised (**Exhibit 4**).

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Exhibit 2 – Work completed

Area of work	Considered by Audit Committee
Effectiveness of Counter-Fraud Arrangements	September 2020
<u>Structured Assessment 2019</u>	January 2020
<u>Implementing the Wellbeing of Future Generations Act</u>	January 2020

Exhibit 3 – Work currently underway

Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
Structured Assessment 2020 Executive Lead – Chief Executive	Our annual structured assessment is one of the main ways in which the AGW discharges his statutory requirement to examine the arrangements NHS bodies have in place to secure efficiency, effectiveness and economy in the use of their resources. In the context of Covid-19, this work will examine governance arrangements, managing financial resources and operational planning.	Report being drafted November 2020
Orthopaedic services – follow up Executive Lead – Medical Director	This review will examine the progress made in response to our 2015 recommendations. The findings from this work will inform the recovery planning discussions that are starting to take place	Report being drafted TBC

Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
	locally and help identify where there are opportunities to do things differently as the service looks to tackle the significant elective backlog challenges.	
Follow-up of operating theatres Executive Lead – Medical Director	We have previously reviewed operating theatres in 2011 and again in 2013. Although our work had highlighted progress, we identified that there had not been a focus on improving service quality and addressing problems with staff engagement. We also made some additional recommendations. This work will follow up progress against these recommendations.	Report being drafted TBC
Review of WHSSC Executive Lead – Chief Executive Officer	This work will use aspects of our structured assessment methodology to examine the governance arrangements of WHSSC. Our findings will be summarised into a single national report.	Fieldwork underway TBC
Test, Track and Protect Executive Lead – Director of Public Health	In response to the Covid-19 pandemic, this work will take the form of an overview of the whole system governance arrangements for Test, Track and Protect, and of the Local Covid-19 Prevention and Response Plans for each part of Wales.	Fieldwork underway TBC

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Exhibit 4 – Planned work not yet started or revised

Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
Quality Governance Executive Lead – Director of Nursing	This work will allow us to undertake a more detailed examination of factors underpinning quality governance such as strategy, structures and processes, information flows, and reporting. This work follows our joint review of Cwm Taf Morgannwg UHB and as a result of findings of previous structured assessment work across Wales which has pointed to various challenges with quality governance arrangements.	Fieldwork on hold TBC
Review of Unscheduled Care Executive Lead – Medical Director	This work will examine different aspects of the unscheduled care system and will include analysis of national data sets to present a high-level picture of how the unscheduled care system is currently working. Once completed, we will use this data analysis to determine which aspects of the unscheduled care system to review in more detail.	Data analysis currently being completed Further work postponed to 2021 and replaced with work on Test, Track and Protect TBC
Local work 2020 (TBC)	The precise focus of this work is yet to be determined.	TBC

Good Practice events and products

- In addition to the audit work set out above, we continue to seek opportunities for finding and sharing good practice from all-Wales audit work through our forward planning, programme design and good practice research.

- 5 **Exhibit 5** outlines the Good Practice Exchange (GPX) events which have been held in the last 12 months. Materials are available via the links below. Details of future events are available on the [GPX website](#).

Exhibit 5 – Good practice events and products

Event	Details
Working together to identify and reduce vulnerability (February 2020)	This seminar focussed on how to achieve effective governance and accountability in partnership working to deliver efficient public services. There are no materials available following the seminar.
Unearth the value in your data (January 2020)	This webinar was for organisations that want to transform the way they collect, analyse and use data, at all levels. There are no materials available following the webinar.
How technology is enabling collaborative working across public services (October 2019)	This seminar showcased a range of digital tools and how they can improve collaboration between public services. Materials from the seminar are available here .
Making an equal Wales a reality (September 2019)	This seminar was the starting point of knowledge sharing and knowledge gathering around this topic over the next two years for Audit Wales. Materials from the seminar are available here .
Future proofing public services (September 2019)	This webinar looked at how public services can recalibrate and think outside of their sector boundaries to achieve collective long-term change. Materials from the webinar are available here .

- 6 In response to the Covid-19 pandemic, we have established a **Covid-19 Learning Project** to support public sector efforts by sharing learning through the pandemic.

This is not an audit project; it is intended to help prompt some thinking, and hopefully support the exchange of practice. We have produced a number of outputs as part of the project which are relevant to the NHS, the details of which are available [here](#).

NHS-related national studies and related products

- 7 The Audit Committee may also be interested in the Auditor General's wider programme of national value for money studies, some of which focus on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure.
- 8 **Exhibit 6** provides information on the NHS-related or relevant national studies published in the last 12 months. It also includes all-Wales summaries of work undertaken locally in the NHS.

Exhibit 6 – NHS-related or relevant studies and all-Wales summary reports

Title	Publication Date
'Raising Our Game' - Tackling Fraud in Wales	July 2020
Rough Sleeping in Wales – Everyone's Problem; No One's Responsibility	July 2020
NHS Wales Finances Data Tool - up to March 2020	July 2020
Findings from the Auditor General's Sustainable Development Principle Examinations	May 2020
Progress in implementing the Violence Against Women, Domestic Abuse and Sexual Violence Act	November 2019
Primary care services in Wales	October 2019

Title	Publication Date
<u>Review of Public Services Boards</u>	October 2019
<u>Fuel Poverty</u>	October 2019
<u>Public Spending Trends in Wales 1999-00 to 2017-18</u>	September 2019
<u>Preparations in Wales for a 'no-deal' Brexit - follow-up letter</u>	September 2019
<u>The well-being of young people</u>	September 2019
<u>The 'front door' to adult social care</u>	September 2019

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telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

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<u>GMS</u>							
	Health Board				All Wales		
	2017/2018	2018/2019	2019/2020		2017/2018	2018/2019	2019/2020
Number of practices visited	7	7	8		193	216	
Amount of claims sampled	3,716	1,928	4134		106,956	88,044	
Claim errors identified	104	64	203		9,969	6,495	
Average claim error rate	2.80%	3.32%	9.27%		9.32%	7.38%	
Recovery amount	£3,842.39	£2,214.69	£4,075.37		£223,547.14	£194,539.64	

GOS							
	Health Board				All Wales		
	2017/2018	2018/2019	2019/2020		2017/2018	2018/2019	2019/2020
Number of practices visited	5	8	5		172	141	
Amount of claims sampled	500	1,021	612		22,083	17,506	
Claim errors identified	12	64	12		1,342	1,080	
Average claim error rate	2.40%	6.27%	1.18%		6.08%	6.17%	

Recovery amount	£315.60	£2,825.05	£355.38		£54,640.34	£37,808.65	
<u>GPS</u>							
	Health Board				All Wales		
	2017/2018	2018/2019	2019/2020		2017/2018	2018/2019	2019/2020
Number of practices visited	10	6	7		298	230	
Amount of claims sampled	643	403	486		22,931	18,570	
Claim errors identified	12	38	14		520	870	
Average claim error rate	1.87%	9.43%	2.88%		2.27%	4.68%	
Recovery amount	£336.00	£1,064.00	£392.00		£14,079.99	£20,003.71	

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Key report points:

We are beginning a new process where we hold a quarterly meeting with the PPV, Primary Care, Finance and Counter Fraud representatives for the Health Board area to discuss practices within this report and evaluate any necessary follow up actions for practices in red or amber. The first one is due to take place in the near future and unfortunately was delayed due to Storm Dennis where we were originally scheduled to meet.

The PPV team have offered the hold training events for both GMS and GOS disciplines which the Primary Care team have expressed an interest for us to undertake. We will now be at the organising stages of this and from the events that have already taken place nationally there is positive feedback surrounding clarity on PPV requirements for practices.

The PPV team are now offering a one-on-one training opportunity for practices where they can contact the team with any concerns or issues and can either have guidance over the telephone or can schedule the team going out to the practice to sit with practice staff to ensure clarity around record-keeping and claiming. Again, the Primary Care team have expressed interest in this process.

In both the GOS and GPS disciplines the Health Board are performing below the national average which is a positive sign, and have also shown reductions in errors within the area from one financial year to the next. All of these signs are encouraging for continuing improvement.

With regards to the GMS discipline there is an increase in error rate, however I would attribute this to PPV reviewing a much larger number of claims this financial year compared to the last two. We will utilise the training mentioned above and work with the Primary Care team to remedy this and help practices reduce errors.

Communication between PPV, Primary Care, Finance and Counter Fraud has been really strong over this financial year and is demonstrating clear benefits to the service provision. We will look to continue this approach and collaborate even further by means of the training and quarterly meetings to ensure the strong network remains.

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Powys Teaching Health Board
Medical PPV Progress Report: 1st April 2019 to 31st March 2020

	0-4%	Low risk
	5-9%	Medium risk
	10%+	High risk

UHB Claim error % Ave	9.27%
2019/20 recovery amount	£4,075.37

	Visit 1				Visit 2				Visit 3					
Practice code	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Sample size	Claim errors	Claim error %	Recovery
Practice 1									16/09/2019	Routine	300	75	2.50%	£687.00
Practice 2	10/08/2016	Routine	3.41%	£671.70	28/02/2018	Revisit	4.51%	£2,139.80	25/09/2019	Routine	371	12	3.07%	£442.27
Practice 3	22/02/2016	Routine	2.51%	£640.56	30/10/2017	Revisit	2.87%	£715.77	09/07/2019	Routine	360	68	18.89%	£686.16
Practice 4					28/11/2016	Routine	1.52%	£82.15	02/07/2019	Routine	233	40	17.17%	£1,882.97
Practice 5	28/04/2015	Routine	4.65%	£554.92	28/09/2016	Revisit	10.71%	£482.49	13/08/2019	Revisit	Files still in progress			
Practice 6					28/08/2016	Routine	0.71%	£44.29	04/09/2019	Routine				
Practice 7									22/10/2019	Routine	170	8	4.71%	£376.97
Practice 8									10/03/2020	Revisit	File still in progress			

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Powys Teaching Health Board
Ophthalmic PPV Progress Report: 1st April 2019 to 31st March 2020

	0-4%	Low risk
	5-9%	Medium risk
	10%+	High risk

UHB Claim error % Ave	1.18%
2019/20 recovery amount	£355.38

	Visit 1				Visit 2				Visit 3					
Practice code	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Sample size	Claim errors	Claim error %	Recovery
Practice 1									16/01/2020	Routine	103	6	7.28%	£225.63
Practice 2					27/09/2016	Routine	4.44%	£35.40	19/09/2019	Routine	103	4	3.88%	£81.60
Practice 3	18/02/2015	Revisit	1.93%	£72.05					01/05/2019	Routine	103	1	0.97%	£7.35
Practice 4					17/05/2016	Routine	0.00%	£0.00	10/04/2019	Routine	103	0	0.00%	£0.00
Practice 5									03/09/2019	Revisit	200	1	0.50%	£40.80

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Powys Teaching Health Board
Pharmacy PPV Progress Report: 1st April 2019 to 31st March 2020

	0-4%	Low risk
	5-9%	Medium risk
	10%+	High risk

UHB Claim error % Ave	2.88%
2019/20 recovery amount	£392.00

	Visit 1				Visit 2				Visit 3					
Practice code	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Sample size	Claim errors	Claim error %	Recovery
Practice 1					24/09/2018	Routine	36.84%	£392.00	26/09/2019	Revisit	184	9	4.89%	£252.00
Practice 2	Practice does not claim MUR - waste only visit													
Practice 3					07/11/2016	Routine	0.00%	£0.00	14/10/2019	Routine	29	0	0.00%	£0.00
Practice 4					14/09/2016	Routine	1.69%	£28.00	13/11/2019	Routine	43	0	0.00%	£0.00
Practice 5					07/12/2016	Routine	0.00%	£0.00	14/10/2019	Routine	74	0	0.00%	£0.00
Practice 6					23/05/2016	Routine	0.00%	£0.00	11/12/2019	Routine	92	2	2.14%	£56.00
Practice 7					05/09/2016	Routine	0.00%	£0.00	13/11/2019	Routine	64	3	4.69%	£84.00
Practice 8					09/03/2017	Routine	51.00%	£278.07	31/01/2020	Routine	File still in progress			

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Effectiveness of Counter-Fraud Arrangements – Powys Teaching Health Board

Audit year: 2020

Date issued: August 2020

Document reference: 1930A2020-21

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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The Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.

