

Audit and Assurance Committee - Public

Tue 11 May 2021, 09:00 - 11:30

Teams Call

Agenda

1. PRELIMINARY MATTERS

1.1. Welcome and introductions

For Noting *Chair*

1.2. Apologies for Absence

For Noting *Chair*



1.3. Declarations of Interest

For Noting *Chair*

2. MEETING BUSINESS

2.1. Closure Report from Velindre University NHS Trust Audit Committee

For Noting *Board Secretary*

-  2.1 Closure Report from Velindre University NHS Trust Committees-v1.0.pdf (4 pages)
-  2.1i DHCW-Handover Report April 2021.pdf (13 pages)




2.2. Terms of Reference

For Approval *Chair*

-  2.2 DHCW Audit and Assurance Committee TOR d0.6.pdf (12 pages)

2.3. Audit & Assurance Committee Annual Cycle of Business and Forward Work Plan



For Approval *Board Secretary*

-  2.3 DHCW Audit & Assurance Committee Annual Cycle of Business & Workplan-v1.0.pdf (4 pages)
 -  2.3i DHCW Audit & Assurance Committee Annual Cycle of Business.pdf (3 pages)
 -  2.3ii Audit & Assurance Committee Forward Workplan.pdf (2 pages)
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3. AUDIT & COUNTER FRAUD

3.1. Internal Audit


For Approval *NWSSP Internal Audit*

-  3.1 DHCW Internal Audit Plan 2021_22.pdf (3 pages)
-  3.1i DHCW - Internal Audit Plan 2021_22 Draft March 21.pdf (32 pages)

3.2. Internal Audit Reports

For Assurance



NWSSP Internal Audit

-  3.2 DHCW Supplier Management Follow up Report.pdf (3 pages)
-  3.2i NWIS2021-05 Supplier Management Followup final IA Report.pdf (11 pages)

3.3. External Audit

For Approval




Audit Wales

-  3.3 DHCW External Audit Arrangements v1.0.pdf (4 pages)
-  3.3i 2387A2021-22_DHCW_Audit_Plan_2021.pdf (10 pages)

3.4. DHCW Audit Action Log

For Discussion

Head of Corporate Services

-  3.4 REP-DHCW Audit Action Log- v1.0.pdf (4 pages)
-  3.4i DHCW Audit Action Log (TAB 1) 260421.pdf (2 pages)
-  3.4ii DHCW Audit Action Log (TAB 2) 260421.pdf (1 pages)

3.5. Counter Fraud

For Assurance

Cardiff & Vale Counter Fraud Services

-  3.5 DHCW A&A Counter Fraud Report.pdf (6 pages)

4. CORPORATE REPORTS

For Noting

4.1. Corporate Risk Register

For Noting

Head of Corporate Services

-  4.1 REP-Corporate Risk Register Public v1.0.pdf (3 pages)
-  4.1i Corporate Risk Register.pdf (3 pages)

4.2. Financial Update (Verbal)

For Noting

Director of Finance

4.3. Procurement Update (Verbal)

For Noting

Head of Commercial Services

4.4. Declaration of Gifts and Hospitality

For Noting



Head of Corporate Services

-  4.4 DHCW Gifts and Hospitality and DOI April 2021v1.pdf (7 pages)

4.5. Estates Compliance Report

For Noting



Head of Corporate Services

-  4.5 REP-Estates Compliance v1.0.pdf (3 pages)
-  4.5i Estates Compliance Report - March 2021.pdf (27 pages)

4.6. Quality & Regulatory Compliance Report

For Noting

Head of Quality & Regulatory Compliance/Director of Finance




-  4.6 REP-DHCW Audit Committee Quality and Regulatory v1.pdf (6 pages)
 -  4.6i DHCW Quality and Regulatory Annual Plan.pdf (16 pages)
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5. DOCUMENTS FOR REVIEW

5.1. Risk Management and Board Assurance Framework Strategy





For Approval *Board Secretary*

For Discussion

-  5.1 Risk and BAF Strategy Report Cover 26.04.21 v1.pdf (5 pages)
-  5.1i Appendix 1 DHCW Risk and Board Assurance Framework Strategy v1 .pdf (33 pages)
-  5.1ii Appendix 2 Risk and BAF Milestone Plan 26.04.21 v1.pdf (1 pages)















5.2. Model Standing Orders and Standing Financial Instructions

For Noting *Director of Finance/Board Secretary*

-  5.2 DHCW Model Standing Orders and Standing Financial Instructions-v1.0.pdf (4 pages)
-  5.2i Appendix 1 DHCW Standing Orders Reservation and Delegation of Powers Final Version March 2021.pdf (83 pages)
-  5.2ii Appendix 2 DHCW Schedule 2.1 Model SFIs - Final - Version 1 - March 2021.pdf (75 pages)
-  5.2iii Appendix 2.1 SFIs Grants vs Procurement WRO3988.pdf (4 pages)

5.3. Financial Control Procedures

For Approval *Deputy Director of Finance*

-  5.3i FCP-FBA-001 Procurement Procedure-v1.0.pdf (8 pages)
-  5.3ii FCP-FBA-002 Recovery of Payroll overpayments Policy.pdf (24 pages)
-  5.3iii FCP-FBA-003 Integrity and Control of Financial Systems.pdf (10 pages)
-  5.3iv FCP-FBA-004 Fixed Asset Register.pdf (7 pages)
-  5.3v FCP-FBA-005 Month End Processes and Monitoring Returns-v1.0.pdf (11 pages)
-  5.3vi FCP-FBA-006 Accounts Payable-v1.0.pdf (12 pages)
-  5.3vii FCP-FBA-007 Technical Accounting Standards and Statistic Requirements .pdf (6 pages)
-  5.3viii FCP-FBA-008 Accounts Receivable.pdf (9 pages)
-  5.3ix FCP-FBA-009 Car Hire Procedure-v1.0.pdf (7 pages)
-  5.3x FCP-FBA-010 Use of Credit Card-V1.0.pdf (10 pages)
-  5.3xi FCP-FBA-011 Credit Card Processes Exceptional Circumstances-v.10.pdf (10 pages)
-  5.3xii FCP-FBA-013 CIS -v1.0.pdf (13 pages)
-  5.3xiii FCP-FBA-014 VAT -v1.0.pdf (11 pages)
-  5.3xiv SOP-FA-015 Budgetary Control-v1.0mc.pdf (16 pages)

6. CLOSING MATTERS

6.1. Items for Chair's Report to Board

For Discussion *Chair*

6.2. Any Other Urgent Business

For Discussion *Chair*

6.3. Date of next meeting

For Noting *Chair*

Tuesday 6th July 2021, 09:00 - 13:00

DIGITAL HEALTH AND CARE WALES AUDIT AND ASSURANCE COMMITTEE CLOSURE REPORT FROM VELINDRE UNIVERSITY NHS TRUST COMMITTEES

Agenda Item	2.1
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Chris Darling, Board Secretary Claire Osmundsen-Little, Executive Director of Finance
Prepared By	Chris Darling, Board Secretary
Presented By	Chris Darling, Board Secretary

Purpose of the Report	For Noting
Recommendation	
The Committee is being asked to: Note the Handover Report.	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Acronyms			
DHCW	Digital Health and Care Wales		

1 SITUATION/BACKGROUND

- 1.1 The NHS Wales Informatics Service (NWIS) was formed on 1 April 2010 when it was established as an organisation sitting within Velindre University NHS Trust under a hosting agreement. The agreement included a requirement for NWIS to provide assurance of its governance processes by the submission of a number of standing items to Velindre University NHS Trust Audit Committee. This was in addition to any requirement for escalation of other matters to Trust Board. NWIS also attended Velindre NHS Trust Quality & Safety Performance Committee to report on Serious Incidents and other issues of note.
- 1.2 On the 30th September 2019 the Minister for Health and Social Services, Vaughan Gething, announced that the NHS Wales Informatics Service (NWIS) will transition from its current structure, as part of Velindre University NHS Trust, to a new Special Health Authority (SHA) – Digital Health and Care Wales (DHCW). This transition was effective from 1 April 2021.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The DHCW SHA Board held their inaugural meeting on 1 April 2021 where Standing Orders and Standing Financial Instructions and a paper setting out the Board and Committee structure were approved. DHCW has designed a Committee structure to cover the aspects required by the DHCW Standing Orders, which covers DHCW Board business as follows:
- Audit & Assurance
 - Remuneration and Terms of Service; and
 - Oversight and scrutiny of quality, safety, information governance, data quality, security and risk.
- 2.2 This attached paper sets out the business previously dealt with by the following Committees and their transfer to the equivalent Committee under the new SHA structure:

Velindre University NHS Trust Board/Committee	Digital Health & Care Wales Board/Committee
Velindre University NHS Trust Board	Digital Health & Care Wales Board
Audit Committee	Audit and Assurance Committee
Quality & Safety Performance Committee	Digital Governance & Safety Committee
Remuneration Committee	Remuneration & Terms of Service Committee

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

The DHCW Chair (prior to the appointment of the DHCW Audit and Assurance Committee Chair) has met with the Velindre NHS Trust Chair of the Audit Committee to informally discuss handover issues with no issues or risks being escalated. The DHCW Audit and Assurance Committee Chair is also arranging a meeting with the Velindre NHS Trust Audit Committee Chair for a handover and discussion.

