

Welsh Risk Pool claims Final Internal Audit Report March 2022

Public Health Wales NHS Trust

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Review reference:	PHW-2122-03
Report status:	Final
Fieldwork commencement:	25 February 2022
Fieldwork completion:	3 March 2022
Debrief meeting:	3 March 2022
Draft report issued:	8 March 2022
Management response received:	30 March 2022
Final report issued:	30 March 2022
Auditor:	Liz Vincent, Principal Internal Auditor
Executive sign-off:	Rhiannon Beaumont-Wood, Executive Director of Quality, Nursing & AHPs
Distribution:	Stuart Silcox, Assistant Director of Integrated Governance Francesca Thomas, Head of Putting Things Right
Committee:	Audit & Corporate Governance Committee



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

Acknowledgement

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

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Executive Summary

Purpose

To provide assurance over the reimbursement processes in place within the Trust.

Overview

We have issued reasonable assurance on this area. The matters requiring management attention include:

- Not all relevant forms were submitted within required timeframes and dates were not consistently recorded on forms.
- We were unable to locate all of the supporting documents when reconciling to the finance schedule.
- We were unable to reconcile the figures that were entered into Datix to the reimbursement from WRPS for all of the claims that we tested.

Further matters arising concerning the areas for refinement and further development have also been noted (see Appendix A).

Report Classification

Reasonable



Some matters require management attention in control design or compliance.

Low to moderate impact on residual risk exposure until resolved.

Trend



2020/21

Assurance summary¹

Assurance objectives	Assurance
1 Completed documents within set timescales	Reasonable
2 Evidence to support costs incurred	Reasonable
3 Appropriate authorisation	Substantial
4 Accurate data within Datix	Substantial

¹The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Key Matters Arising	Assurance Objective	Control Design or Operation	Recommendation Priority
1 Compliance with timeframes and dates	1	Operation	Medium
2 Evidence to support costs incurred	2	Design	Medium

1. Introduction

- 1.1 Our audit review of Welsh Risk Pool concerns and compensation claims was completed in line with the 2021/22 Internal Audit Plan for Public Health Wales NHS Trust (the 'Trust').
- 1.2 Compensation claims usually take a number of years from receipt of claim to settlement and can involve a large number of payments and repayments; this gives rise to a potential for mistakes to occur. Welsh Risk Pool Services (WRPS) require claims for reimbursement and repayment to be made within specific timescales.
- 1.3 In 2020 WRPS issued an updated standard: The Compensation Claims Management Standard, to ensure that NHS bodies:
 - Have an effective process for managing concerns raised but patients and staff.
 - Have an effective process for managing legal claims for financial compensation.
 - Ensure that there is good organisational learning from all events.
- 1.4 Reimbursement of settled claims are either under NHS indemnity or from redress cases.
- 1.5 Area for Assessment 3 of the standard requires Internal Audit to review the accuracy of a representative sample of compensation claims for reimbursement, made on Welsh Risk Pool Services.
- 1.6 The relevant lead for the review is the Executive Director Quality, Nursing & Allied Health Professionals.
- 1.7 The potential risk considered in this review is that claims costs reimbursed from the Welsh Risk Pool are inaccurately recorded and not appropriately authorised by the Trust's senior management.

2. Detailed Audit Findings

Objective 1: An appropriately completed learning from events report, case management report, case financial record and a schedule of costs has been completed for each reimbursement claim within set timescales.

- 2.1 Three claims have been settled in 2021/22. All three were clinical negligence claims and were appropriately supported by a Learning from Events (LFE) Report, a Case Management Report (CMR), a Financial Case Record Checklist (U1), and a Financial Schedule.
- 2.2 Under the new standard, claims management teams must complete a LFE Report within 60 days of the decision to settle date. This requirement came into effect for claims received after 1 January 2019. All the claims in our review pre-date this requirement. However, a separate requirement to submit LFE Reports for historic cases by the deadline of 24/12/2019 was confirmed as having been met for the cases we reviewed.
- 2.3 Two of the three cases that we reviewed had their CM Report and Checklist U1 submitted to WRPS within four months of the final payment date as required. In

the third case, the submission of these forms was approximately two weeks late.
(Matter Arising 1)

- 2.4 We compared the key dates on the LFE report, the CM report, and the checklist U1. Inconsistencies were found in the 'Final Payment' date recorded in two of the three cases. Inaccurate capture of this date could affect the deadline date for the four-month timescale that is set out in the policy for submitting documents to WRPS. **(Matter Arising 1)**

Conclusion:

- 2.5 Whilst we could see documentation in place, we identified some differences with the dates captured, and a slight delay in the submission of documents for one case to WRPS. As such, we have provided reasonable assurance against this objective.

Objective 2: There is appropriate evidence to support the costs incurred.

- 2.6 Supporting documents, including those relating to the costs incurred, are uploaded into Datix. There was a large volume of associated documents for each case with between 100-200 documents per case within the documents section of Datix.
- 2.7 We planned to reconcile the costs incurred to supporting invoices. However, there did not appear to be a clear approach to referencing documents within Datix. This made the checking process unnecessarily complex and as a result, we were unable to confirm if all documentation to substantiate the identified costs were available.

Conclusion:

- 2.8 Whilst there was some evidence to support the costs incurred for each case, our testing identified an issue with the referencing of documents within Datix, and the difficulty in cross referencing all financial documents to the financial schedule. As such we have provided reasonable assurance against this objective.

Objective 3: Forms have been appropriately authorised aligning with the delegated limits of the organisation.

- 2.9 The claims within the sample that we tested had an appropriate governance and case manager declaration and had been appropriately authorised prior to submitting to WRPS.