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Summary report

Background

- 1 On 11 June 2019, the Auditor General published **Counter-Fraud Arrangements in the Welsh Public Sector: An Overview for the Public Accounts Committee**. The report was a high-level, descriptive review of the arrangements in place within the Welsh Government, the NHS and local government (unitary authorities only), and highlighted some important messages:
 - losses caused by fraud in the public sector are significant. In a time of austerity, every pound lost to fraud is a pound that could be spent on public services.
 - fraud in all its forms is constantly evolving, so counter-fraud measures need to keep pace with the fraudsters.
 - resources devoted to counter-fraud activity vary widely across the public sector in Wales.
- 2 Following publication of the report, the Public Accounts Committee endorsed the Auditor General's proposal to undertake further work across a range of Welsh public sector bodies to examine how effective counter-fraud arrangements are in practice and to make recommendations for improvement. This work was undertaken during December 2019 – February 2020.
- 3 On 30 July 2020, the Auditor General published a national report called **Raising our game – Tackling Fraud in Wales** which summarises the key finding from our review across Wales. It does not describe in detail the arrangements in place in individual bodies, but it identifies a range of opportunities to improve counter-fraud arrangements across Wales.
- 4 Whilst the national report identified that NHS counter-fraud arrangements are the most developed across the public sector, it identified that there is still a challenging agenda to make counter-fraud fit for the next decade where globalisation and the advent of digital technology have created new risks, and opportunities for the fraudsters.
- 5 The report calls on NHS bodies to satisfy themselves that:
 - counter-fraud resources are determined based on an assessment of local risk factors;
 - counter-fraud risk assessments are integrated with corporate risk management arrangements;
 - strategies are in place to make greater use of data analytics to both prevent and detect fraud; and
 - strategies are in place to improve collaboration within the sector and more widely across sector boundaries.

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- 6 This summary report sets out our assessment of Powys Teaching Health Board's (the Health Board's) arrangements for preventing and detecting fraud. Our assessment is based on document reviews, including board and committee papers, and interviews with a small number of staff.

Main findings and areas for improvement

- 7 Our assessment identified that the Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs. Our key findings from the work are set out in more detail in the following section of this report.
- 8 In undertaking this work, we identified some areas for improvement (**Exhibit 1**). They should be considered alongside the themes identified in the national report. The Health Board's management response to the areas for improvement is available in **Appendix 2**.

Exhibit 1: areas for improvement

Areas for improvement	
Counter-fraud training	
I1	Implement mandatory counter-fraud training for some or all staff groups.
Counter-fraud staff capacity	
I2	Consider the Local Counter-Fraud Specialist capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.
Recording and monitoring of economic fraud risk	
I3	Implement consistency in the recording and monitoring of economic fraud risk in line with the Health Board's risk management policy and strategy.

Exhibit source: Audit Wales

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Detailed report

Our findings

9 The following table sets out the areas of focus within our work and our findings.

Exhibit 2: areas of work and findings

Areas of work	Findings
<p>We considered whether the top tier demonstrates a commitment to counter-fraud and provides the necessary leadership to fight fraud.</p> <p>We expected to see:</p> <ul style="list-style-type: none">the Board/Executive team promoting a clear commitment to zero tolerance of fraud and championing counter-fraud work;senior leadership actively promoting and cascading an anti-fraud culture;all organisation-wide understanding of responsibilities for preventing fraud and reporting suspected fraud; andan organisational commitment to counter-fraud and ethics awareness training, with appropriate and targeted mandatory counter-fraud training for all staff.	<p>We found the following good practice:</p> <ul style="list-style-type: none">the Executive Director of Finance is the Board executive responsible for counter-fraud.counter-fraud is a standing item on the Audit Committee agenda.all fraud related issues are treated as a priority by the organisation and there is a clear commitment from the Executive Director of Finance and the Chair of the Audit Committee.policies and strategies send out a consistent message that fraud will not be tolerated, and that all steps will be taken to take criminal or disciplinary sanctions against perpetrators. The Health Board ensures that there are effective lines of communication between those responsible for counter-fraud, bribery and corruption work and other key staff groups and managers within the organisation.the Health Board publicises proven frauds and the action taken. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none">at the time of our review, counter-fraud training was not mandatory for all staff but was included in induction training for new-starters. The Health Board also provides counter-fraud awareness sessions on a non-mandatory basis and is exploring making counter-fraud training mandatory for targeted staff groups.

Areas of work	Findings
<p>We considered whether the organisation has a suitable structure and sufficient skilled resources to prevent and detect fraud.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a designated Local Counter Fraud Specialist (LCFS) with designated responsibility for counter-fraud and the ability to influence the level of counter-fraud resources; • an appropriate level of experienced, trained and accredited counter-fraud staff to undertake investigations and counter-fraud work; • clarity in respect of counter-fraud roles, responsibilities and lines of accountability; • investment in counter-fraud based on informed decisions derived from a fraud risk assessment which highlights risks and determines the resources needed to address them; and • an annual programme of proactive counter-fraud work (fraud prevention work) which covers the risks identified in the risk assessment with ring fenced time allocated to proactive work. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Health Board has a dedicated LCFS, with the ability to influence the level of counter-fraud resources designated by the Executive Director of Finance. • the LCFS is also the designated lead for Swansea Bay University Health Board and Cwm Taf Morgannwg University Health Board. • the Health Board employs an accredited and trained counter-fraud member of staff, who attends training and professional development courses as required. • the level of counter-fraud resources within the Health Board is above the average for Wales (Appendix 1). The whole-time equivalent (WTE) of local counter-fraud resources per 1,000 staff is 0.52 WTE compared to the average for NHS Wales of 0.19 WTE. • the Health Board has clearly articulated counter-fraud roles and responsibilities. There is a protocol which sets out the roles and responsibilities of the counter-fraud, finance and workforce teams in relation to pursuing fraud sanctions. • the LCFS and counter-fraud staff have access to all systems, records and premises required to do their work. • the LCFS is proactive in taking opportunities to meet and engage with staff across the Health Board's sites. • the LCFS completes the NHS Counter-Fraud Authority Self-Review Tool (SRT) on an annual basis. Where issues (risks) are identified, they are incorporated into the counter-fraud work plan, together with any issues/risks identified through general counter-fraud work. The SRT identifies proactive work priorities for the year. • the LCFS undertakes proactive work designed to address locally identified areas of risk and concern as well as national issues. For example, scrap metal and GP dispensing services.

Areas of work	Findings
	<p>We identified the following area for improvement:</p> <ul style="list-style-type: none"> although staffing levels are just above the average for Wales, staffing levels are just 1.2 WTE. If the level of investigative work increased, or if any member of staff were to be absent, this could impact on the ability to deliver the agreed level of proactive counter-fraud work.
<p>We considered whether the organisation has a sound policy framework to support effective counter-fraud arrangements.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> a counter-fraud strategy/policy which sets out the organisation's approach to managing fraud risks and defines specific counter-fraud responsibilities; a Code of Conduct setting out acceptable behaviours and how to report and manage conflicts of interest; sound whistleblowing arrangements which set out mechanisms for reporting fraud; maintained registers of gifts and hospitalities; and pre-employment screening. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> the Health Board has a current anti-fraud, bribery and corruption policy (the policy), which is reviewed, evaluated and updated regularly. The policy includes a counter-fraud response plan. the policy was scrutinised and signed off by the Health Board's LCFS, senior management and the Audit Committee. staff awareness of the policy is raised in counter-fraud awareness sessions, and awareness levels assessed using staff surveys. the Health Board has an appropriate Code of Conduct, and whistleblowing and cyber security policies with review and renewal processes in place. the Health Board has appropriate arrangements to maintain and review registers of interests, gifts and hospitality. the Health Board has arrangements in place to ensure that all new staff are subject to the pre-employment checks before commencing employment within the organisation. <p>We did not identify any areas for improvement.</p>

Areas of work	Findings
<p>We considered whether the organisation has an effective fraud risk assessment together with appropriate responses to emerging issues. We expected to see:</p> <ul style="list-style-type: none"> regular and comprehensive fraud risk assessments discussed and agreed with senior leaders and the Audit Committee; fraud risk assessments featuring as part of the organisation's overall risk management framework; and fraud risk built into system design to minimise opportunities for fraud. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> the Health Board completes the NHS Counter-Fraud Authority SRT on an annual basis. annual work plans are based upon intelligence received and identified, a review of ongoing cases, referrals and proactive work priorities identified across Wales. Counter-fraud resource levels are proportionate to the risk level identified. Measures to mitigate identified risks are included in the workplan, which is approved by the Audit Committee. policies and paper-based procedures are fraud proofed using guidance issued by the NHS Counter-Fraud Authority. The LCFS reviews policies and proposes changes where it is deemed necessary. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none"> the Health Board does not currently record and monitor economic fraud risk in line with its overall risk management policy and framework. Risk assessments should be integrated within the wider risk management framework, to ensure wider corporate ownership and active management of risks.

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Areas of work	Findings
<p>We considered whether the organisation's internal control environment supports effective arrangements for preventing and detecting fraud. We expected to see:</p> <ul style="list-style-type: none"> • internal controls designed and tested to address identified fraud risks and help prevent fraud occurring; • internal audit reviews of fraud risks and testing of controls designed to prevent and detect fraud; • the organisation acting on recommendations to strengthen controls if internal controls are found to be not operating as well as intended and lessons learned from fraud incidents; and • the organisation uses data matching to validate data and detect potentially fraudulent activity. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Health Board's internal audit team reviews fraud risks and tests controls designed to prevent and detect fraud as part of its annual programme of work. Information and intelligence are shared with local counter-fraud services in line with the agreed information sharing protocol. • the Health Board acts upon recommendations to strengthen controls if internal controls are found to be not operating as well as intended and learns lessons from fraud incidents. • the Health Board participates in the National Fraud Initiative data matching exercise, primary care post-payment verification checks and other local checks (such as payroll). • the Health Board uses case management software to record all system weaknesses as identified as a result of investigations and/or proactive prevention and detection exercises. An important aspect of this software is recording lessons learned. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none"> • our national review identified only a few examples of data analytics being used as a means of preventing fraud, predominantly the National Fraud Initiative data matching exercise.

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Areas of work	Findings
<p>We considered whether the organisation has an appropriate response to fraud.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a comprehensive fraud response plan which sets out clear arrangements for reporting and investigating allegations of fraud; • action to ensure that all allegations of fraud are assessed; • documented procedures for conducting fraud investigations which follow proper professional practice and in line with the fraud response plan; • consideration of the full range of sanctions available, and redress sought (for example the recovery of money and assets) where appropriate; • an appropriate case management system to record and monitor the progress of potential fraud cases; and • collaboration with external partners to tackle fraud. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Health Board's Fraud Response Plan follows best practice as advised by the NHS Counter-Fraud Authority. • qualified staff investigate all cases of suspected fraud, and in line with the Fraud Response Plan. Outcomes of investigations are reported to the Audit Committee and to the NHS Counter-Fraud Authority. • the Health Board utilises the full range of sanctions available (staff disciplinary action, civil action and criminal action) and seeks to recover monies where appropriate and cost effective to do so. • all investigations are documented on case management software. Learning from fraud is shared with appropriate staff to action and implement changes to systems and procedures where appropriate. • the Health Board liaises proactively and on a regular basis with other organisations and agencies such as NHS Legal and Risk Services, the police, Home Office Immigration Services, local authorities, and regulatory and professional bodies to assist in countering fraud, bribery and corruption. Specialist services can be purchased from the NHS Counter-Fraud Authority where necessary. <p>We did not identify any areas for improvement.</p>

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Areas of work	Findings
<p>We considered whether the organisation has proper reporting and scrutiny in place to ensure its counter-fraud culture and framework are operating effectively.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a record kept of fraud losses and recoveries; • the Audit Committee taking a proactive approach to prevent fraud and promote an effective anti-fraud culture; and • the Audit Committee challenging and reviewing counter-fraud work, and ensuring it discharges its duties in relation to counter-fraud. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Health Board maintains a record of fraud losses and recoveries; • counter-fraud is a standing item on the Audit Committee agenda; • the annual plan is presented to the Audit Committee along with regular progress reports on delivering the annual programme of work, along with identified fraud risks and actions to minimise them; and • case updates are produced for the private session of the Audit Committee outlining the case, status, and recoveries of money/assets. <p>We did not identify any areas for improvement.</p>

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Appendix 1

Counter-fraud resources

The following exhibit sets out the number of LCFS resources per 1,000 staff.