4 RECOMMENDATION

The Committee is being asked to:

Note the Handover Document and items moving to be standing items on the DHCW Audit and Assurance Committee and actions included within the report.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	All Objectives apply
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CORPORATE RISK (ref if appropriate)	
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WELL-BEING OF FUTURE GENERATIONS ACT	A healthier Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Effective Care
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: The Handover Document does not require an EQIA.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes, please see detail below
	The Handover Document ensures good governance of actions contributing towards high quality, safe services.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

DIGITAL HEALTH AND CARE WALES (DHCW)

VELINDRE UNIVERSITY NHS TRUST

COMMITTEE ACTIONS HANDOVER REPORT

Purpose of the Report	For Assurance
Recommendation	
The DHCW Chair and Chairs of Velindre University NHS Trust Audit Committee and Quality & Safety Performance Committee are requested to agree handover actions set out in this paper.	

1 SITUATION/BACKGROUND

- 1.1 The NHS Wales Informatics Service (NWIS) was formed on 1 April 2010 when it was established as an organisation sitting within Velindre University NHS Trust under a hosting agreement. The agreement included a requirement for NWIS to provide assurance of its governance processes by the submission of a number of standing items to Velindre University NHS Trust Audit Committee. This was in addition to any requirement for escalation of other matters to Trust Board. NWIS also attended Velindre NHS Trust Quality & Safety Performance Committee to report on Serious Incidents and other issues of note.
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2 CONTEXT

- 2.1 The DHCW SHA Board held their inaugural meeting on 1 April 2021 where Standing Orders and Standing Financial Instructions and a paper setting out the Board and Committee structure were approved. DHCW has designed a Committee structure to cover the aspects required by the DHCW Standing Orders, which covers DHCW Board business as follows:
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Remuneration Committee	Remuneration & Terms of Service Committee

- 2.3 An exercise has been undertaken to map responsibilities identified in the Hosting Agreement to one of the three transition projects (Transfer of Accountabilities Project / Transition Project / Establishment Project), this is attached as Appendix A for assurance purposes.

3 STANDARD AGENDA ITEMS

- 3.1 The following table, which is not exhaustive, lists items dealt with as part of the business of the Board and Committees:

Velindre University NHS Trust Board/Committee	Item
Velindre University NHS Trust Board	Lease Approvals High value contract awards (over £750k)
Audit Committee	Internal and External Audit Reports Corporate Risk Register Declarations of Gifts and Hospitality Single Tender Actions and Change Control Notices Financial Update Position Audit Action Log Transition to Special Health Authority – <i>note this activity now complete</i>
Quality, Safety & Performance Committee	Serious Incidents No Surprises Notifications
Remuneration Committee	Voluntary Early Release Scheme Applications Very Senior Roles Pay Awards

4 OUTSTANDING ACTIONS (INCLUDING AUDIT ACTIONS) FOR HANDOVER

- 4.1 There are no outstanding Audit Committee actions although a number of audit actions (summarised below) remain open on the Audit Tracker and will be monitored in future by the DHCW Audit & Assurance Committee:

	Recommendation	Priority	Management Action	Current/ Revised Implementation Date	Comments Audit Committee
External Audit - WAO - Nationally Hosted NHS IT Systems Annual Audits					
2016.1	NHS Digital (formerly known as HSCIC) are decommissioning the NHAIS system and replacing the functionality with a third-party supplier system from Capita for the payments engine for calculating general medical services payments. NHS Digital are also developing the demographic registration and reporting systems required to replace NHAIS functionality. For NHS Wales, NWIS and NWSSP are considering the system replacement options for Welsh requirements as NWIS also support and develop the Welsh Demographic System (WDS).	Medium	NWIS should, as they manage, support and develop the Welsh Demographic System (WDS) plan to provide the required functionality for NHS Wales in developing the WDS for patient demographic purposes.	Jul-22	NWIS met with NHS Digital in November 2020 where they confirmed they are still not in a position to give us revised dates for the start of decommissioning. NHS Digital are currently not in a position to provide dates for key Capita deliverables. The WDS Phase 3 development will be aligned with these timescales, but more clarity is needed from England before substantive work can take place. We are advised that the implementation date is unlikely to be before January 2022 and may take up to 6 months to complete.
2018.1	Review the age of the NHAIS servers used, some of which are approaching nine years old. NWIS should then liaise with NWSSP to agree a server replacement schedule or consider what mitigating controls can be put in place for service availability and resilience.	Medium	Although the NHAIS infrastructure is approaching 10 years of age, the team have contacted HP to enquire as to the EOSL (End of Support Life). Hewlett-Packard (HP) have confirmed that for key pieces of hardware, the c7000 Blade Enclosures and the BL860c blades, no EOSL is in place currently. Based on this response, there is no pressing need to consider replacements. NWIS will contact HP every six months to confirm the position.	Mar-22	HP have advised NWIS that a key part of the NHAIS infrastructure will reach EOSL on 31/12/2021. Analysis is underway to identify potential replacement hardware and associated costs. Adoption of the replacement PCRM (Primary Care Registration Management) product is scheduled for December 2021 with the decommissioning of NHAIS due to start in January 2022. However, NWSSP plan to retain the NHAIS infrastructure for up to

					seven years post-decommissioning so that access to the legacy data remains. Therefore, all aspects of the infrastructure will need to remain supported beyond decommissioning.
2018.6	NWIS should aim to complete accreditation to the Information Technology Standard for a Business Continuity Management System (ISO 22301).	Medium	This will be included as an objective within the 2019/2022 Integrated Medium Term Plan (IMTP). A gap analysis will be completed before the end of March to establish requirements in lights of the move to a new SHA and implications of the Civil Contingencies Act 2004.	Mar-21	First phase of BIA has been undertaken with a further 5 phases to be completed to cover the whole organisation.
2020.1	LASPAR is written in an old programming language in which NWIS have limited skills and application development capacity. We understand that the application technology platform is de-supported in 2020 and NWIS should plan to migrate to a controlled environment to enable support for LASPAR to continue or consider a new technology platform.	Medium	Migrate to a controlled environment to enable support for LASPAR to continue or consider a new technology platform.	Aug-21	An options paper is being prepared for consideration and then implementation.
2020.2	We were made aware in our 2019-20 fieldwork that the management of one of the two National Data Centres notified NWIS of their intention to exit from Data Centre Services during 2021/22.	High	NWIS should identify alternatives for additional data centre services, plan and manage the transition to the new data centre site by October 2021	Oct-21	The contract for the existing Data Centre will end in late 2021 and NWIS have a timetabled plan to leave by Summer 2021. A new datacentre location has been procured, and the contract awarded.
2020.3	The Network Information Systems (NIS) Directive requires Operators of Essential Services (OES), including critical healthcare services, to report network and/or	Medium	NWIS should seek written confirmation from Welsh Government on their future intended requirements for the applicability of the Network Information Systems (NIS) Directive for Digital Health and Care	Mar-21	DHCW has been designated as an Operator of Essential Services (OES).

	information systems/incidents which have a significant impact to the continuity of essential services. Under the NIS, reporting of incidents should take place to a National Competent Authority (NCA).		Wales from 1 April 2021.		
NWSSP Findings					
INF1b	Firmware, BIOS and OS on infrastructure components should be kept up to date, in particular when critical vulnerabilities have been identified. Old infrastructure components should be identified and prioritised for replacement to enable the most effective use of the WG monies.	High	Server 2008 Removal	Apr-21	This programme of work is ongoing, link to 2018.3. Extended Security Updates have been purchased to reduce the risk.
RES1	The BCP should be amended to include the requirement to create a command structure and maintain decision logs.	Medium	The BCP will be updated to include reference to a command structure and the maintenance of decision/action logs.	Jun-21	BCP to be updated to reflect audit recommendations and transition to Special Health Authority
RES2	The agreements made during the Covid response should be further developed into formal partnerships with other organisations to provide mutual support for future disruptions.	Medium	Reference to support and partnership arrangements will be included in the Business Continuity Plan.	Jun-21	BCP to be updated to reflect audit recommendations and transition to Special Health Authority
RES3	The ability to relax standard operating procedures should be clearly stated within continuity and emergency plan documentation. This should include guidance for when it is acceptable and the requirements to record when it occurs, document risk and	Medium	Guidance will be provided as part of the Business Continuity Plan documentation and will include the requirement for robust recording of any such relaxations.	Jun-21	BCP to be updated to reflect audit recommendations and transition to Special Health Authority

	ensure appropriate governance is maintained.				
RES4	The NWIS vision should be prominent on staff communication channels such as the website and newsletters in order to further develop the shared culture and mission.	Low	As part of the transition to the new Special Health Authority, Digital Health & Care Wales, we will be confirming the Strategic Objectives and Vision for the new organisation with our new Board and ensure that this is widely communicated.	Jun-21	Communications Team to confirm Strategic Objectives and Vision for new organisation following consultation with Board.