Conclusion:

- 2.10 We confirmed that all of the cases that we tested had been appropriately authorised. As such, we have provided substantial assurance against this objective.

Objective 4: Claims submitted are accurately entered onto the Datix risk management database.

- 2.11 Reimbursement was appropriately approved by WRPS for all three claims that we tested, and the amount received reconciled to the U1 checklist and the finance schedule that was submitted to WRPS.
- 2.12 However, the financial information for the clinical negligence claims that we tested on Datix had not been accurately recorded as not all of the values reconciled to the relevant checklists. **(Matter Arising 3)**

Conclusion:

2.13 Whilst we could see that the finance schedule and Checklist U1 corresponded to the reimbursement from WRPS, the values shown within Datix did not always match to the relevant documents or the reimbursement. As such we have provided substantial assurance against this objective.

Appendix A: Management Action Plan

Matter Arising 1: Compliance with timeframes and dates (Operation)	Impact	
<p>For each case, the Claims Management team are required to complete and submit several documents to WRPS, each within specified timeframes. This includes a Case Management Report (CMR) and a Financial Case Checklist (U1) both within four months of the final payment date. One out of the three cases that we tested had documents submitted outside of the four-month timeframe. We also noted that three different dates were identified as the final payment date. The date shown on the CMR, Checklist U1, and the actual payment date all varied by up to a week.</p> <p>When we compared the key dates that were recorded on the LFE report, to the CMR and the U1 checklist, we identified one further instance where the final payment date on the CM report and the U1 checklist varied by one month.</p> <p>As highlighted above, the date recorded as the final payment date has an impact on the four-month timeframe, so it is essential that the correct date is captured and recorded correctly on all documentation.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> Non-compliance with the set timescales could influence the financial settlement made by Welsh Risk Pool Services. 	
Recommendations	Priority	
<p>1.1 Management should ensure that required documentation is submitted to the WRPS within the specified timeframes and monitoring takes place to ensure compliance with this requirement.</p>	<p>Medium</p>	
<p>1.2 It should be ensured that dates entered onto the required forms and within Datix are accurate and all correspond.</p>		
Agreed Management Action	Target Date	Responsible
<p>1.1 With immediate effect, the date of final payment will show on Datix, the CMR and the U1 as the final date of payment submitted to our accounts payable team. The 4</p>		

<p>month date of submission of the CMR can then be calculated from this final date of payment recorded by the Claims Manager.</p>		
<p>1.2 As above.</p>	<p>Already implemented and in place</p>	<p>Frankie Thomas, Head of PTR</p>

Matter Arising 2: Evidence to support costs incurred (Design)		Impact
<p>All documents should be saved within Datix. For the three clinical negligence cases that we tested we saw some evidence for supporting costs incurred. However, when comparing the finance schedule to the documents, we could not reconcile all documents due to the volume and lack of a clear referencing system. For the cases we note:</p> <ul style="list-style-type: none"> • Case 1: unable to find 2/10 invoices • Case 2: unable to find 5/8 invoices • Case 3: unable to find 3/13 invoices <p>Tracing each document was exacerbated by the fact that the narrative and dates shown within Datix did not always reconcile with the finance schedule. The date against each document within Datix is the date that it was uploaded and not the invoice date or the invoice payment date, which is used on the finance schedule. A unique ID number is generated for each document when it is uploaded, but this is not used for cross referencing to the finance schedule.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Claims costs not fully reimbursed from the Welsh Risk Pool where they are not supported by the appropriate documentation to verify the claim.
Recommendations		Priority
<p>Management should review how documentation is saved to Datix and how it is referenced to allow ease of use by users of the system. Consideration should be given to making use of the ID reference number generated as documents are uploaded.</p>		<p>Medium</p>
Agreed Management Action	Target Date	Responsible Officer
<p>With immediate effect, the dates recorded in the finance schedule will be reflected as the date recorded in the finance tab of Datix, as well as the date the e-mail sent to accounts payable to pay an invoice has been uploaded to the</p>	<p>Already implemented and in place.</p>	<p>Frankie Thomas, Head of PTR</p>

documents section of Datix. All invoices uploaded to the document section will be tabbed as 'invoice'.		
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Matter Arising 3: Payment details within Datix reconcile (Operation)		Impact
<p>Reimbursement was approved by WRPS for all three claims and the received value reconciled to the Financial Case Checklist (U1) and the finance schedule that was submitted to the WRPS. However, when we compared the values that are input within Datix with these documents, there were discrepancies in the figures for all three cases. In all instances the total values that were recorded within Datix were greater than the reimbursement figures, with one case having a difference of £24,800.</p> <p>We understand that following the completion of our audit fieldwork, all of the discrepancies that we identified have been reviewed by the claims team and Datix has been updated with the correct values.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Claims costs incorrectly or inappropriately reimbursed from Welsh Risk Pool Services.
Recommendations		Priority
<p>Going forward management should ensure that the figures for damages, defence costs and claimants costs recorded within Datix are accurate and reconcile to the relevant finance checklists.</p>		<p>Low</p>
Agreed Management Action	Target Date	Responsible Officer
<p>With immediate effect, the date recorded on Datix in the finance tab will be the date that the payment request is submitted to our accounts payable team (recorded in the documents section) and any historical entries which have not been paid will be deleted and re-submitted for the date of re-submission to accounts payable. The same date will be the date recorded within the finance schedule, so the schedule, finance tab and documents section on Datix will all marry.</p>	<p>Already implemented and in place</p>	<p>Frankie Thomas, Head of PTR</p>

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

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



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)