Exhibit 3: Number of LCFS resources per 1,000 staff (in order of highest to lowest)

	LCFS WTE	Total number of staff within the organisation	LCFS WTE per 1,000 staff (headcount)
Health Education and Improvement Wales ¹	0.2	280	0.71
Welsh Ambulance Services NHS Trust	2.0	3,535	0.57
Powys Teaching Health Board ²	1.2	2,286	0.52
Cwm Taf Morgannwg University Health Board ²	2.6	11,944	0.22
Hywel Dda University Health Board	2.0	10,032	0.20
Aneurin Bevan University Health Board	2.6	13,659	0.19
NHS Wales (average)	18.2	94,614	0.19
Swansea Bay University Health Board ²	2.2	12,962	0.17
Betsi Cadwaladr University Health Board	2.9	18,491	0.16
Public Health Wales NHS Trust ¹	0.3	1,903	0.16
Velindre University NHS Trust ¹	0.4	4,411	0.16
Cardiff and Vale University Health Board ¹	1.8	15,111	0.12

¹ The Cardiff & Vale University Health Board LCFS Team also provides services to Health Education and Improvement Wales, Public Health Wales NHS Trust and Velindre University NHS Trust via an annual Service Level Agreement.

² The Swansea Bay University Health Board LCFS Team also provides services to Cwm Taf Morgannwg University Health Board and Powys Teaching Health Board via an annual Service Level Agreement.

Source: Counter-Fraud Authority NHS Wales, Operational Performance Report 2019-20 (Quarter 3), and Stats Wales Headcount as at 30 September 2019 (extracted from the NHS Electronic Staff Record system).

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Appendix 2

Management response

The following table sets out the Health Board’s management response to the areas for improvement (the management response will be submitted after the report has been considered by the Audit Committee).

Exhibit 4: Trust’s management response to the areas for improvement.

Ref	Area for improvement	Management response	Completion date	Responsible officer

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Management response

Report title: Effectiveness of Counter Fraud Arrangements – Powys Teaching Health Board

Completion date: August 2020

Document reference: 1930A2020-21

Ref	Improvement area	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
I1	Implement mandatory counter-fraud training for some or all staff groups.	To improve staff understanding of how to prevent fraud	No	Yes	Implementation of mandatory counter fraud training would be seen as gold standard in terms of assisting to develop a counter fraud culture within the Health Board. There are a range of options from face to face	31/03/2021	Matthew Evans, Head of Counter Fraud Services

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Ref	Improvement area	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>delivery of training to mandatory counter fraud e-learning. Mandatory learning could apply for all or sections of staff at higher risk of fraud that can be explored to supplement the established programme of awareness work undertaken by the Health Board's Counter Fraud Team.</p>		

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Ref	Improvement area	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
I2	Consider the Local Counter-Fraud Specialist capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.	To ensure enough resource to meet counter fraud activity demands	No	No	Whilst increased capacity is accepted to lead to greater impact and return within Counter Fraud work, economies of scale have yet to be explored in detail. A more dynamic, joined up approach to counter fraud work across Health Boards could lead to better resilience and improved preventative outcomes, particularly with		Matthew Evans, Head of Counter Fraud Services

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Ref	Improvement area	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>Health Board's bordering one another.</p> <p>The impact of embedded LCFS' within Health Boards should not be forgotten in considering this approach but there is certainly scope to achieve the desired effects of proactive and investigative outcomes, staff training, and increased resilience across Wales with a more</p>		

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Ref	Improvement area	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					joined up approach.		
I3	Implement consistency in the recording and monitoring of economic fraud risk in line with the Health Board's risk management policy and strategy.	To ensure prevention of fraud features prominently within the organisations risk management framework	No	Yes	Fraud risk will be managed in line with the Health Board's risk management framework; utilising established policy, procedure and systems. This will enable effective management of risk by the risk owners with specialist support from the Counter Fraud Team.	31/08/2020	Matthew Evans, Head of Counter Fraud Services

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'Raising Our Game' Tackling Fraud in Wales

Report of the Auditor General for Wales

July 2020



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This report has been prepared for presentation to the Senedd under the Government of Wales Acts 1998 and 2006 and the Public Audit (Wales) Act 2004.

The Audit Wales study team comprised Rachel Davies, Christine Nash and Ian Hughes, under the direction of Mike Usher.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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Foreword by the Auditor General

- 1 In June 2019, I published a report giving an overview of the scale of fraud in the Welsh public sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. I noted that the sums lost annually in Wales to fraud and error are significant – and could be anywhere between £100 million and £1 billion. The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today.
- 2 However, some senior public sector leaders are sceptical about the levels of fraud within their organisations. As a result, they are reluctant to invest in counter-fraud arrangements and assign a low priority to investigating cases of potential fraud identified to them by the National Fraud Initiative, even though there are many examples of a good return on investment in this area. Their stance runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the UK Government's Counter Fraud Function. This latest report, which examines the effectiveness of counter-fraud arrangements at over 40 public-sector bodies in Wales, has found that where such scepticism arises, it is not based on any significant local counter-fraud work or robust fraud risk assessments.
- 3 But we also know that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people. There has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic. I welcome the proactive steps which the Welsh Government has taken to raise awareness across the public sector in Wales about this risk.

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- 4 Public sector bodies can mitigate these risks by having the right organisational culture supported by strong counter-fraud arrangements. Many local authorities have invested so little in counter-fraud arrangements that they have only a few of the key components in place. Whilst the position is generally much more robust across the NHS in Wales, there is still a challenging agenda to make counter-fraud fit for the next decade where globalisation and the advent of digital technology have created new risks, and opportunities, for the fraudsters.
- 5 I was heartened to see the Welsh Government's positive response to my 2019 report and, following the one-day conference organised by the Public Accounts Committee in July 2019, the Permanent Secretary's commitment (see **Appendix 2**) to provide Wales-wide leadership in raising the profile of counter-fraud activity.
- 6 In this latest report, based on a more extensive programme of field work, we identify a significant range of further opportunities to improve on the current national position, including:
 - a strengthening strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
 - b increasing counter-fraud capacity and capabilities, especially across local government, and exploring the potential for sharing resources and expertise across public bodies;
 - c getting the right balance between proactive and reactive counter-fraud activities;
 - d improving awareness-raising and staff training in counter-fraud; and
 - e better evaluation of fraud risks and sharing of fraud information, both within and across sectors.
- 7 There is also significant potential for Wales to take advantage, where appropriate, of many of the counter-fraud initiatives underway across the wider UK public sector. These include the recent establishment of a recognised government counter-fraud profession, with defined competencies and career paths, and the increasing focus on tackling fraud by smarter use of data analytics.

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- 8 As I publish this report, Wales continues to grapple with the effects of the COVID-19 pandemic. This report contains a timely illustration of some of the ways in which fraudsters have moved rapidly in recent months to exploit the pandemic for criminal gain. I have already taken steps to extend the scope of our National Fraud Initiative (NFI) to enable local authorities in Wales to undertake eligibility checks on applications for COVID-19 support grants. I am also proposing to mandate that all local authorities, together with the Welsh Government, should submit COVID-19 grant and payment data to the NFI, to help identify fraudulent applications.



Adrian Crompton

Auditor General for Wales

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Summary and recommendations

Ensuring that the arrangements for preventing and detecting fraud in the Welsh public sector are effective

This report examines seven '**key themes**' that all public bodies need to focus on in raising their game to tackle fraud more effectively:




- leadership and culture;
- risk management and control frameworks;
- policies and training;
- capacity and expertise;
- tools and data;
- collaboration; and
- reporting and scrutiny.

For each theme in turn, the report examines:

- why it is important;
- what our audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that we examined (listed in **Appendix 1**); and
- what needs to happen next to generate improvement.

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Our **recommendations for improvement** which are addressed to all public bodies in Wales within the Auditor General’s remit, are as follows:

Theme	What needs to happen next?
<div>Leadership and Culture</div> <div></div>	<div>R1 The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a coordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities.</div> <div>R2 All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.</div>
<div>Risk management and Control framework</div> <div></div>	<div>R3 All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.</div> <div>R4 Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.</div>
<div>Policies and Training</div> <div></div>	<div>R5 All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.</div> <div>R6 Staff working across the Welsh public sector should receive fraud awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.</div> <div>R7 Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.</div>

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Theme

Capacity and Expertise



What needs to happen next?

- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- R10** All public bodies should consider models adopted elsewhere in the UK relating to the pooling /sharing of resources in order to maximise the availability of appropriately skilled staff.

Tools and Data



- R11** All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforces the tone from the top that the organisation does not tolerate fraud.
- R12** All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.

Collaboration

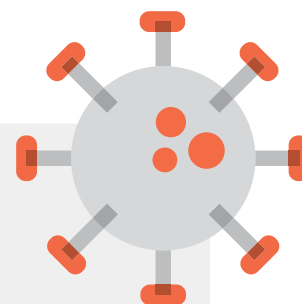


- R13** Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.

Reporting and Scrutiny



- R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
- R15** Audit committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.



The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

We know from experience that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people.

Predictably, there has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic.

The first reported positive cases of COVID-19 were reported in the UK on 31 January 2020. By this time the fraudsters and scammers had mobilised and were already hard at work.

The first fraud report relating to COVID-19 was received on February 9 by Action Fraud, the UK's fraud reporting centre. Since that time, the number of reports has increased significantly across the UK – the media reporting an unprecedented number of scams linked to the virus.

We have seen examples of good practice by some public bodies and organisations in Wales in identifying the fraud risks and sharing them with other bodies and citizens. The Welsh Government is liaising with the UK Cabinet Office and is sharing its guidance and learning on counter-fraud with the rest of the public service in Wales, including Local Authority Counter Fraud leads. Welsh Government officials have agreed to maintain and develop this group post-COVID. The intelligence obtained from these meetings has also assisted the Head of Counter Fraud with fraud intelligence sharing with Cabinet Office and the three other devolved administration fraud leads.

But has the Welsh public sector response been more reactive than proactive? What can we do better? Whilst globalisation has benefited the fraudsters it can also be to the advantage of counter-fraud specialists; we had early notice of scams from thousands of miles away a few weeks before the first case of COVID-19 was identified in the UK.

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The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

We believe that the COVID-19 pandemic provides an important opportunity for the Welsh counter-fraud community to come together (by appropriate means) and reflect on the speed and effectiveness of its response to the scammers and fraudsters.

The key issues and recommendations set out in this report could help set an agenda or framework for such an event. There has never been a timelier opportunity for Welsh public sector leaders and counter-fraud specialists to consider how to:

- create stronger strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
- make best use of counter-fraud capacity and capabilities and explore the potential for shared arrangements, resources and expertise;
- get a better balance between proactive and reactive counter-fraud activities;
- raise awareness amongst employees and provide the necessary training to those most likely to come across a fraud; and
- evaluate fraud risks more effectively and share fraud information both within and across sectors.

So, what do we already know about the fraudsters' response to the pandemic?