4.2 There are two Internal Audit Reports that were not available for the last meeting of Velindre University NHS Trust Audit Committee which will need to be reported to the Digital Health & Care Wales Audit and Assurance Committee, following which actions will be added to the Audit Tracker. The reports related to Cyber Security (now available) and a follow-up Supplier Management Audit (report awaited).

4.3 There were 5 Single Tender Actions and 2 Change Control Notices effected during March 2021 by the NHS Wales Informatics Service which due to timing were not reported to Velindre University NHS Trust Audit Committee and as they were actioned whilst under the governance of Velindre University NHS Trust are not appropriate to be reported to the new Digital Health and Care Wales Audit and Assurance Committee. These had a total value of £2,839,323.30.

The summary is as follows:

SFI Reference	Description	Items
12.9.4	Free of Charge Services	0
12.13	Single Quotation Actions	1
12.13	Single Tender Actions	3
12.13	Single Tenders for consideration following a call for Competition under PCR2015.	1
12.17	Contract Extensions: Award of additional funding outside the terms of the contract (executed via Contract Change Note (CCN) or Variation of Terms)	2

Detail of the submissions:

DIRECTORATE	Procurement Reference	Agreement Period	SFI Reference	Agreement Title/Description	Supplier	Anticipated Value	Reason
Data Centre Services	P302	01/07/2021-30/06/2023	CCN	Data Centre 2 (Newport)	BT	£1,964,088.00	CCN requirement - the contract did not

							include a further option to extend, however, an extension was required and approved via an options paper and Trust Board approval.
Information Services	P307	01/07/2021-30/06/2022	CCN	All Wales Data Quality System	Informatica Ltd	£455,594.00	CCN requirement - the contract did not include a further option to extend, however, an extension was required and approved via an options paper and Trust Board approval.
Workforce and OD	P661	01/03/2021-30/06/2021	STA	Executive Search and Recruitment Services	Harvey Nash PLC	£25,000.00	Direct award call off under the Crown Commercial Services Framework – RM6002 Permanent Recruitment Solutions – Lot 7 - Executive Search Senior Roles. The STA supports the Framework Direct award approach under SO/SFI's.
Directors/Infrastructure	P492.01	01/04/2021-31/03/2023	STA	Gartner for Executives and Technical Professionals	Gartner	£187,400.00	Direct award under the G Cloud Framework, previously this has been competitively tendered, but no other bids were received. The STA supports the Framework Direct award approach under SO/SFI's.
Finance	P705.01	01/04/2021-31/03/2023	STA	Gartner for Finance	Gartner	£79,200.00	Direct award under the G Cloud Framework, previously this has been competitively tendered, but no other bids were received. The STA supports the Framework Direct award approach under SO/SFI's.
Information Service	P672	01/03/2021-31/03/2024	STA	Wales Terminology Service	CSIRO	£118,060.00	Continuity of service for proof of concept licence purchased in conjunction with NHS Digital. Using an alternative product would require a redesign of the infrastructure model.
Organisational Performance	P709	15/03/2021-30/03/2021	SQA	Specialist Consultancy –	RedCortex Ltd	£9,981.30	Specialist, locally available resources

				Power BI and Organisational Performance			and knowledge of existing NWIS/DHCW tools (Oracle, ESR etc.) was required to deliver the appropriate Power Bi training to accelerate the implantation plan for Power Bi use in DHCW.
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- 4.4 There have been no offers of gifts or hospitality reported since the last report to Velindre University NHS Trust Audit Committee.
- 4.5 There is one outstanding action carried across from the Velindre University NHS Trust Quality, Safety & Performance Committee relating to a recent Microsoft Team Tenancy Issue. The action is for the DHCW Medical Director to provide the Committee with an update report. This action will form part of the workplan for the new DHCW Digital Governance & Safety Committee.
- 4.6 The remaining handover item is management of actions identified as a result of the 2020/2021 assessment against the Health & Care Standards, previously dealt with by the Velindre University NHS Trust Quality, Safety & Performance Committee. The Head of Corporate Services will ensure that a full analysis of open actions is undertaken following progress monitoring throughout the year and reported to the DHCW Audit & Assurance Committee with the 2021/2022 Health & Care Standards Assessment. It has been agreed that assessments and actions relating to workstreams falling under the DHCW Digital Governance & Safety Committee will be referred across.

5 RISKS

- 5.1 There are no specific risks associated with the Committee Handover Process identified.
- 5.2 Corporate Risks are managed by the DHCW Management Board and Risk Management Group, reviewed in depth by both Groups on a monthly basis. These, previously overseen by the Velindre University NHS Trust Audit Committee will now be overseen by DHCW SHA Board and Audit and Assurance Committee. There have been no significant changes to the risk profile.

6 RECOMMENDATION

- 6.1 The DHCW Chair and Chairs of Velindre University NHS Trust Audit Committee and Quality, Safety & Performance Committee are requested to agree handover actions set out in this paper.

APPENDIX 1 – HOSTING AGREEMENT

MAPPING OF ACCOUNTABILITIES

ITEM	DESCRIPTION	No Mapping Required	No Longer Needed	Transfer of Accountabilities Project	Transition Project	Establishment Project
1.0 The Director for NWIS is directly accountable to the Director General / Chief Executive for NHS Wales (or their designated deputy) for performance & delivery including:						
1.1	Proper stewardship of public money.	✓				
1.2	Financial performance including appropriate discharge of for the management of NWIS and staffing of NWIS in delivering ICT services in accordance with the NWIS IMTP.	✓				
1.3	Performance in relation to service delivery and quality against the plans and directions set/agreed by Welsh Government.	✓				
1.4	Reporting and informing WG of any risks or incidents as appropriate in accordance with policy and regulation.	✓				
1.5	Establishing, in partnership with the Chief Executive of Velindre University NHS Trust, effective arrangements for Internal Audit and Counter Fraud.				✓	
1.6	Ensuring appropriate advice is tendered to Welsh Ministers, the Welsh Government and the NHS in Wales on all matters to support effective and efficient prudent and economic administration in relation to NHS informatics.	✓				
2.0 The Director for NWIS is directly accountable to the Chief Executive of Velindre University NHS Trust for good governance including:						
2.1	Acting at all times within the corporate governance framework of Velindre University NHS Trust.		✓			

ITEM	DESCRIPTION	No Mapping Required	No Longer Needed	Transfer of Accountabilities Project	Transition Project	Establishment Project
2.2	Ensuring expenditure is accounted for in accordance with the Financial Reporting and Accounting Manual and in line with Velindre Trust SOs and SFIs.					✓
2.3	Properly safeguarding NWIS resources including information.				✓	
2.4	Ensuring that proper financial procedures have been followed and that accounting records were maintained in a form suited to the requirements of management as well as in the form prescribed for published accounts.				✓	
2.5	Ensuring that assets such as land, buildings or other property, including stores and equipment, are controlled and safeguarded. (MO: specific description no longer relevant but assets will be transferred in accordance with the plan)			✓	✓	
2.6	Ensuring that all items of expenditure, including payments to staff, fall within the legal powers of the Trust.			✓	✓	
2.7	Acting within the scheme of delegation assigned by the Trust Board (and as directed by Welsh Government). – (Revised model SO to be issued by WG end of March 2021 which will be implemented and approved by the Trust Board in June 2021)			✓		✓
2.8	Ensuring that, in the consideration of policy proposals relating to the expenditure or income for NWIS, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and where necessary will be brought to the attention of the Chief Executive of Velindre University NHS Trust, as Accountable Officer for the Velindre University NHS Trust.	✓				

ITEM	DESCRIPTION	No Mapping Required	No Longer Needed	Transfer of Accountabilities Project	Transition Project	Establishment Project
2.9	Attending any Board or sub-committee meeting of the Trust in relation to NWIS performance or governance issues that may affect the operational, financial or reputational performance of the Trust. (subject to confirmation of status of any open actions across the Committee structure at 31.03.2021)			✓		
2.10	Compliance with such reporting structure as is reasonably required by the Velindre University NHS Trust Board in relation to the delivery of obligations. (subject to confirmation of status of any open actions across the Committee structure at 31.03.2021)			✓		
2.11	Compliance with regulation and legislation.	✓				
2.12	Ensuring accountabilities are appropriately discharged in accordance with a sound system of internal control and a scheme of delegation that is detailed in the Velindre University NHS Trust SOs. (Revised model SO to be issued by WG end of March 2021 which will be implemented and approved by the Trust Board in June 2021)			✓		✓
2.13	Ensuring that there are appropriate procedures established for Information Governance to ensure that all data / information is managed in accordance with all relevant legislation (i.e. Data Protection Act 1998, Freedom of Information Act 2000, and Access to Health Records 1990), NHS standards and guidance's issued by the Welsh Government, the Information Commissioner's Office and other professional bodies.				✓	
2.14	Escalating any risks or incidents to the Trust, Welsh Government and the NHS in Wales as appropriate in accordance with Trust policy.				✓	