The mobilisation of fraudsters has benefited from a number of factors, for example:

- more people are spending time online to shop and socially interact. Elderly people are seen as particularly vulnerable, being generally less computer literate and more susceptible to scams such as phishing emails and ordering fake products such as face masks and sanitisers.
- working patterns have changed at short notice which can leave weaknesses in processes and procedures.

an unprecedented amount of public money has been put into a range of new and innovative financial support schemes to businesses and individuals.

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The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

Fraudsters and scammers mobilised quickly for a number of reasons:

- they are very good at evaluating risks and exploiting vulnerabilities which can be at a process or at an individual level;
- they have well-established tools and methodologies and can adapt them at short notice to a new opportunity; and
- they do not recognise geographical boundaries and can be effective individually and by collaborating with like-minded individuals.

There are more examples of COVID-19 frauds and scams coming to light than can be mentioned here. There are, however, a number of themes emerging:

- the early reports related to the sale of Personal Protective Equipment such as face masks and hand sanitiser and testing kits. Typically, the items were fake or often failed to arrive after payment had been made¹.
- the next to emerge were phishing emails. For example, one claiming to be from the Department for Work and Pensions (DWP) asking the individual for debit or credit card details by saying that they are entitled to a council tax refund.
- as the attentions and resources of organisations were diverted to new ways of working and many staff were laid off, the incidence of cyber security attacks to steal business-sensitive and personal data increased.
- with more people working from home following the UK-wide lockdown, phishing campaigns then targeted applications that are being relied upon during remote working, in particular popular conference calling applications and parcel delivery firms.

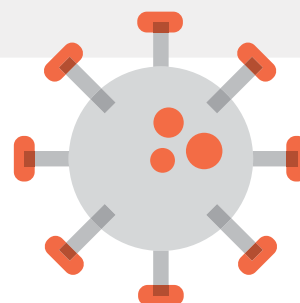
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1 NHS in Wales introduced arrangements to mitigate against this fraud risk and it did not become an issue.

The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis

- as the national focus turned to test and track, the fraudster's net became wide and indiscriminate, as shown by a fake text message attempting to dupe people into believing they have been in contact with someone who has tested positive for the virus, directing recipients to a website for more information. The link is then used to harvest personal and financial data.

A world-leading counter-fraud response would mean that counter-fraud specialists had identified the risks at least at the same pace as the fraudsters, if not sooner. It would also mean they had the right tools to prevent and detect fraudsters exploiting any new opportunities; and that the counter-fraud response was mobilised rapidly through effective collaboration and information sharing.



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Culture and leadership across the Welsh public sector

01

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Why is it important?

- 1.1 The Crime Survey for England and Wales recognises fraud as one of the most prevalent crimes in society today. Every pound stolen from the public sector means that there is less to spend on key services such as health, education and social services. Public sector bodies can mitigate the risks from fraud by having the right organisational culture supported by effective counter-fraud arrangements.
- 1.2 Strong leadership sets the appropriate tone from the top of an organisation and plays a crucial part in fostering a culture of high ethical standards. It is important that senior management leads by example and sends a clear message that fraud will not be tolerated either from inside or outside of the organisation. A strong tone at the top can raise the profile of fraud risks and promote the best standards and approaches in counter-fraud work.

What did we find?

- 1.3 Other than in the NHS there is an absence of any overarching strategic approach, guidance, coordination and oversight.
- 1.4 In NHS Wales, the NHS Counter Fraud Service² provides leadership, specialist investigation skills, support and guidance to the sector and a Counter Fraud Steering Group³ provides strategic direction and oversight. This leadership model delivers a coordinated approach to counter-fraud across the NHS in Wales and a good counter-fraud culture complemented by inbuilt scrutiny of the arrangements. The legal framework specific to the NHS Wales and the levels of investment give counter-fraud a high profile and robust enforcement and recovery mechanisms. At a local level, strategic leadership was evident within Health Boards through the dissemination of a consistent message, both internally and externally, that fraud is not tolerated.

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2 Which is hosted by the NHS Wales Shared Services Partnership

3 A sub-group of the All Wales Directors of Finance Forum

- 1.5 Across local authorities there is an absence of sector-wide strategic leadership, guidance, coordination and oversight of counter fraud. Within the individual authorities we found statements espousing a zero tolerance of fraud in policies and strategic documents. But there is much more that can be done to re-enforce the tone from the top at a practical level. We found examples where the leadership team actively promotes the importance of a good anti-fraud culture through awareness campaigns, newsletters to staff and active engagement with counter-fraud teams. But we also found in many authorities that there was little evidence that the message is driven down from the top and little priority is given to counter-fraud work. There were often competing priorities and, as a result, little time was given to counter-fraud and it often had a low profile.
- 1.6 In Central Government, the position is mixed. Within Welsh Government, we found evidence that counter-fraud is taken seriously, and a small team has achieved many successful outcomes, albeit its emphasis leans towards reactive rather than proactive work. We have been encouraged to see that the Welsh Government has accepted both of the recommendations made by the Public Accounts Committee following our first report. However, there remains a leadership gap that still needs to be addressed.
- 1.7 Across the other central government bodies that we examined, counter-fraud is not always given such a high priority. One reason for this appears to be the very low incidence of fraud being identified and reported; this poses the difficult question of whether this is due to a lack of investment in counter-fraud or a genuine low incidence of crime taking place. However, this latter explanation runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

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- 1.8 The threat posed by fraud is also getting greater recognition within the UK. The UK government, for example, is working to make central government, and the public sector more widely, a place where fraud is actively found and robustly dealt with. It is transforming its whole approach to counter-fraud by:
- a establishing a counter-fraud function;
 - b developing and launching a Government Functional Standard (GovS013);
 - c establishing a 'Government Counter Fraud Profession' to develop people and increase capability;
 - d providing expert advice to the rest of government on how to deal with fraud;
 - e delivering specialist services to assist public bodies; and
 - f collaborating with overseas governments to bring further expertise to the UK.

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What can the Welsh public sector do to improve?

Recommendations

- R1** The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a co-ordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities. In doing so it could consider:
- forming strategic partnerships with the key players nationally and internationally;
 - developing and delivering an all Wales counter-fraud strategy and vision;
 - advocating/promoting minimum standards in terms of public sector counter-fraud arrangements similar to those established by the UK Government;
 - elevating the status of counter-fraud staff by recognising counter fraud as a profession with essential competencies;
 - supporting the other sectors by, for example, providing invest-to-save funding opportunities, and supporting the development of professional competencies across the Welsh public sector; and
 - providing timely advice and guidance on 'hot' issues by gathering and disseminating important information and analysing trends.
- R2** All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.

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Risk management and control frameworks

02

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Why is it important?

- 2.1 Fraudsters are becoming more sophisticated and are evaluating opportunities and risks on a real-time basis. The management and mitigation of risk in public bodies often fails to keep up with changes in the nature and impact of potential fraud. The recent flooding in South Wales created opportunities for scams within days of the floods. Security experts have reported an explosion in fraudulent activity during the COVID-19 outbreak as the pandemic has created a myriad of opportunities for fraudsters (see **Case Study on page 10**).
- 2.2 A fraud risk assessment should be an honest appraisal of risks using a range of sources such as national intelligence, local intelligence, audit reports, brainstorming exercises and data-matching results. Risk assessments should be live documents and kept under constant review. Having identified the risks, bodies can then evaluate them, assessing their likelihood and the impact if the fraud were to occur. It is only when risks are properly identified and evaluated that public bodies can tackle the risks in a prioritised and proportionate way and put appropriate actions and controls in place to manage or mitigate these risks.
- 2.3 It is important that organisations have an effective control framework to help mitigate the risks identified. A strong internal control environment can help to prevent fraud from happening in the first place and detect fraud if an instance has occurred. Fraudsters will try to circumvent established controls and it is important that controls are regularly reviewed. A strong control programme whereby fraudsters are faced with a real prospect of detection helps mitigate the risk. When frauds are discovered, controls should be reviewed to identify weaknesses and introduce improvements. Internal Audit have expertise in designing and testing controls and they should undertake work on key systems on a risk-based approach.

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What did we find?

- 2.4 The quality of counter-fraud risk assessment and mitigation varies significantly in the Welsh public sector and there is generally scope to improve their quality and timeliness.
- 2.5 In the NHS, National Fraud Risk Alerts are produced by the NHS Counter Fraud Authority. These are routinely circulated to all Local Counter Fraud Specialists (LCFS) and Directors of Finance across NHS Wales. The LCFS are also required to conduct their own local risk assessments. This is a relatively new requirement and we found that these assessments are still being developed and embedded. The NHS Fighting Fraud Strategy recognises that a key challenge for the sector is the need to develop a comprehensive analysis of specific fraud risks to ensure counter-fraud resources are being directed to the most appropriate areas within the sector. The Counter Fraud Steering group has undertaken an overall risk assessment and produced assurance maps in respect of each main area of fraud. These maps will be used to target area of proactive work.
- 2.6 Our work identified that while some local authorities and central government bodies have undertaken fraud risk assessments, there were many who had not prepared a fraud risk assessment for several years. Some bodies in these sectors did not have a fraud risk assessment and therefore had not properly assessed the likelihood or impact of the risk. Without this key component, bodies cannot direct resources appropriately or adequately mitigate the risks of losses due to fraud. As a result, fraud strategies and work programmes are not particularly useful or relevant as they are not targeting the key areas of risk.
- 2.7 Our work also identified that, even where risk assessments were undertaken, they may not be integrated within the wider risk management framework. Fraud is not commonly reflected in corporate risk registers. We did not find many coordinated mechanisms for ensuring that fraud risks are appropriately communicated, owned and monitored within the audited body. Instead, fraud risk assessments are often held as standalone documents without any corporate ownership or active management of the risk. As a result of this approach, fraud risks are not adequately shared across departments.

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- 2.8 We did identify some good practice in the sharing of fraud risks. In response to the Coronavirus pandemic, the Welsh Government issued a fraud risk bulletin early in April 2020, highlighting the emerging risks to the Welsh public sector. Ahead of the Welsh Government's bulletin, the UK Government Counter Fraud Function published its own guide: Fraud Control in Emergency Management – COVID-19 UK Government Guidance. The guide highlights the importance of risk assessment, effective payment verification and due diligence arrangements and the need for robust claw-back arrangements to recover funds that are paid out incorrectly. There were also good examples in local authorities of raising awareness of scams with local residents.
- 2.9 We found that, in general, public bodies across all sectors have internal control frameworks that are well established and internal audit teams test controls as part of their annual programmes of assurance work. However, we found that internal audit teams do not always consider the fraud risks associated with systems as part of their work programmes. Furthermore, where new systems and processes are established, we found that organisations are not always using counter-fraud contacts and internal audit teams to try to design fraud out of systems.

What can the Welsh public sector do to improve?

Recommendations

- R3** All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.
- R4** Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.

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Policies and training

03

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Why is it important?

- 3.1 A sound policy framework enables organisations to direct their approach to counter-fraud and to promote good ethical behaviour. There should be a suite of policies and procedures in place that set out what is expected and what the consequences are for breaking the rules. Codes of conduct should set out the standards expected of employees and highlight the importance of declaring conflicts of interest and establish rules around gifts and hospitality.
- 3.2 Publicising frauds and the recovery action undertaken, helps to re-enforce the message from the top that fraud will not be tolerated. Publicity can help to discourage wrongdoing by others as it can highlight the damaging repercussions of their actions.
- 3.3 Staff are often the first to notice something irregular or potentially fraudulent and are often the first line of defence in the fight against fraud. These staff need easy access to a good counter-fraud policy and whistleblowing policy so they can be clear about their roles and responsibilities and the process they must follow if they suspect a fraud.
- 3.4 Effective training helps staff interpret policies and codes of conduct, giving them the confidence and skills to report suspected fraud. However, training and awareness-raising campaigns should be kept under continual review and must be linked to the live risk assessments so that new frauds or risks facing public bodies are quickly shared amongst staff and contractors if appropriate.