ITEM	DESCRIPTION	No Mapping Required	No Longer Needed	Transfer of Accountabilities Project	Transition Project	Establishment Project
2.15	Ensuring a Senior Officer of NWIS can act on behalf of the Director of NWIS in their absence.					✓
2.16	Completing an annual declaration to confirm compliance with Velindre University NHS Trust Governance Arrangements to assist the Velindre Chief Executive in signing the Annual Governance Statement. (statement issued pending receipt)			✓		
3.0 In relation to the Hosting Agreement for NWIS, the Chief Executive of Velindre University NHS Trust is directly accountable to the Director General / Chief Executive of NHS Wales for:						
3.1	Transferring funds received from Welsh Government directly to NWIS to allow NWIS to undertake its functions.			✓	✓	
3.2	Providing advice to NWIS on statutory and regulatory compliance.	✓				
3.3	Holding employment contracts for NWIS staff.			✓		
3.4	Appointing the Director of NWIS at the direction of the Chief Executive for NHS Wales.					✓
3.5	Providing the Governance Framework within which NWIS will operate including the Trust's Policy Framework and associated advice.				✓	
3.6	Provide office space, payroll and other corporate services as detailed in a Service Level Agreement. (MO: no longer relevant)			✓	✓	
3.7	Providing the framework for authorising expenditure in excess of the NWIS Director's delegated limit but within			✓		✓

ITEM	DESCRIPTION	No Mapping Required	No Longer Needed	Transfer of Accountabilities Project	Transition Project	Establishment Project
	this, delegations awarded to the Velindre Trust Board or as directed by the lead official in Welsh Government.					
3.7	Providing the statutory framework by being the named body to hold contracts and other legal instruments on behalf of NWIS as requested by Welsh Government.		✓			
3.8	Granting access to the lead official in Welsh Government or authorised officers or agents such access to Trust information they may reasonably require to monitor the performance of NWIS functions.		✓			
3.9	Manage any claims brought against the Trust relating to NWIS in accordance with NHS Wales policy at the direction of the lead official in Welsh Government.			✓		
3.10	Returning any under spend of NWIS funds within 30 days of the end of the financial year in which the underspend occurs.			✓		

Status Key:

- = Complete / No further action required
- = On target to complete within required timeframes
- = At risk of not completing within required timeframes
- = Not completed within required timeframes

<ID Reference to be added when approved>

TERMS OF REFERENCE AND OPERATING ARRANGEMENTS

AUDIT AND ASSURANCE COMMITTEE

Agenda Item	2.2
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Document Version	d0.6
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Status	Draft
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Document author:	Chris Darling, Board Secretary
Approved by	Marian Jones, Chair of Audit & Assurance Committee
Date approved:	
Review date:	

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A healthier Wales
If more than one standard applies, please list below: A prosperous Wales A globally responsible Wales A Wales of vibrant culture and thriving Welsh language	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below: ISO 14001 ISO 13485	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below: Safe Care	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY	Yes, please see detail below
IMPLICATIONS/IMPACT	The Committee remit includes oversight of quality and regulatory compliance
	Yes, please see detail below

LEGAL IMPLICATIONS/IMPACT	The Committee will have oversight of statutory duties
FINANCIAL IMPLICATION/IMPACT	<p>Yes, please see detail below</p> <p>The Committee shall review the establishment and maintenance of an effective system of financial governance, policies and controls</p>
WORKFORCE IMPLICATION/IMPACT	<p>No, there is no direct impact on resources as a result of the activity outlined in this report.</p>
SOCIO ECONOMIC IMPLICATION/IMPACT	<p>No. there are no specific socio-economic implications related to the activity outlined in this report</p>

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION	6
2	INTRODUCTION	6
3	PURPOSE OF THE COMMITTEE	6
4	OBJECTIVES OF THE COMMITTEE	7
4.1	Internal Control and Risk Management	7
4.2	Finance	7
4.3	Internal Audit	8
4.4	External Audit	8
4.5	Procurement and Commercial Services	9
4.6	Value and Efficiencies	9
4.7	Quality Standards	9
4.8	Medical Devices Regulation Assurance	9
4.9	Counter Fraud	9
4.10	Environmental Sustainability, Estates & Health & Safety Compliance	10
5	ACCESS	10
6	MEETINGS	10
6.1	Withdrawal of individuals in attendance	10
6.2	Circulation of Papers	10
7	MEMBERSHIP, ATTENDEES AND QUORUM	10
7.1	Members	10
7.2	By Invitation	11
7.3	Appointments	11
7.4	Quorum	11
8	GOVERNANCE	11
8.1	Relationships and accountabilities with the Board and it's Committee/Groups	11
8.2	Reporting and Assurance Arrangements	12
8.3	Applicability of standing orders to Committee Business	12
9	REFERENCES	12
10	DEFINITIONS	12

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary
01.12.20	D0.1	Sophie Fuller	Initial draft
24.02.21	D0.2	Sophie Fuller	Second draft
18.03.21	D0.3	Sophie Fuller	Third draft
25.03.21	D0.4	Chris Darling	Fourth draft
15.04.21	D0.5	Chris Darling	Fifth draft including Chair comments
28.04.21	D0.6	Chris Darling	Sixth draft including Chair comments

1.2 REVIEWERS


This document requires the following reviews:


Date	Version	Name	Position
Jan 2021	0.2	Mark Cox	Deputy Director of Finance
Feb 2021	0.2	Julie Ash	Head of Corporate Services
Feb 2021	0.2	Julie Francis	Head of Commercial Services
Feb 2021	0.2	Chris Darling	Board Secretary
Feb 2021	0.2	Claire Osmundsen-Little	Director of Finance
Mar 21	0.3	Claire Osmundsen-Little Chris Darling	Director of Finance Board Secretary
Mar 21	0.4	Claire Osmundsen-Little Chris Darling	Director of Finance Board Secretary
Apr 21	0.5	Marian Jones	Audit & Assurance Committee Chair
Apr 21	0.6	Claire Osmundsen-Little Chris Darling	Director of Finance Board Secretary

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	Chris Darling
Role:	Board Secretary

Signature:	<div style="text-align: center;">  <hr style="width: 100%; border: 0.5px solid black;"/> Author </div>
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Approver's Name:	Marian Jones
Role:	Chair of Audit and Assurance Committee
Signature:	<div style="text-align: center;">  <hr style="width: 100%; border: 0.5px solid black;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Integrated management System

2 INTRODUCTION

In line with Section 3.3 of the Standing Orders, the Board shall nominate annually a committee which covers Audit. The remit of this Committee will be extended to include Assurance, Quality and Corporate Governance and will be known as the Audit and Assurance Committee.

The detailed terms of reference and operating arrangements set by the Board in respect of this Committee are detailed below.

These terms of reference and operating arrangements are to be read alongside the standard terms of reference and operating arrangements applicable to all committees.

The Board Secretary will ensure that all papers are distributed at least one calendar week in advance of the meeting and will determine the secretarial and support arrangements for the Committee.

These Terms of Reference shall be adopted by the Audit and Assurance Committee at its first meeting and subject to review at least on an annual basis thereafter.

3 PURPOSE OF THE COMMITTEE

The purpose of the Audit and Assurance Committee ("the Committee") is to:

- **Assure** the Board and the Chief Executive (who is the Accountable Officer) that effective arrangements are in place

- through the design and operation of DHCW's risk and assurance framework
- to support them in their decision taking and in discharging their accountabilities for securing the achievement of its objectives, in accordance with the standards of good governance determined for the NHS in Wales
- **Advise** where appropriate, the Board and the Chief Executive on where, and how, its systems and assurance framework may be strengthened and developed further
- **Approve** on behalf of the Board policies, procedures and other written controlled documents

The Committee will function in accordance with the NHS Audit Committee Handbook.

4 OBJECTIVES OF THE COMMITTEE

Regarding its role in providing advice and assurance to the Board, the Committee will comment specifically on the:

4.1 Internal Control and Risk Management

The Committee shall review the establishment and maintenance of an effective system of internal control and risk management. In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurance, prior to endorsement by the Board;
- the structures, processes and responsibilities for identifying and managing clinical and non-clinical risks facing the organisation;
- the Special Health Authority's Organisational Risk Register and the adequacy of the scrutiny of strategic risks by assigned Committees;
- the Board Assurance Framework;
- the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct and accountability requirements.
- the effectiveness of risk identification, management, escalation and monitoring
- the policies and procedures for all work related to fraud and corruption as set out in the National Assembly for Wales Directions and as required by NHS Protect and the Counter Fraud and Security Management Service.
- Matters relating to counter fraud work.
- proposed changes to the Standing Orders and Scheme of Delegation
- the circumstances associated with each occasion where Standing Orders or Standing Financial Instructions are waived.

4.2 Finance

The Committee shall review the establishment and maintenance of an effective system of financial governance, policies and controls. In particular, the Committee will review the adequacy of:

- the policies for ensuring that there is compliance with relevant accounting policies, statutory and accountability requirements.
- the operational and financial effectiveness of the application of policies and procedures
- proposed changes to the Standing Financial Instructions and Financial Control Procedures.

- the circumstances associated with each occasion where Standing Financial Instructions are waived.

The Committee will also:

- Receive and determine action in response to the declaration of Board member and other officers' interests in accordance with advice received from the Board Secretary;
- Approve individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and officers;
- Review all losses and special payments;
- Retrospectively assure any purchase / expenditure above the delegated financial limit of the Chief Executive.
- When call upon validate financial related issues at the request of the Board.

4.3 Internal Audit

The Committee shall:

- Oversee the service provided by NWSSP Audit & Assurance Services, including ensuring that it provides value for money;
- Review the internal audit programme, consider the major findings of internal audit investigations, ensure co-ordination between the Internal and External Auditors and ensure all management responses to recommendations are appropriate and timely;
- Ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation;
- Assure itself that IA complies with the requirements of the public sector internal audit standards;
- Monitor the timely implementation by management of agreed audit recommendations.

4.4 External Audit

The Committee shall consider the work carried out by key sources of external assurance, in particular but not limited to the Special Health Authority external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace) internal assurance activity.

The Committee will:

- Partake in required discussion with the External Auditor, in line with the agreed audit plan, before the audit commences, the nature and scope of the audit, and ensure coordination, as appropriate, with other External Auditors in the local health economy and with Internal Audit;
- Review External Audit reports, including value for money reports and annual audit letters, together with the management response;
- Monitor the timely implementation by management of agreed audit recommendations;
- Receive a report from the Auditor General for Wales / Wales Audit Office on the results of his audit of the annual accounts before recommending adoption of those accounts to the Accountable Officer and the Special Health Authority.

The Committee shall review the annual financial statements before submission to the Board, focusing particularly on:

- changes in, and compliance with, accounting policies and practices;
- major judgemental areas;
- significant adjustments resulting from the audit;
- compliance with legal requirements;

- review any material mis-statements identified during the Audit.

4.5 Procurement and Commercial Services

The Committee will provide assurance on behalf of the board that adequate procurement activity is undertaken in line with the Wales procurement policy statement and other relevant policy documents.

To include:

- Overall compliance
- Scrutiny of single tender contracts
- Ongoing Management and review of the contracting and tendering process

4.6 Value and Efficiencies

The committee will provide assurance on behalf of the board that adequate savings plans are in place, when and where required, and undertake scrutiny to assess the progress of their delivery to ensure value for money for the organisation. Where appropriate the committee will provide recommendations and actions for remedial action and will highlight to the board areas of concern.

4.7 Quality Standards

The Committee will provide assurance for the Board on the Organisation's quality management system, ensuring there is an effective audit and quality improvement function that provides assurance to the Board

To Include:

- the systems and processes in place for ensuring Quality Standards are adequate
- scrutiny of the Quality Improvement processes adequacy, their timeliness and that activities are co-ordinated across the organisation

4.8 Medical Devices Regulation Assurance

The Committee will provide assurance on behalf of the Board on the organisation's commitment towards delivering compliance within Medical Devices Directive. The transition to Medical Devices Regulations and requirements to support this will be outlined and progress reported. Any updates to the legislation will be implemented in line with the internal change process and in collaboration with the Standard leads.

4.9 Counter Fraud

The Committee will review the adequacy of the policies and procedures for all work related to fraud and corruption as set out in National Assembly for Wales Directions and as required by the Counter Fraud and Security Management Service via our Service Level Agreement. Comment on anti-fraud policies, whistle-blowing (raising concerns) processes and arrangements for special investigations, and the adequacy of counter fraud resources.

The Committee will meet the Local Counter Fraud Specialist without the presence of officials on at least one occasion each year.

4.10 Environmental Sustainability, Estates & Health & Safety Compliance

The Committee shall provide assurance to the Board that the appropriate measures are in place to assure environmental sustainability and compliance with Estates and Health & Safety Legislation.

5 ACCESS

The Head of Internal Audit and Audit Wales and their representatives shall have unrestricted and confidential access to the Chair of the Audit and Assurance Committee at any time, and vice versa.

The Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist without the presence of officials on at least one occasion each year.

The Chair of the Audit and Assurance Committee shall have reasonable access to Executive Directors and other relevant senior staff. In addition, the Chair of the Audit and Assurance Committee shall escalate any issues directly to the DHCW Chair or Chief Executive as they feel appropriate.

6 MEETINGS

Meetings shall be held no less than four times a year, and otherwise as the Chair of the Committee deems necessary.

The Committee will arrange meetings to fit in with key statutory requirements during the year consistent with the DHCW's annual plan of Board Business.

6.1 Withdrawal of individuals in attendance

The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

6.2 Circulation of Papers

The Board Secretary will ensure that all papers are distributed at least 5 working days (7 calendar days) in advance of the meeting.

7 MEMBERSHIP, ATTENDEES AND QUORUM

7.1 Members

The Committee shall be appointed by the Board from amongst the Non-Officer Members of the Health Authority and shall consist of not less than 3 members, comprising:

Chair: Independent Member

Members: Independent Member x 4

The Special Health Authority Board shall appoint the Chair of the Committee, based on the recommendation of the DHCW Chair.

The Chair of the organisation shall not be a member of the Audit and Assurance Committee but may be invited to attend by the Chair of the Committee as appropriate.

The Board Secretary will determine the secretarial and support arrangements for the Committee.

The Director of Finance and appropriate Internal and External Audit representatives shall normally attend meetings. However, at least once a year, the Committee will meet privately with the External and Internal Auditors without any Executive Director or officer present. The opportunity to meet with Auditors privately will be available at each meeting.

Other usual expected attendees:

Director of Finance
Board Secretary
Deputy Director of Finance
Head of Corporate Services
Head of Internal Audit
External Audit Representative
Counter Fraud Representative

7.2 By Invitation

The Chief Executive and Chair shall be invited to attend at least annually to discuss the process for assurance that supports the Annual Governance Statement and at the meeting to discuss the Accounts.

Other Directors may be invited to attend when the Committee is discussing areas of risk or operation that are the responsibility of that Director.

7.3 Appointments

The membership of the Committee shall be determined by the Board, based on the recommendation of the DHCW Chair – taking account of the balance of skills and expertise necessary to deliver the Committee's remit and subject to any specific requirements or directions made by the Welsh Government.

The Board shall ensure succession planning arrangements are in place.

7.4 Quorum

At least **two** members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair (or Vice Chair where appointed).

8 GOVERNANCE

8.1 Relationships and accountabilities with the Board and it's Committee/Groups

The Audit and Assurance Committee must have an effective relationship with other committees or sub-committees of the Board so that it can understand the system of assurance for the Board as a whole. It is very important that the Audit and Assurance Committee remains aware of its distinct role and does not seek

to perform the role of other committees.

The Committee will consider the assurance provided through the work of the Board's other committees and subgroups to meet its responsibilities for advising the Board on the adequacy of DHCW's overall framework of assurance.

The Committee will arrange meetings to fit in with key statutory requirements during the year consistent with the DHCW's annual plan of Board Business.

8.2 Reporting and Assurance Arrangements

The Committee shall provide a written, annual report to the Board and the Chief Executive on its work in support of the Annual Governance Statement specifically commenting on:

- The adequacy of the assurance framework
- The extent to which risk management is comprehensively embedded throughout the organisation
- The adequacy of governance arrangements, and;
- The appropriateness of self-assessment activity against relevant standards.

The report will also record the results of the Committee's self-assessment and evaluation.

The Committee will also ensure appropriate escalation arrangements are in place to alert the DHCW Chair, Chief Executive or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the SHA.

8.3 Applicability of standing orders to Committee Business

The requirements for the conduct of business as set out in the SHA's Standing Orders are equally applicable to the operation of the Committee.

9 REFERENCES

DOCUMENT	VERSION
Standing Orders	1
Standing Financial Instructions	1

10 DEFINITIONS

TERM	DEFINITION
DHCW	Digital Health and Care Wales

DIGITAL HEALTH AND CARE WALES

AUDIT AND ASSURANCE COMMITTEE ANNUAL CYCLE OF BUSINESS & FORWARD WORKPLAN

Agenda Item	2.3
-------------	-----

Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Chris Darling, Board Secretary Claire Osmundsen-Little, Executive Director of Finance
Prepared By	Chris Darling, Board Secretary
Presented By	Chris Darling, Board Secretary

Purpose of the Report	For Approval
Recommendation	
<p>The Committee is being asked to:</p> <p>Approve the Annual Cycle of Business for the DHCW Audit & Assurance Committee.</p> <p>Note the Forward Workplan</p>	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Acronyms			
DHCW	Digital Health and Care Wales		

1 SITUATION/BACKGROUND

- 1.1 The Audit & Assurance Committee should, on annual basis, receive a cycle of business which identifies the reports which will be regularly presented for consideration. The annual cycle is one of the key components in ensuring that the Audit & Assurance Committee is effectively carrying out its role.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The Cycle of Business covers the period 1st April 2021 to 31st May 2022. The Cycle of Business has been developed to help plan the management of Committee matters and facilitate the management of agendas and committee business.
- 2.2 The Forward Workplan covers the next three meetings to be held on 11 May, 6 July, 5 October 2021 and is a live document that will be updated as additional items are identified and agreed for inclusion on the agenda by the Chair of the Committee.
- 2.3 The DHCW Audit and Assurance Committee shall meet no less than four times per year, however because of the need to consider annual statements and accounts the Committee is likely to meet circa six times a year. The establishment of DHCW on the 1 April 2021 meant a Committee meeting in April 2021 was not possible, therefore 11 May will be the first meeting, followed by a meeting of the Committee in July, meetings will take place on a quarterly basis thereafter, noting additional meetings required to consider annual statements and accounts.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 2.3 All DHCW Audit and Assurance Committee members and officers should be aware of the Annual Cycle of Business, and should note submission dates for reports falling under their remit being two weeks prior to meetings held.