What did we find?

- 3.5 Generally, we found that public bodies have prepared and approved a range of policies setting out the processes to follow if staff suspect that they have uncovered a fraud. However, we identified that some policies were outdated, some were still in draft form and some were not easily accessible to staff.
- 3.6 Whilst NHS bodies have each developed comprehensive counter-fraud strategies (informed by an over-arching national strategy), we found that only a few other public sector bodies had done so. Such strategies set out clear approaches to managing fraud risks along with responses and actions, they define roles and responsibilities and are cross-referenced to other policies so that they can be readily understood by staff.

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- 3.7 The NHS has a policy of proactively publicising successful fraud cases. The NHS Counter Fraud Service does this by issuing press releases and engaging with local media for interviews and promotional opportunities. Publicity helps raise awareness of fraud risks and also deters staff and contractors from committing fraud. By publicising counter-fraud work and raising awareness of the effects of fraud, the NHS involves staff, key stakeholders and the public in the fight against fraud.
- 3.8 We did not identify the same level of proactive publicity work in other sectors. Some local authorities take the view that publicising cases can be reputationally damaging and are therefore reluctant to publish such information. The Welsh Government recognises that more can be done to publicise fraud cases. The very low levels of fraud identified at central government bodies also means there is little publicity that can act as a further deterrent.
- 3.9 Our audit work also identified wide variation in levels of training and awareness-raising specifically relating to counter-fraud across the Welsh public sector. We found that a few public bodies provide fraud awareness training to all their staff. Some others provide training as part of the induction of new staff but do not provide this training for longstanding staff. We found some examples of refresher training sessions and e-learning modules provided for staff, but these are not widespread. There are many bodies that do not provide any counter-fraud training or awareness-raising events.
- 3.10 These findings suggest that there could be a significant proportion of the public sector workforce in Wales who have either received no fraud-awareness training at all or have not received training for several years.
- 3.11 There are good examples of awareness-raising in the NHS where the LCFS has an ongoing work programme to develop and maintain an anti-fraud culture within their health board. These programmes include the preparation of presentations and publications to raise awareness of fraud. There are also examples of LCFS undertaking staff surveys to capture the levels of staff awareness of fraud in order to act if necessary. In addition, the NHS has developed a fraud awareness e learning package for all staff and levels of compliance across organisations is reported the Directors of Finance on a quarterly basis. However, even in the NHS sector, counter-fraud training for new staff is generally not a mandatory requirement.

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What can the Welsh public sector do to improve?

Recommendations

- R5** All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
- R6** Staff working across the Welsh public sector should receive fraud-awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- R7** Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.

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Capacity and expertise

04

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Why is it important?

- 4.1 It is important that public bodies each designate a counter-fraud champion who understands fraud and leads the organisation's approach and response. Public bodies need access to sufficient appropriately skilled counter-fraud specialists to prevent, detect and investigate suspected fraud and protect their assets. As fraud risks change, public bodies should have resources available to provide a response that is appropriate to the threat.
- 4.2 Skilled and experienced staff will also help to ensure investigations are undertaken properly with evidence being obtained and handled lawfully in order to secure successful sanctions and the recovery of losses.
- 4.3 Investigations, whilst crucial, can be time consuming and costly and the low numbers of successful prosecutions mean that public bodies cannot rely on investigations alone to combat fraud. Public bodies need to have the capacity to undertake both proactive counter-fraud work and reactive investigation work. Proactive work includes fraud awareness campaigns, training, designing policies and strategies and strengthening controls to prevent attacks.

What did we find?

- 4.4 Insufficient capacity arose frequently as a key challenge faced by public bodies in their efforts to combat fraud. On the ground, capacity and skills in counter-fraud vary widely across and within public sector bodies in Wales. Most of the capacity is allocated to responsive work and investigations with any spare capacity being used in preventative counter-fraud work.
- 4.5 In local government, some officers are sceptical about the levels of fraud within their organisations and question the need for additional resources. However, these same local authorities allocate little resource to counter-fraud arrangements, do not have robust fraud risk assessments and the following up of matches from the National Fraud Initiative is assigned a low priority. Their assumptions about low levels of fraud run contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

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- 4.6 Local authorities suffered a significant loss in counter-fraud capacity when the independent Single Fraud Investigation Service (SFIS) was created in 2014. SFIS is a partnership between the Department for Work and Pensions, HMRC and local authorities and which covers welfare benefit fraud. Most of the counter-fraud specialists left the sector to work for this new organisation. A small number of authorities have retained experienced and skilled counter-fraud staff, but the workload has mostly fallen on Internal Audit teams.
- 4.7 Our work found that the counter-fraud arrangements were generally more advanced in the local authorities that retained a dedicated and specialist counter-fraud resource. Where Internal Audit teams carry out the counter-fraud work we found a trade-off between counter-fraud work and the general programme of assurance work due to limited resources and competing priorities.
- 4.8 We also found that, within some local authorities, several teams play a role in counter-fraud work; for example, Internal Audit, Council Tax, and Human Resources teams all contribute. Whilst helpful in terms of adding capacity, we found that this can result in a lack of coordination and integration between these teams and a lack of clarity in the overall picture of counter-fraud activity.
- 4.9 Counter-fraud is generally better resourced in the NHS than other public sector bodies and there has been an increase in LCFS resource over recent years. There is a central team within the NHS Counter Fraud Service Wales which investigates complex, large scale frauds and provides a financial investigation resource. The team also provides guidance, intelligence and investigative support to the network of finance directors and LCFS at health bodies in Wales. In addition, Welsh Government Directions require that each health body should appoint at least one LCFS who is an accredited counter-fraud professional. These LCFS are the primary points of contact for counter-fraud work at their respective health bodies and have a key role in fraud prevention and detection. Increasing staffing levels above the minimum number is a matter of local discretion.
- 4.10 The mixture of LCFS and support and guidance from the NHS Counter Fraud Service and the Counter Fraud Steering Group has resulted in improved counter-fraud arrangements within the NHS sector in comparison to the other sectors. However, whilst LCFS staff are often shared between individual health boards, they are not pooled across the entire sector. As a result, the relatively low counter-fraud staff numbers in some health boards can cause issues if staff members are absent from work. Even within the NHS Wales, there is a general recognition that more proactive work should be undertaken.

- 4.11 The Counter Fraud Team at the Welsh Government is skilled and experienced and has secured a number of high-profile prosecutions over recent years. However, a recent Government Internal Audit Agency review of the Welsh Government in 2017 concluded that the counter-fraud function could achieve more with increased resources. The Counter Fraud Team is able to draw on resources from within the Welsh Government to assist with investigations where appropriate and there are plans to increase the resource in the team in the near future.
- 4.12 Our audit also found that public bodies in Wales are generally following traditional counter-fraud approaches with a focus on detection and investigation rather than prevention. Most public bodies recognise that more proactive and preventative work should be done, but they acknowledge that the lack of time, resources and expertise are barriers to making this shift of focus.
- 4.13 We did not find many examples of public bodies in Wales outside the NHS pooling resources to help reduce duplication of effort and improve the efficiency and effectiveness of counter-fraud arrangements across sectors. Pooled resources could also help to improve continuity and add flexibility to adapt to changing needs going forward.
- 4.14 In 2018 the UK government launched the Counter-Fraud Profession to enhance overall counter-fraud capability across government. The profession develops the skills of specialist staff and moves beyond the traditional focus of investigations, placing greater emphasis on fraud prevention and the use of data analytics. Membership across UK Government Departments has been steadily increasing, and the Welsh Government is engaged with this initiative. Organisations joining the profession are required to have learning environments that support their staff to develop and maintain professional standards.

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What can the Welsh public sector do to improve?

Recommendations

- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- R10** All public bodies should consider models adopted elsewhere in the UK relating to the pooling and/or sharing of resources in order to maximise the availability of appropriately skilled staff.

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Tools and data

05

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Why is it important?

- 5.1 An effective counter-fraud function will ensure that those responsible for it are equipped with up-to-date methodologies and the right tools for the job. Counter-fraud staff must make best use of data and intelligence in order to:
- a prevent fraud by 'fraud-proofing' systems and processes; and
 - b mounting an effective response to suspicions of fraud.
- 5.2 New fraud threats are continually emerging, both globally and nationally. It is important that public bodies have flexible, cutting-edge counter-fraud approaches that are fit for a digital age and agile enough to keep up with, or better still, ahead of the fraudsters.
- 5.3 Cyber-attacks are an alternative means of committing traditional frauds such as the theft of assets, cash or intellectual property. PricewaterhouseCoopers' most recent global economic crime survey found that cyber crime is now the most common fraud facing UK businesses, overtaking asset misappropriation for the first time since the survey began. We can see this in the explosion in number of cyber scams linked to the COVID-19 pandemic.
- 5.4 Preventing fraud is always preferable to responding to an instance. Many organisations are now looking to 'fraud-proof' systems at the point of entry using the latest developments in data analytics. For example:
- a the Cabinet Office has developed on-line tools that can look at 10,000 records in seven seconds to provide due diligence checks on grant applications; and
 - b the Department of Work and Pensions have been trialling an Artificial Intelligence system that detects fraudulent claims by searching for certain behaviour patterns, such as benefit applications that use the same phone number or are written in a similar style. Any suspicious activity is then passed on to specialist investigators.
- 5.5 Data analytics provide an increasingly important tool in preventing fraud as well as in its detection. We look at how public bodies can share data to help find fraud in the next section of this report.
- 5.6 Sophisticated technology and data analytics are of little use if they are not used effectively and this requires adequately trained resource to understand it. Therefore, it is important that public bodies have access to staff adept in data analytics in order to achieve better counter-fraud results.

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- 5.7 Knowing what to do in the event of a suspected fraud improves the chances of a successful enforcement action. It also re-enforces the tone from the top that the organisation does not tolerate fraud. Fraud response plans need to provide a clear direction to relevant parties so that bodies are able to respond to allegations quickly and appropriately. A response plan should be reviewed regularly to ensure that responses to fraud keep abreast with changing times and emerging risks. They should outline:
- a the fraud investigation process from receipt of allegation to outcome report;
 - b roles and procedures for securing evidence and undertaking interviews;
 - c details of how and when to contact the police;
 - d a commitment to pursuing a range of sanctions;
 - e reporting arrangements; and
 - f how lessons learned will be used to strengthen system and process controls.

What did we find?

- 5.8 Generally speaking, we found that more work is needed to bring counter-fraud tools and methodologies up to date to reflect the new world of cyber attacks and digitally-facilitated crimes. Many local authorities and central government bodies we looked at as part of our fieldwork did not have information security policies that reflected the risks associated with cyber crime. The situation was more positive in NHS Wales bodies.
- 5.9 Our review identified only a few examples of data analytics being used as a means of preventing fraud. Data analytics are used more widely to detect fraud, in following up on NFI data matches, for example, but our previous audit work⁴ has shown that the level of engagement with the NFI varies considerably across Welsh public bodies.
- 5.10 We found that some local authorities and central government bodies did not have a fraud response plan that was communicated to all staff and which made it clear that all allegations of fraud would be investigated. The Welsh Government had a fraud response plan, but this was in draft form at the time of our audit work and was not, therefore, available to staff. Again, the position was much more positive in NHS Wales.

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4 Our October 2018 NFI report stated that 'most Welsh public sector bodies participating in the NFI were proactive in reviewing the data matches, but a small number of participants did not review the matches in a timely or effective manner'.