4 RECOMMENDATION

The Committee is being asked to:

Approve the Annual Cycle of Business.

Note the Forward Workplan

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	All Objectives apply
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CORPORATE RISK (ref if appropriate)	
--	--

WELL-BEING OF FUTURE GENERATIONS ACT	A healthier Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Effective Care
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: The Annual Cycle of Business and Forward Workplan do not require an EQIA.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report. The Annual Cycle of Business/Forward Workplan sets out the work programme for the Committee and ensures good governance contributing towards high quality, safe services.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below The Annual Cycle of Business/Forward Workplan ensures that statutory reporting timescales are adhered to.
	No, there are no specific financial implication related to the

FINANCIAL IMPLICATION/IMPACT	activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Audit & Assurance Committee

Cycle of Business (1st April 2021 – 31st May 2022)

The Audit & Assurance Committee should, on annual basis, receive a cycle of business which identifies the reports which will be regularly presented for consideration. The annual cycle is one of the key components in ensuring that the Audit & Assurance Committee is effectively carrying out its role.

The Cycle of Business covers the period 1st April 2021 to 31st May 2022.

The Cycle of Business has been developed to help plan the management of Committee matters and facilitate the management of agendas and committee business.

The principal role of the DHCW Board is set out in the Standing Orders 1.0.1.

The Committee is an independent member committee of the Board and has no executive powers, other than those specifically delegated in the Terms of Reference. The Committee will function in accordance with the NHS Audit Committee Handbook.

The purpose of the Committee is to advise and assure the Board on whether effective arrangements are in place – through the design and operation of the Special Health Authority system of risk and assurance – to support it in its decision taking and in discharging the accountabilities for securing the achievement of the Special Health Authority Board objectives in accordance with the standards of good governance determined for the NHS in Wales.

DHCW Audit & Assurance Committee Cycle of Business (1st April

2021 – 31st May 2022)

Item of Business	Executive Lead	Reporting period	Jan 2021	Feb 2021	Mar 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	April 2022	May 2022
Preliminary Matters																			
Minutes of the previous Committee Meeting	Board Secretary	All Regular Meetings					✓		✓			✓			✓			✓	✓
Action Log	Board Secretary	All Regular Meetings					✓		✓			✓			✓			✓	✓
Internal Control & Risk Management																			
Audit & Assurance Committee Annual Report	Board Secretary	Annually																✓	
Audit & Risk Committee Annual Self-Assessment	Board Secretary	Annually																✓	
Audit & Risk Committee Terms of Reference	Board Secretary	Annually					✓											✓	
Losses & Special Payments Report	Director of Finance	All Regular meetings					✓		✓			✓			✓			✓	
Procurements & Scheme of Delegation Report	Director of Finance	All Regular meetings					✓		✓			✓			✓			✓	
Annual Financial Accounts	Director of Finance	Annually																	✓
Accountability Report	Board Secretary	Annually					✓												✓
Organisational Risk Register	Board Secretary	All Regular Meetings					✓		✓			✓			✓			✓	
Board Assurance Framework (Report)	Board Secretary	At least twice a year							✓			✓			✓			✓	
Audit Recommendations Tracker	Board Secretary	All regular meetings					✓		✓			✓			✓			✓	
Local Counter Fraud Update	Head of Local Counter Fraud	All regular meetings					✓		✓			✓			✓			✓	
Counter Fraud Annual Report	Head of Local Counter Fraud	Annually																✓	
Counter Fraud Annual Self Review	Head of Local Counter Fraud	Annually																✓	
Counter Fraud Draft Work plan	Head of Local Counter Fraud	Annually					✓											✓	
Declarations of Interest and Gifts & Hospitality Report	Board Secretary	Quarterly					✓		✓			✓			✓			✓	
Committee Forward Work Programme	Board Secretary	All regular meetings					✓		✓			✓			✓			✓	
Estates Compliance	Director of Finance	All regular meetings					✓		✓			✓			✓			✓	
Quality and Regulatory Compliance	Director of Finance	All regular meetings					✓		✓			✓			✓			✓	

Item of Business	Executive Lead	Reporting period	Jan 2021	Feb 2021	Mar 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	April 2022	May 2022
Health & Care Standards	Director of Finance	Annually													✓				
Committee Cycle of Business	Board Secretary	Annually					✓								✓				
Internal Audit																			
Internal Audit Progress Report	Head of Internal Audit	All Regular Meetings					✓		✓			✓			✓			✓	
Internal Audit Annual Audit Plan	Head of Internal Audit	Annually					✓												
Internal Audit Reviews	Head of Internal Audit	All regular meetings					✓		✓			✓			✓			✓	
Head of Internal Audit Opinion and Annual Report	Head of Internal Audit	Annually																	✓
Audit Wales																			
Audit & Assurance Committee Update	Audit Wales	All regular meetings					✓		✓			✓			✓			✓	
Audit Wales Review Reports (as relevant)	Audit Wales	All regular meetings					✓		✓			✓			✓			✓	
Audit Wales Annual Audit Report	Audit Wales	Annually													✓				
Audit Wales Audit Plan 2021	Audit Wales	Annually					✓												
Audit Wales Audit of the Financial Statements (ISA 260) Report (Including the letter of representation and Audit Opinion)	Audit Wales	Annually																	✓
Structured Assessment	Audit Wales	Annually													✓				
Audit of Financial Statements Addendum Report (if required)	Audit Wales	Annually																	

Digital Health and Care Wales Audit and Assurance Committee Work Programme

Meeting Date	Standing Items and any additional items	Governance	Finance	Internal Audit	External Audit	Counter Fraud	Quality	Health and Safety (placeholder)
11 th May 2021	<ul style="list-style-type: none"> Welcome and Introductions Minutes Declarations of interest Action log Review of risk register relevant to committee Forward Work Programme Committee Highlight Report to Board Audit Tracker 	<ul style="list-style-type: none"> Annual Cycle of Business Committee Terms of Reference Risk Management Strategy 	<ul style="list-style-type: none"> Losses and special payments report Procurements and scheme of delegation report 	<ul style="list-style-type: none"> Internal Audit Annual Audit Plan Internal Audit Progress Report Internal Audit reviews 	<ul style="list-style-type: none"> Audit Wales Audit Plan 2021 Audit and Assurance Committee updates 	<ul style="list-style-type: none"> Counter Fraud Draft Work Plan Local Counter Fraud Update Report 	<ul style="list-style-type: none"> Quality and Regulatory Compliance Report 	<ul style="list-style-type: none"> Estates Report
6 th July 2021	<ul style="list-style-type: none"> Welcome and Introductions Minutes Declarations of interest Action log Review of risk register relevant to committee Forward Work Programme 	<ul style="list-style-type: none"> Board Assurance Framework Risk Assurance Report Declarations of Interest, Gifts and Hospitalities Report 	<ul style="list-style-type: none"> Losses and special payments report Procurements and scheme of delegation report 	<ul style="list-style-type: none"> Internal Audit Progress Report Internal Audit reviews 	<ul style="list-style-type: none"> Audit and Assurance Committee updates Audit Wales review reports 	<ul style="list-style-type: none"> Local Counter Fraud Update Report 	<ul style="list-style-type: none"> Quality and Regulatory Compliance Report 	<ul style="list-style-type: none"> Estates Report



	<ul style="list-style-type: none"> Committee Highlight Report to Board Audit Tracker 							
5 th October 2021	<ul style="list-style-type: none"> Welcome and Introductions Minutes Declarations of interest Action log Review of risk register relevant to committee Forward Work Programme Committee Highlight Report to Board Audit Tracker 	<ul style="list-style-type: none"> Risk and Board Assurance Report Declarations of Interest, Gifts and Hospitalities Report 	<ul style="list-style-type: none"> Losses and special payments report Procurements and scheme of delegation report 	<ul style="list-style-type: none"> Internal Audit Progress Report Internal Audit reviews 	<ul style="list-style-type: none"> Audit and Assurance Committee updates Audit Wales review reports 	<ul style="list-style-type: none"> Local Counter Fraud Update Report 	<ul style="list-style-type: none"> Quality and Regulatory Compliance Report 	<ul style="list-style-type: none"> Estates Report

DIGITAL HEALTH AND CARE WALES

INTERNAL AUDIT PLAN 2021/22

NWSSP AUDIT & ASSURANCE SERVICES

Agenda Item	3.1
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little, Executive Director of Finance
Prepared By	James Quance, Head of Internal Audit
Presented By	James Quance, Head of Internal Audit

Purpose of the Report	For Approval
Recommendation	
The Committee is asked to: Approve the Internal Audit Plan for 2021/22.	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Acronyms

1 SITUATION/BACKGROUND

- 1.1 This document sets out the proposed Internal Audit Plan for 2021/22 (the Plan) for Digital Health and Care Wales (DHCW) detailing the audits to be undertaken and an analysis of the corresponding resources. It also contains the Internal Audit Charter which defines the overarching purpose, authority and responsibility of Internal Audit and the Key Performance Indicators for the service. It has been developed and agreed with the Senior Leadership Team.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The Committee is asked to approve the proposed plan for the year.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 The Committee provides assurance to the Board that an appropriate Internal Audit programme is in place for the year.

4 RECOMMENDATION

The Committee is asked to **approve** the Internal Audit Plan for 2021/22.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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CORPORATE RISK (ref if appropriate)	The Plan covers corporate risks where appropriate
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WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

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HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	
Due to the nature of Internal Audit coverage all standards are applicable.	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: Not required.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME
Senior Leadership Team	4 March 2021	Agreed

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Digital Health and Care Wales

Internal Audit Plan 2021/22

March 2021

**NHS Wales Shared Services Partnership
Audit and Assurance Services**



Contents

		Page No
1.	Introduction	3
2.	Developing the Internal Audit Plan	4
2.1	Link to the Public Sector Internal Audit Standards	4
2.2	Risk based internal audit planning approach	4
2.3	Link to DHCW systems of assurance	6
2.4	Audit planning meetings	7
3.	Audit risk assessment	7
4.	Planned internal audit coverage	7
4.1	Internal Audit Plan 2021/22	7
4.2	Keeping the plan under review	8
5.	Resource needs assessment	9
6.	Action required	9

Appendix A Internal Audit Plan 2021/22

Appendix B Key Performance Indicators

Appendix C Internal Audit Charter 2021

1. Introduction

This document sets out the Internal Audit Plan for 2021/22 (the Plan) for Digital Health and Care Wales (DHCW) detailing the audits to be undertaken and an analysis of the corresponding resources. It also contains the Internal Audit Charter which defines the over-arching purpose, authority and responsibility of Internal Audit and the Key Performance Indicators for the service.

As a reminder, the Accountable Officer (the Chief Executive) is required to certify, in the Annual Governance Statement, that they have reviewed the effectiveness of the organisation's governance arrangements, including the internal control systems, and provide confirmation that these arrangements have been effective, with any qualifications as necessary including required developments and improvement to address any issues identified.

The purpose of Internal Audit is to provide the Accountable Officer and the Board, through the Audit & Assurance Committee, with an independent and objective annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control. The opinion should be used to inform the Annual Governance Statement.

Additionally, the findings and recommendations from internal audit reviews may be used by DHCW management to improve governance, risk management, and control within their operational areas.

The Public Sector Internal Audit Standards (the Standards) require that 'The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered in accordance with the internal audit charter and how it links to the organisational objectives and priorities.'

Accordingly, this document sets out the risk-based approach and the Plan for 2021/22. The Plan will be delivered in accordance with the Internal Audit Charter and the agreed KPIs which are monitored and reported to you. All internal audit activity will be provided by Audit & Assurance Services, a part of NHS Wales Shared Services Partnership.

2. Developing the Internal Audit Plan

2.1 Link to the Public Sector Internal Audit Standards

The Plan has been developed in accordance with Public Sector Internal Audit Standard 2010 – Planning, to enable the Head of Internal Audit to meet the following key objectives:

- the need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- provision to the Accountable Officer of an overall independent and objective annual opinion on the organisation's governance, risk management, and control, which will in turn support the preparation of the Annual Governance Statement;
- audits of the organisation's governance, risk management, and control arrangements which afford suitable priority to the organisation's objectives and risks;
- improvement of the organisation's governance, risk management, and control arrangements by providing line management with recommendations arising from audit work;
- quantification of the audit resources required to deliver the Internal Audit Plan;
- effective co-operation with Audit Wales as external auditor and other review bodies functioning in the organisation; and
- provision of both assurance (opinion based) and consulting engagements by Internal Audit.

2.2 Risk based internal audit planning approach

Our risk-based planning approach recognises the need for the prioritisation of audit coverage to provide assurance on the management of key areas of risk, and our approach addresses this by considering the:

- organisation's risk assessment and maturity;
- the previous years' internal audit activities; and
- the audit resources required to provide a balanced and comprehensive view.

Our planning takes into account the NHS Wales Planning Framework and other NHS Wales priorities, and is mindful of significant national changes that are taking place, in particular the ongoing impact of COVID-19. In addition, the plan aims to reflect the significant developments occurring as identified as part of the transition to a special health authority and going forward the Integrated Medium Term Plan (IMTP) and other plans of the organisation,

assurance needs, identified concerns from our discussions with management, and emerging risks.

We will ensure that the plan remains fit for purpose by recommending changes where appropriate and reacting to any emerging issues throughout the year. Any necessary updates will be reported to the Audit & Assurance Committee in line with the Internal Audit Charter.

While some areas of governance, risk management and control will require annual review and some others are mandated by Welsh Government, our risk-based planning approach recognises that it is not possible to audit every area of an organisation's activities every year. Therefore, our approach identifies auditable areas (the audit universe). The risk associated with each auditable area is assessed and this determines the appropriate frequency for review.

In addition, we are also aiming to agree a programme of work through both the Board Secretaries and Directors of Finance networks. These audits and reviews may be undertaken across all NHS bodies or a particular sub-set, for example at Health Boards only.

Therefore, our audit plan is made up of a number of key components:

1) Annual audit work: Areas where annual audit work will support the most efficient and effective delivery of an annual opinion. These cover the Board Assurance Framework, Risk Management, Financial Sustainability, Performance Monitoring & Management and key areas of IM&T. We anticipate more detailed reviews in the first year of DHCW with shorter overviews in future years to establish the arrangements in place including any changes from the previous year with detailed testing where required.

2) Organisation based audit work – this covers key risks and priorities from the Board Assurance Framework and the Corporate Risk Register together with other auditable areas identified and prioritised through our planning approach. This work combines elements of governance and risk management with the controls and processes put in place by management to effectively manage the areas under review.

We recognise that there is a need to audit in a more agile way and to this end we have agreed with some organisations to plan this component of the work on a half-yearly rather than annual basis (the two half year elements making an annual plan). DHCW has chosen to have a full annual programme of work identified at this stage recognising that some audits may change during the year as the organisation develops.

3) Follow up: this is follow-up work on previous limited and no assurance reports as well as other high priority recommendations. Our work here also links to the organisation's recommendation tracker and considers the impact of their implementation on the systems of governance and control.

4) Work agreed with the Board Secretaries, Directors of Finance, other executive peer groups, or Audit & Assurance Committee Chairs in response to common risks faced by a number of organisations. This may be advisory work in order to identify areas of best practice or shared learning.

5) The impact of audits undertaken at other NHS Wales bodies that impacts on DHCW, primarily NWSSP.

6) Where appropriate, Integrated Audit & Assurance Plans will be agreed for major capital and transformation schemes and charged for separately. Health bodies are able to add a provision for audit and assurance costs into the Final Business Case for major capital bids.

These components are designed to ensure the our internal audit programmes comply with all of the requirements of the Standards, supports the maximisation of the benefits of being an all-NHS Wales wide internal audit service, and allows us to respond in an agile way to requests for audit input at both an all-Wales and organisational level.

2.3 Link to DHCWs systems of assurance

The risk based internal audit planning approach integrates with DHCW systems of assurance; thus, we consider the following:

- a review of the Board's vision, values and forward priorities;
- an assessment of DHCWs governance and assurance arrangements and the contents of the corporate risk register;
- risks identified in papers to the Board and its Committees (in particular the Audit & Assurance Committee and the Quality and Safety Committee);
- key strategic risks identified within the corporate risk register and assurance processes;
- discussions with Executive Directors regarding risks and assurance needs in areas of corporate responsibility;
- cumulative internal audit knowledge of governance, risk management, and control arrangements (including a consideration of past internal audit opinions for NWIS);
- new developments and service changes;
- legislative requirements to which the organisation is required to comply;
- planned audit coverage of systems and processes provided through NHS Wales Shared Services Partnership (NWSSP);
- work undertaken by other supporting functions of the Audit & Assurance Committee including Local Counter-Fraud Services (LCFS) where appropriate;
- work undertaken by other review bodies including Audit Wales; and
- coverage necessary to provide assurance to the Accountable Officer in support of the Annual Governance Statement.