- 5.11 NHS bodies all use the same case management system to record and monitor the progress of potential fraud cases. In other sectors, few bodies have a case management system although some do have a spreadsheet log that records information. The variation in the information collected makes it very difficult to report an all-Wales position on the level of fraud taking place. The reasons that many local authorities and central government bodies do not have a case management system or detailed records was the very low numbers of fraud cases that were being identified and handled.
- 5.12 Most of the public bodies we looked at consider the full range of possible sanctions (disciplinary, regulatory, civil and criminal) against fraudsters and will seek redress including the recovery of assets and money where possible. However, many bodies report such low levels of fraud that it is impossible to substantiate their claims. For any internal frauds identified, most bodies tend to deal with the perpetrators through internal disciplinary procedures.
- 5.13 Most of the public bodies we looked at reflected on the weaknesses revealed by instances of proven fraud and corruption and fed back to departments and teams so that they might fraud-proof their systems. The arrangements at local NHS bodies were particularly robust because fraud cases in their case management system cannot be closed down without providing assurance that any system weaknesses have been considered and remedied if necessary.

What can the Welsh public sector do to improve?

Recommendations

- R11** All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforce the tone from the top that the organisation does not tolerate fraud.
- R12** All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.

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Collaboration

06

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Why is it important?

- 6.1 Fraudsters do not respect geographical or other boundaries. This means that individual public sector bodies cannot establish effective counter-fraud arrangements by themselves. They must work collaboratively to maximise the effectiveness of their response to fraud.
- 6.2 Collaboration is an increasingly important aspect of public service, particularly in the context of reduced funding and the need to do more with less. Collaboration is also one of the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015: the essentials'⁵ document. It is therefore essential that collaboration and the sharing of intelligence and good practice take place between public, private and third-sector bodies across the UK and internationally.
- 6.3 Collaboration can mean sharing people or pooling resources and, more commonly these days, in the sharing of information. This information can be shared between departments, between bodies, across different elements of the public sector and with other key stakeholders such as law enforcement authorities and the private sector. The information shared can be about the nature of a fraud or information about the identities of the perpetrators.
- 6.4 The sharing of data to help find fraud is a rapidly evolving area and is being facilitated by changes in the law. In 2017, the Digital Economy Act became law, enabling public authorities to share personal data to prevent, detect, investigate and prosecute public sector fraud. The Act recognises that the wider use of data-sharing could improve the prevention, detection and investigation of fraud in a number of ways, including:
 - a improved targeting and risk-profiling of potentially fraudulent individuals;
 - b streamlining processes, enabling the government to act more quickly; and
 - c simplifying the legislative landscape.

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5 Well-being of Future Generations (Wales) Act 2015: the essentials', Welsh Government (2015)

What did we find?

- 6.5 Our field work across forty public sector bodies in Wales found that collaboration was insufficiently developed, reinforcing the findings of our 2019 review.
- 6.6 Within local authorities and central government bodies there are some good examples of bodies working jointly and some regional networks, but these tend to be informal arrangements and there is no consistency in approach. Formalising arrangements can help improve accountability and governance and can influence commitment and results.
- 6.7 The picture is generally more positive across local NHS bodies and the Welsh Government than in local authorities and central government bodies. However, there is scope for all public bodies to work more closely with each other and with other stakeholders to tackle fraud.
- 6.8 Because of the tiered approach to counter-fraud within NHS Wales and established formal partnerships with the NHS Counter Fraud Authority, there is good access to specialist fraud investigation teams such as surveillance, computer forensics, asset recovery and financial investigations. The NHS Counter Fraud Service Wales provide the surveillance, asset recovery and financial investigations services to NHS Wales, while the NHS Counter Fraud Authority provides forensic computing services and other specialist support services to NHS Wales under the terms of their annual agreement with Welsh Government.
- 6.9 The existence of these formal access arrangements is less well established within other sectors, but most organisations told us that they could access specialist services if required. The low level of fraud being identified was one of the reasons given for the absence of formal partnerships between public sector bodies.
- 6.10 We also found wide variations in the amounts of data that are shared. In most bodies, the sharing of data was typically limited to the National Fraud Initiative (NFI), although not all central government bodies currently take part in NFI. We found that some local authorities do not invest much resource into following up NFI matches and these are often the same authorities in which counter-fraud arrangements were limited.
- 6.11 There were very few examples of organisations working frequently across internal and external boundaries and sharing information. Common reasons for this lack of collaboration was lack of time and resources, and concerns about the sharing of data.

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What can the Welsh public sector do to improve?

Recommendations

R13 Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.

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Reporting and scrutiny

07

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Why is it important?

- 7.1 Arriving at a reliable estimate for the cost of fraud is a difficult task. This is particularly so for the Welsh public sector as our 2019 report highlighted. Whilst the UK Government produces annual estimates, there is no breakdown of this estimate to each of the devolved administrations in the UK. CIPFA's most recent analysis estimates that fraud costs the UK public sector £40.3 billion annually. The Cabinet Office⁶ estimates losses due to fraud and error at between 0.5% and 5% of budget. Applying this range to annual public expenditure in Wales of around £20 billion gives a possible estimated value of losses to fraud and error between £100 million and £1 billion per annum. The losses are therefore significant and take valuable funding away from our public services.
- 7.2 Fraud is often under-reported as some suspicious activity identified through NFI matches, for example, is not classified as fraudulent and therefore not reported. Also, some public bodies fail to report fraud as it can attract unwanted publicity and perceived reputational damage. This situation leads to an incomplete national intelligence picture.
- 7.3 The International Public Sector Fraud Forum⁷ has recognised that 'finding fraud is a good thing' and this is one of their 'Key Fraud and Corruption Principles'. The Forum noted that, if bodies do not find fraud, then they are unable to fight it, and that a change of perspective is needed so that the identification of fraud is seen as a positive and proactive achievement.
- 7.4 Reporting fraud to those charged with the governance of public sector organisations is important as it provides managers and audit committees, for example, with the information and intelligence they need to challenge and scrutinise. To facilitate accountability, public bodies should provide copies of counter-fraud reports detailing numbers of cases and outcomes to audit committees so that they are fully informed of any issues of concern and can hold management and counter-fraud teams to account. Audit committees can also promote the message that fraud will not be tolerated, supporting the efforts of counter-fraud teams.

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6 Cabinet Office Cross Government Fraud Landscape Report 2018

7 International Public Sector Fraud Forum A Guide to Managing Fraud for Public Bodies in Feb 2019

What did we find?

- 7.5 The arrangements in NHS Wales to record, collate and share information about fraud losses and recoveries are well established. The NHS Counter Fraud Service collates information on the number of fraud cases and recoveries from each health body as a matter of course. There are quarterly and annual Operational Performance Reports which summarise information about resources, referrals and the work of the Counter-Fraud Service and LCFS based at each health body. These reports are reviewed by the Counter Fraud Steering Group and shared with Directors of Finance and the audit committees of each health body, helping to facilitate meaningful comparisons within the sector. The NHS Counter Fraud Authority also reports to the Welsh Government on a quarterly basis.
- 7.6 In other sectors, audit committees are not generally provided with as much information:
- a in the Welsh Government, the Audit and Risk Assurance Committee is not provided with, nor does it request, detailed information about fraud cases, although information about major cases and anti-fraud activity is included in the regular report from the Head of Internal Audit;
 - b in the local government sector, fewer than half the authorities report information about fraud cases, losses and recoveries to their audit committees on a regular basis; and
 - c even fewer central government bodies report on cases of fraud, reflecting a very low incidence of fraud being identified and managed.
- 7.7 The absence of both the reporting of information and arrangements to collate and share this information across the Welsh public sector is troubling for a number of reasons. It does little to help re-enforce a zero-tolerance message from the top of an organisation to both staff and external stakeholders. It may also send the wrong message to fraudsters that Wales does not see fraud as a priority and makes it difficult to assess the level of risk and how best to respond to it by senior public sector officials and politicians.
- 7.8 When frauds are identified, Internal Audit (or, where they exist, counter-fraud specialists) provide audit committees with reports and updates. On balance, however, audit committees outside of the NHS Wales have not been sufficiently proactive in recognising the increasing risk of fraud and in asking the searching questions necessary about the matching of resources to risk or about the lack of information being supplied about fraud risk.

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What can the Welsh public sector do to improve?

Recommendations

- R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
- R15** Audit committees must become fully engaged with counter-fraud, providing demonstrable support and direction, monitoring and holding officials to account if insufficient information is being provided about counter-fraud activity.

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Appendices

- 1 Audit methods
- 2 The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

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1 Audit methods

Our audit was structured around seven key lines of enquiry to help us answer the overall question: 'Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?':

- Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?
- Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?
- Does the organisation have a sound policy framework to support effective counter-fraud arrangements?
- Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?
- Does the organisation's internal control environment support effective arrangements for preventing and detecting fraud?
- Does the organisation have an appropriate response to fraud?
- Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

The audit fieldwork was carried out by our local audit teams between November 2019 and February 2020. Their fieldwork included:

- structured interviews – interviews with key individuals in order to understand the counter-fraud arrangements in place at each audited body; and
- document reviews – where these existed, they typically included the counter-fraud strategy, risk assessment, work plans, corporate risk register, fraud response plan, Codes of Conduct, whistleblowing policy, guidelines and procedures for local fraud investigators and counter-fraud reports/updates provided to Audit Committee.

Teams also issued a core information request in order to gather some information directly from audited bodies.

The project team collated and reviewed the local findings to distil the key messages for inclusion in this report. Our audit teams have been providing tailored feedback on their local findings to relevant staff at each audited body.

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Holly

The audited bodies included in this study are:

Local Government bodies:

- Blaenau Gwent County Borough Council
- Bridgend County Borough Council
- Caerphilly County Borough Council
- Cardiff Council
- Carmarthenshire County Council
- Ceredigion County Council
- Conwy County Borough Council
- Denbighshire County Council
- Flintshire County Council
- Gwynedd Council
- Isle of Anglesey County Council
- Merthyr Tydfil County Borough Council
- Monmouthshire County Council
- Neath Port Talbot County Borough Council
- Newport City Council
- Pembrokeshire County Council
- Powys County Council
- Rhondda Cynon Taf County Borough Council
- City and County of Swansea
- The Vale of Glamorgan Council
- Torfaen County Borough Council
- Wrexham County Borough Council

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NHS Wales bodies:

- Aneurin Bevan University Health Board
- Betsi Cadwaladr University Health Board
- Cardiff and Vale University Health Board
- Cwm Taf Morgannwg University Health Board
- Hywel Dda University Health Board
- Powys Teaching Health Board
- Swansea Bay University Health Board
- Health Education and Improvement Wales
- Velindre NHS Trust
- Public Health Wales Trust
- Welsh Ambulance Service NHS Trust

Central Government bodies:

- Welsh Government
- Welsh Revenue Authority
- Arts Council for Wales
- Higher Education Funding Council for Wales
- National Museums and Galleries Wales
- Natural Resources Wales
- National Library of Wales
- Sport Wales
- Senedd Commission

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2 The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

PAC Recommendation

We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.

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Response from the Welsh Government's Permanent Secretary

The Welsh Government recognises and fully supports local authorities addressing fraud within the £8 billion of their general revenue expenditure.

As independent democratically led organisations, the prime responsibility for the detection and prevention of fraud is for each of the 22 councils themselves. As such, we would expect all to be fully engaged in this work and for local politicians to understand and provide leadership.

To make sure that the recommendation is understood and given priority, officials will raise the matter with Ministers to secure an item on the Partnership Council agenda as well as its Finance Sub Committee. Subject to Ministers' agreement, we will agenda an item for the next possible meeting.

I am supportive of any move to increase the understanding of fraud and the consistent application of best practice techniques across the Welsh Public Sector and there exists already a vehicle to bring together counter-fraud practitioners and other interested parties and drive forward a common understanding of this important area.

The Welsh Government's Head of Counter-Fraud is Deputy Chair of the Wales Fraud Forum (WFF), which is a not-for-profit company run by a strategic board of volunteers. Its aims are to help prevent fraud in Wales by raising awareness in the public and private sectors and amongst individuals. In particular, its stated objectives include to:

- bring the public and private sectors together to fight fraud and financial crime and to protect the economy of Wales;

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PAC Recommendation

Response from the Welsh Government's Permanent Secretary

- promote fraud awareness amongst its membership, organisations and individuals throughout the region;
- create good practice cultures by encouraging and developing anti-fraud strategies for its membership to utilise;
- establish a best practice between its members for fraud prevention, investigation and detection; and
- promote an open and co-operative environment between the membership in both the public and private sectors.

The Forum is held in high regard; in 2017 the current First Minister gave the keynote address at its annual conference and outlined his support for effective counter-fraud arrangements across Wales. Forum membership includes the Audit Wales as well as a number of public and private sector organisations.

Therefore, I believe the Welsh Government can achieve the outcome desired by identifying strategies to support the work of the Forum, raising its profile within the Welsh Public Sector and seek a high level of commitment to support it. I will ask Officials to engage with the Forum to discuss strategies for strengthening its effectiveness by the end of the calendar year.

We agree there is potential in the use of data sharing between Welsh public bodies to improve the impact of counter-fraud activities. The introduction of the Digital Economy Act gives the Welsh Government and certain scheduled Welsh public bodies useful new powers to share data with each other compliantly to identify potential fraud. Officials are working on setting up the appropriate governance for taking forward the use of these new powers in Wales, and are aiming for a panel to be in place by the end of the financial year to consider potential uses of the powers.

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Update: Fraud threats to the NHS from COVID-19

16/07/2020



OFFICIAL



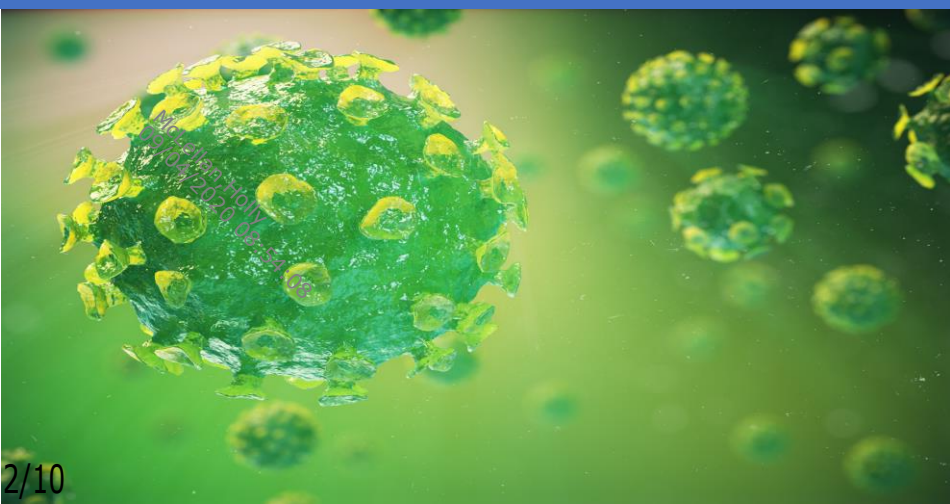
Counter Fraud Authority

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Introduction

COVID-19 (coronavirus / SARS-CoV-2) was declared by the World Health Organisation (WHO) to be a “Public Health Emergency of International Concern” on 30/01/2020. The risk COVID-19 currently poses to the United Kingdom (UK) is labelled as ‘high’.

The impact of COVID-19 on fraud within the NHS has already been highlighted in the NHSCFAs *Intelligence Report: Fraud threats to the NHS from COVID-19 April 2020 and multiple other previous updates*. However, the landscape of fraud changes so rapidly that additional updates have been quickly commissioned to highlight further emerging threats, vulnerabilities and enablers of fraud.



**£1.21
Billion**

**of the NHS
budget was
lost to fraud
last year**

12,964,809
**cases of COVID-19
globally**

**£342
Billion**

**public sector
funding increase
in response to
COVID-19**

Contents

- Threats covered in the previous assessment and updates
- Emerging threats within:
 - Personal health budgets
 - Cyber enabled fraud
 - Commissioning
 - NHS staff
 - Fraudulent access
 - NHS services
 - Warning: Highlighting non-fraud risks of which the NHS should be aware
- NHSCFA reporting figures

Previous Threats

Previous threats covered in the full assessment and updates:

- Cyber Enabled Fraud
- False information
- Death certificates
- Agency Fraud
- NHS Staff Fraud
- Procurement and Commissioning fraud
- Pharmaceutical contractor fraud
- Payment by Results (PbR) fraud and Data manipulation
- General practice (GP) contractor fraud
- Help with health costs fraud
- NHS Volunteers
- CE markers
- Fraudulent Access to the NHS without charge
- European Health Insurance Card (EHIC) fraud
- NHS bursary fraud
- Dental contractor fraud
- Optical contractor fraud
- NHS charities and Fraudulent appeals
- Personal health budgets and Continuing healthcare plans
- Handling Stolen goods
- Contact tracing App
- NHS Pensions
- Patient fraud
- Additional fraud threats and warnings



For dissemination of the full assessment (Fraud threats to the NHS from COVID-19 April 2020) or the updates please contact strategicintelligenceteam@nhsdfa.gsi.gov.uk

All of the previously mentioned fraud threats and vulnerabilities are assessed as likely to still be ongoing.

“Probability yardstick” defines the language used when describe certainty within an assessment

Remote Chance	Highly unlikely	Unlikely	Realistic possibility	Likely / Probable	Highly Likely	Almost Certain
0% - 5%	10%-20%	25%-35%	40%-50%	55%-75%	80%-90%	95%-100%

Additional Threats

Personal health budget (PHB) – Requesting supplies

There is the potential that some individuals may use the PHB of an associate for profit. The NHSCFA received a report about a carer who requested extra supplies for their patient's care during the pandemic. However, the supplies were sold and never reached the patient. The patient was in receipt of a PHB and a care package, depending on their agreed budget a CCG may have had to fulfil the request for additional supplies. PHBs are a part of NHS Continuing Healthcare (CHC) and support patients with complex health needs to receive care and support at home, the budget for each patient is personalised and supervised by the CCG. However, as a result of COVID-19 emergency new measures have been introduced where full assessments have now been retracted. There is less scrutiny as staff are instead required to conduct what they perceive to be 'proportionate reviews' upon a request for alteration of a budget/plan. Additionally, the downturn in the economy may encourage carers to abuse PHBs and CHCs for profit, as mentioned above, either through cost inflation or false claims.

Cyber enabled fraud – Overdue invoices

The NHSCFA received a report about a fraudulent overdue invoice sent to a provider. The invoice requested payment for goods that had never been ordered and was pre-dated to a time that was extremely busy for the finance department. Fraudsters can successfully divert invoice payments as a result of information on NHS suppliers being freely available, the pressure NHS finance departments are currently under and recent changes in policy. Fraudsters can easily conduct online research on NHS suppliers to construct socially engineered emails. Additionally, due to sickness leave potentially causing staff shortages and an increased demand for supplies NHSE and NHSI have been attempting to reduce the burden on finance departments. For example, extending annual report deadlines for providers. However, they have also informed providers that they must pay invoices within 7 days of receipt to prevent cash flow becoming a barrier to obtaining goods and services, or affecting jobs. Therefore, because of the pressure to pay invoices in such a short period of time and lack of oversight with individuals working from home, an overdue invoice may receive less scrutiny.



Additional Threats

Commissioning – New changes to insolvency law

Some companies may continue to accept payment from the NHS under agreed contracts whilst being aware they will be unable to eventually fulfil contractual obligations. Additionally, public bodies have been advised to continue payments to suppliers that may be at risk of insolvency. The Corporate Insolvency and Governance Act 2020 has now come into force with the intention to relieve pressure on businesses until 30 September 2020. The bill gives companies more time to file accounts, delays creditor action and offers a court sanctioned restructuring plan. As a result, no insolvency proceedings can be instigated during a company's moratorium period and an extension to the suspension of termination clauses has been granted to companies initiating the insolvency process. Additionally, Procurement Policy Note (PPN) was issued to advise public bodies on supplier payments during the pandemic. Including continuing to make payments to suppliers considered at risk and preparing for suppliers to enter insolvency. If not for the new act these companies would potentially be already entering insolvency. Companies which enter insolvency and continue to trade are often unable to pay their debts. Therefore, these companies may trade under the new provisions yet be aware they will eventually be unable to fulfil their contracts with the NHS. But, this is a complicated area of fraud to prove. In some cases, it could be considered ineffective/poor management of a company without intent to make a loss to another. However, running a company this way can cause significant financial losses and if the directors have no intention of ever settling their debts, yet continue to trade, then the process becomes fraudulent.

Commissioning – Phoenixing

It is possible that some companies may continue to trade with the NHS during the pandemic and then towards the end start phoenixing to shed the debt and responsibilities. When debts become too overbearing whilst trading insolvent, phoenixing (selling the company as a new entity) the company can be an alternative option to entering the formal insolvency process. The original company's assets are transferred, but its debts are not as the original company will enter administration, liquidation, administrative receivership or be dissolved. Additionally, the Corporate Insolvency and Governance Act 2020 now means that suppliers can no longer terminate their contracts on the basis a company is entering insolvency. The NHSCFA received a report about a company responsible for pandemic stockpiles which was failing to fulfil its contractual obligations, cutting costs through failing to pay its suppliers and then selling in the middle of the pandemic. The company was sold with the intention to reduce debts.

Additional Threats

Cyber enabled fraud – Ghost Broking and leasing scams

Some NHS staff may be at risk of falling victim to a vehicle insurance or leasing scam. An individual was recently arrested on suspicion of fraud by false representation after running a Ghost Broking scam, part of which involved offering discounts to NHS staff. Ghost Broking occurs when a scammer purports to be offering genuine car insurance to motorists, but the offers are fake. The insurance can be either fraudulent in its entirety, details may be changed to lessen the cost, or the insurance will initially be genuine, but the fraudster will later claim a refund without informing the motorist. Additionally, the British Vehicle Rental and Leasing Association (BVRLA) reported that scammers were also advertising fraudulent vehicle leasing deals on social media, mostly targeting those with poor credit ratings. Therefore, there is the potential that these types of fraudulent offers may also claim to offer discounts to NHS staff. As a result of the pandemic many companies have offered discounts to NHS staff or the emergency services in general, therefore it is not unreasonable for NHS staff to assume a discount is genuine. However, fraudsters are using these circumstances to scam key workers into parting with their hard-earned money during financially turbulent times.

NHS staff – Handling stolen goods

There is the possibility that a fraction of NHS staff may be ordering supplies with the intention stealing them. The NHSCFA received a report about an staff member who was responsible for ordering supplies in their department. They would order PPE and machine parts with the intention of later stealing them. They would also order items to replace what they stole. Within primary care NHSE supplies can be ordered through PCSE Online, it is a similar process to online shopping with a catalogue of items approved for delivery, however healthcare providers will not be charged for their orders. There is no limit to the number of orders from each provider, but there is usually a main contact who requires user access permissions to make the requests. In addition to this there is an NHS supply chain to help with demand during the pandemic and another dedicated to PPE supply running parallel to meet the volume of requests. Currently any NHS organisation requiring urgent PPE can contact the National Supply Distribution Response (NSDR), there is also an online portal to order PPE for an emergency top up. All these avenues for ordering NHS supplies without charge enable individuals with access to exploit them for personal gain.



Additional Threats

NHS staff – Overtime Claims

There is the potential that a portion of band 8 staff or above may claim overtime to which they are not entitled. During the pandemic the NHS has been facing an unprecedented pressure and some claims may go unscrutinised. The NHSCFA has received information about a senior staff member regularly claiming excessive overtime payments for hours they did not work. Not only is the individual falsifying their hours, but they are also not entitled to claim overtime payments within their banding. Staff on the pay bands between 8 and 9 are not entitled to overtime payments, bands 1 to 7 are eligible to claim. On-call pay is not comprised of the above.

Fraudulent access – Passenger locator form

There is the potential that fraudulent access may decrease and outstanding funds may be recovered as a result of the new requirements upon entering in the UK. A passenger locator form must now be completed by any individual arriving in the UK. Although there are a few exemptions, the majority who refuse to provide their personal and contact details will receive a fine of up to £100, they may also be refused entry. The information provided will be used to contact people if an individual with whom they travelled develops COVID-19 symptoms. It is also used to enforce the 14 day self-isolation policy after arrival in the UK. Although self-isolation is no longer required from those arriving from within the travel corridor, contact details will still be compulsory. The UK operates under the 'ordinarily a resident' policy for individuals seeking NHS services without charge. But, primary care is free to all and if treatment is deemed urgent and necessary it should not be withheld. Even if an individual has disclosed, they have no means to pay, care should still proceed. This is not considered fraudulent access; fraudulent access occurs when an overseas patient gains or attempts to gain access to NHS services with the intent to avoid payment through failing to disclose they are not eligible, or by falsely representing themselves as eligible. The Home Office stores information on individuals entering or residing in the UK. The NHS is required by law to inform the Home Office, via DHSC, of unpaid debts for NHS care. This data sharing is justified under the General Data Protection Regulation 2018 and the National Health Service Act 2006. The Home office itself can share data with organisations preventing fraud for law enforcement purposes. The Home office can also encourage debtors to make a voluntary payment to an NHS provider or a debt agency, alternatively after being refused entry or leave to remain an individual may choose to pay the debt themselves. As a result of the new requirement and possible further data sharing, unpaid debts may be sought more successfully and those who are intending to fraudulently receive care without charge may be deterred.

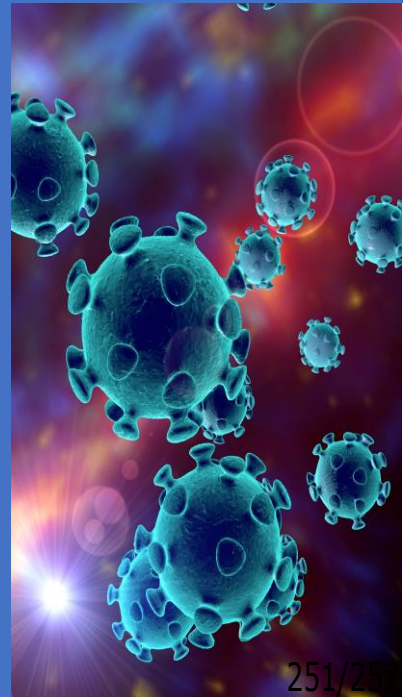
Additional Threats

NHS staff – Sickness

There is the possibility that some NHS staff may use COVID-19 as a justification for sick leave to avoid triggers. The NHSCFA received a report about a staff member who had used COVID-19 as a reason for multiple absences. The NHS uses trigger points to monitor sickness absences. The reason for multiple absences may be genuine however they are logged to ensure patterns do not go unnoticed. Reaching a certain trigger level will prompt a discussion with a manager as regular short-term sick leave can cause disruption for the employees' team and organisation. Further trigger levels may result in reviews, plans or in some cases dismissal. Triggers are counted through accumulative sickness episodes per annum. However, absences relating to certain conditions such as pregnancy, injury in the workplace or COVID-19 are excluded from trigger calculations. For COVID-19 related sickness staff will also be paid as if they were still working, instead of with sick pay calculated on their basic salary.

NHS services – Covid-19 testing

The NHSCFA has received reports about individuals potentially manipulating COVID-19 testing in the UK to meet the entry requirements of other countries when travelling. Individuals may also be able to avoid the charges for tests upon arrival in other countries. The Foreign and Commonwealth Office (FCO) had previously advised against all non-essential international travel. However, recent changes in guidance allow individuals to travel to certain countries and territories which are now exempt from the previous advice, these countries must be within the 'travel corridor'. However, these countries may still require self-isolation upon entry, unless a passenger has already had a recent COVID-19 test or purchases a test upon arrival. For example, Antigua and Barbuda is currently within the travel corridor, those travelling by air must present proof of a negative COVID-19 test which they received less than 7 days prior to arrival. Alternatively, passengers may be instructed to pay a fee of \$100 for a COVID-19 test. Iceland gives passengers the option between paying ISK 11,000 for a test (not booked in advance) or self-isolating for 14 days upon arrival. But, to receive a test in the UK for COVID-19 individuals must declare to have symptoms of COVID-19. There are some exceptions to receiving a test if you are not presenting symptoms, however intent to travel outside of the UK is not a justified reason. Therefore, it is a possibility that some individuals may manipulate the COVID-19 testing service by falsifying symptoms in order to avoid COVID-19 related testing costs, or secure entry when travelling.



WARNING

Buying and selling NHS prescribed drugs online

With the lack of street drugs available in Europe and a downturn in the economy people may resort to buying and selling prescription drugs more frequently. The NHSCFA has received multiple reports about individuals selling their NHS prescription-only drugs online. The process for purchasing drugs has changed as a result of COVID-19 because the sale of drugs has moved to online marketing platforms. A study recently conducted by the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) found that there has been an increase in the use of prescription medicines and a decrease in the use of stimulant drugs. The study discovered that during the first 3 months of the pandemic people were seeking out prescription medications to combat mental health, due to the street market being disrupted by quarantine and isolation, and also because there were no longer the social environments in which to ingest certain stimulant drugs. Also, local shortages have been reported which have contributed to a rise in the price of drugs supplied by OCGs. Therefore, there is also the potential, according to the EMCDDA, that some of these new drug choices will become preference amongst drug users in the future. Additionally, the global stock market plummeted towards the end of February which may now result in an economic recession, many companies have not only experienced an unexpected fall in revenue but also in their share prices. Also, the number of individuals employed in the UK recently fell for the first time in several years. As a result, Europol have predicted that an economic recession could inadvertently cause an increase in the use of various substances. Partly because of the negative feelings individuals may have experienced as a result of COVID-19 being magnified further by a recession.

Spoofing numbers

It is possible that some cyber criminals may spoof the phone number of a hospital, GP or the test and trace service to harvest confidential information. Spoofing occurs when a caller manipulates the receivers ID display on their phone. This disguises the actual number calling and it appears as a familiar or trustworthy one to the recipient. Victims are therefore willing to disclose confidential or personal information to a fraudster. Number spoofing is possible through the use of a software, referred to as VoIP, which is freely shared online. Scammers will first conduct research to locate the number they intend to copy, they will then save the number into the software, and from then onwards the software will mask the actual number with the saved number. There is the potential that some fraudsters may use number spoofing to appear as if they work for NHS test and trace service, individuals may provide personal and financial information to a scammer or comply with dialling a premium rate number. People may also willingly share the details of those they have been in contact with. Potentially disclosing the contact details of others and widening the net of individuals to target.

NHSCFA reporting figures

Total**299**

COVID-19 CATEGORY	REPORTS
False sickness	47
Handling stolen goods	38
Manufacture/Sale/false use of NHS IDS/logos	33
Unlicensed/Unregulated Supply or Sale	31
Phishing	31
Hours fraud	26
Misuse of NHS services	25
Procurement fraud	21
Miscellaneous	18
Fraudulent Fundraising	13
Dental contractor fraud	6
Fraudulent Access	3
Payment diversion	3
Hoax Website	2
Volunteering	1
Pharmaceutical contractor fraud	1

TIME PERIOD	COVID-19 REPORTS
07/02/2020 to 13/02/2020	1
14/02/2020 to 20/02/2020	0
21/02/2020 to 27/02/2020	0
28/02/2020 to 05/03/2020	1
06/03/2020 to 12/03/2020	3
13/03/2020 to 19/03/2020	5
20/03/2020 to 26/03/2020	23
27/03/2020 to 02/04/2020	31
03/04/2020 to 09/04/2020	22
10/04/2020 to 16/04/2020	20
17/04/2020 to 23/04/2020	19
24/04/2020 to 30/04/2020	24
01/05/2020 to 07/05/2020	22
08/05/2020 to 14/05/2020	23
15/05/2020 to 21/05/2020	21
22/05/2020 to 28/05/2020	8
29/05/2020 to 04/06/2020	9
05/06/2020 to 11/06/2020	15
12/06/2020 to 18/06/2020	29
19/06/2020 to 25/06/2020	6
26/06/2020 to 02/07/2020	8
03/07/2020 to 09/07/2020	9

AUDIT, RISK & ASSURANCE COMMITTEE PROGRAMME OF BUSINESS 2020-21

The purpose of the Audit, Risk and Assurance Committee is to support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

This Annual Programme of Business has been developed with due regard to guidance set out in HM Treasury's Audit and Risk Assurance Committee Handbook (March 2016), to enable the Audit, Risk and Assurance Committee to: -

- fulfil its Terms of Reference as agreed by the Board;
- seek assurance and provide scrutiny on behalf of the Board, in relation to the delivery of the key elements of the health boards internal and external audit, counter fraud and PPV arrangements (second and third lines of defence);
- seek assurance that governance, risk and assurance arrangements are in place and working well;
- seek assurance in relation to the preparation and audit of the Annual Accounts;
- ensure compliance with key statutory, national and best practice audit and assurance requirements and reporting arrangements.

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MATTER TO BE CONSIDERED BY COMMITTEE	EXEC LEAD	SCHEDULED COMMITTEE DATES 2020-2021						
		18 May	25 June	20 July	08 Sept	03 Nov	26 Jan	09 March
Governance & Assurance:								
Annual Governance Programme Reporting	BS						✓	
Audit Recommendation Tracking	BS	✓	✓		✓	✓	✓	✓
Application of Single Tender Waiver	DF&IT	✓	✓	✓	✓	✓	✓	✓
Losses and Special Payments Annual Report 2019-20	DF&IT				✓			
Annual Accounts 2019-20, including Letter of Representation	DF&IT	✓	✓					
Annual Accountability Report 2019-20	BS	✓	✓					
Review of Standing Orders	BS					✓		
Charitable Funds Annual Report and Accounts 2019-20	DF&IT				✓	✓		
Register of Interests	BS				✓	✓		
Policies Delegated From the Board for Review and Approval	BS/ DF&IT	As and when identified						
Internal & Capital Audit:								
Internal Audit Progress Report 2020-21	HoIA		✓	✓	✓	✓	✓	✓
Internal Audit Review Reports	HoIA	In line with Internal Audit Plan 2020-21						
Internal Audit Plan 2020-21	HoIA		✓					
Head of Internal Audit Opinion 2019-20	HoIA	✓						
External Audit:								
External Audit Progress Report 2020-21	EAO	✓	✓	✓	✓	✓	✓	✓
External Audit of Financial Statements 2019-20	EAO		✓					
External Audit Annual Report	EAO						✓	
External Audit Structured Assessment	EAO					✓	✓	

MATTER TO BE CONSIDERED BY COMMITTEE	EXEC LEAD	SCHEDULED COMMITTEE DATES 2020-2021						
		18 May	25 June	20 July	08 Sept	03 Nov	26 Jan	09 March
External Audit Plan 2021	EAO							✓
External Audit Review Reports	EAO	In line with External Audit Plan 2019/20						
Anti-Fraud Culture:								
Bribery Policy	HoLCF		✓					
Counter Fraud Update	HoLCF			✓	✓		✓	
Counter Fraud Workplan 2020-21	HoLCF							✓
Counter Fraud Annual Report 2019-20	HoLCF			✓				
Post Payment Verification Annual Report 2019-20	PPVO				✓			
Post Payment Verification Workplan 2020-21	PPVO				✓			
Committee Requirements as set out in Standing Orders								
Development of Committee Annual Programme of Business	BS			✓				
Review of Committee Programme of Business	BS				✓	✓	✓	✓
Annual Review of Committee Terms of Reference 2019-20	BS				✓			
Audit, Risk and Assurance Committee Members to meet Independently with:								
External Audit Team						✓		
Internal Audit Team					✓			✓
Local Counter Fraud Team				✓			✓	

KEY:
BS: Board Secretary
DF&IT: Director of Finance and IT
HoIA: Head of Internal Audit
HoLCF: Head of Local Counter Fraud
EAO: External Audit Officer
PPVO: Post Payment Verification Officer

McLellan Holly
09/04/2020 08:54 AM