2.4 Audit planning meetings

In developing the Plan, in addition to consideration of the above, the Head of Internal Audit has met and spoken with a number of DHCW's Executives to discuss current areas of risk and related assurance needs. Meetings have been held, and planning information shared, with the DHCW Executive Team, the Chair of the Audit & Assurance Committee and the Chair of the Board.

To inform our planning in relation to the Health Board's hosted bodies we have also spoken with the following key personnel during the planning process:

- Claire Osmundsen-Little, Director of Finance & Business Assurance; and
- Chris Darling, Board Secretary

The draft Plan has been provided to the DHCW Executive Management team to ensure that Internal Audit effort was best targeted to areas of risk

3. Audit risk assessment

The prioritisation of audit coverage across the audit universe is based on the organisation's assessment of risk and assurance requirements as defined in the Board Assurance Framework and Corporate Risk Register.

The maturity of these risk and assurance systems allows us to consider both inherent risk (impact and likelihood) and mitigation (adequacy and effectiveness of internal controls). Our assessment also takes into account corporate risk, materiality or significance, system complexity, previous audit findings, potential for fraud, and sensitivity.

4. Planned internal audit coverage

4.1 Internal Audit Plan 2021/22

The Plan is set out in Appendix A and identifies the audit assignment, lead executive officer, outline scope, and proposed timing. It is structured under the components referred to in section 2.2 (Integrated Audit and Assurance Plans are not anticipated for 2021/22).

The Plan also identifies those audits that provide assurance to DHCW only and those that will provide assurance to other NHS organisations due to the nature of the services that DHCW provides.

Where appropriate the Plan makes cross reference to key strategic risks identified within the corporate risk register and related systems of assurance together with the proposed audit response within the outline scope.

The scope, objectives and audit resource requirements and timing will be refined in each area when developing the audit scope in discussion with the responsible Executive Director(s) and operational management.

The scheduling takes account of the optimum timing for the performance of specific assignments in discussion with management, and Audit Wales requirements if appropriate.

The Audit & Assurance Committee will be kept apprised of performance in delivery of the Plan, and any required changes, through routine progress reports to each Audit & Assurance Committee meeting.

Audit coverage, in terms of capital audit and estates assurance, will be delivered by our Capital & Estates Team, and work on Information Governance and IT Security will be delivered by our IM&T Team.

4.2 Keeping the plan under review

Our risk assessment and resulting Plan is limited to matters emerging from the planning processes indicated above.

Audit & Assurance Services is committed to ensuring its service focuses on priority risk areas, business critical systems, and the provision of assurance to management across the medium term and in the operational year ahead. As in any given year, our Plan will be kept under review and may be subject to change to ensure it remains fit for purpose. We are particularly mindful of the level of uncertainty that currently exists with regards to the COVID-19 pandemic. At this stage, it is not clear how the pandemic will affect the delivery of the Plan over the coming year. To this end, the need for flexibility and a revisit of the focus and timing of the proposed work will be necessary at some point during the year.

Consistent with previous years, and in accordance with best professional practice, an unallocated contingency provision has been retained in the Plan to enable Internal Audit to respond to emerging risks and priorities identified by the Executive Management Team and endorsed by the Audit & Assurance Committee. Any changes to the Plan will be based upon consideration of risk and need and will be presented to the Audit & Assurance Committee for approval.

Regular liaison with Audit Wales as your External Auditor will take place to coordinate planned coverage and ensure optimum benefit is derived from the total audit resource.

5. Resource needs assessment

Internal Audit has the necessary resources to deliver the agreed programme through both the local audit team and access to specialist resource.

Provision has also been made for other essential audit work including planning, management, reporting and follow-up.

If additional work, support or further input necessary to deliver the plan is required during the year over and above the total indicative resource requirement a fee may be charged. Any change to the plan will be based upon consideration of risk and need and presented to the Audit & Assurance Committee for approval.

The Standards enable Internal Audit to provide consulting services to management. The commissioning of these additional services by the Health Board/Trust/Other, unless already included in the plan, is discretionary. Accordingly, a separate fee may need to be agreed for any additional work.

6. Action required

The Audit & Assurance Committee is invited to consider the Internal Audit Plan for 2021/22 and:

- approve the Internal Audit Plan for 2021/22;
- approve the Internal Audit Charter; and
- note the associated Internal Audit resource requirements and Key Performance Indicators.

James Quance

Head of Internal Audit – Digital Health and Care Wales
Audit & Assurance Services
NHS Wales Shared Services Partnership

Appendix A Internal Audit Plan 2021/22

Appendix B Key Performance Indicators

Appendix C Internal Audit Charter

Planned output	Audit ref.	Outline scope	Lead officers	Outline timing
1. Annual Audit Work				
Assurance and Risk management	01	To review risk management arrangements. To include the developing Board Assurance Framework (BAF) and Corporate/Organisational Risk Register.	Board Secretary for BAF; and Chief Executive Officer for Risk Register	Q3
Governance Reporting	-	Review of the Public Accountability Statements and feedback in line with DHCWs reporting cycle.	Board Secretary	-
Governance arrangements	02	To include Board and sub-committee functions, and policies and procedures.	Board Secretary	Q3
Strategic planning	03	To review strategic planning arrangements, including Board involvement and involvement of stakeholders.	Director of Planning	Q3/Q4
Performance management	04	An overview of the performance management arrangements of DHCW, with consideration of the accuracy of operating performance measures and stakeholder reporting.	Chief Operating Officer	Q3/Q4

Planned output	Audit ref.	Outline scope	Lead officers	Outline timing
Core Financial Systems/Financial Sustainability	05	Rotational coverage with consideration to include: <ul style="list-style-type: none"> • Financial reporting and accounts production; • Budgetary control and reporting mechanisms; • <i>Ad hoc</i> supplier payments; • General ledger – including journals process and control accounts; • Purchasing cards; • Banking arrangements, reconciliations and processes; and • Non-current assets (tangible and intangible). 	Director of Finance and Business Assurance	Q2/Q3
2. Organisation Based Audit Work				
Assurances to DHCW and Other NHS Wales Organisations				
Project assurance	06	Review of project management arrangements for a current project, ie Critical Care.	Chief Operating Officer	Q2
Data Centre	07	Review of the management of risk in respect of the transfer from the Blaenavon Data Centre.	Director of ICT	Q4

Planned output	Audit ref.	Outline scope	Lead officers	Outline timing
System assurance	08	Review of key controls for an established system, covering governance, data, security etc. System to be agreed.	Director of Application Development and Support	Q3
Data analytics	09	Review of this workstream as a developing area for which DHCW is leading for Wales.	Director of Information	Q2
System development	10	Review of the processes in place to develop projects including stakeholder involvement.	Director of Application Development and Support	Q3
Assurances to DHCW Only				
Corporate transitional plan - Integration of services/contracts	11	This scope to include contract arrangements, such as service level agreements, integration of services, and migration of policies and procedures. The review will be linked to transitional governance arrangements with regards to Finance and Workforce.	Director of Finance and Business Assurance/Board Secretary	Q1
Directorate/Service review	12	Review of compliance with operational policies and procedures as part of rotational coverage of service areas.	Chief Operating Officer	Q4
Workforce review	13	To possibly include the implications of the TUPE process, recruitment of staff, and the staff induction process.	Director of Workforce and Organisational Development	Q2

Planned output	Audit ref.	Outline scope	Lead officers	Outline timing
3. Follow-up				
Follow-up will be considered towards the end of the financial year if required.				
4. Work Agreed with Board Secretaries/Directors of Finance/Other Executive Peer Groups				
To be determined.				
5. Audits Undertaken at Other Bodies				
Purchase to Pay	-	Audit undertaken at NWSSP of non-pay expenditure controls. Scope to also consider procurement activity at DHCW.	Director of Finance and Business Assurance	Q3/Q4
Payroll	-	Audit undertaken at NWSSP of pay expenditure controls.	Director of Finance and Business Assurance	Q3/Q4
Other Activity				
Audit Contingency/follow-up				
Ongoing advice and support on establishment of control and governance processes				
Audit management and reporting, including attendance at Audit & Assurance Committee				

The following Key Performance Indicators (KPIs) are used to monitor progress against the Internal Audit programme of work:

KPI	SLA required	Target 2021/22
Annual Internal Audit plan agreed	✓	By 31 March
Head of Internal Audit opinion	✓	By 31 May
Audits reported vs. total planned audits	✓	varies
% of audit outputs in progress	No	varies
Report turnaround fieldwork to draft reporting [10 days]	✓	80%
Report turnaround management response to draft report [15 days]	✓	80%
Report turnaround draft response to final reporting [10 days]	✓	80%



Digital Health and Care Wales

INTERNAL AUDIT CHARTER

March 2021

Contents

Section	Page
1. Introduction	1
2. Purpose and Responsibility	1
3. Independence and Objectivity	3
4. Authority and Accountability	4
5. Relationships	4
6. Standards, Ethics and Performance	6
7. Scope	7
8. Approach	8
9. Reporting	10
10. Access and Confidentiality	12
11. Irregularities, Fraud & Corruption	12
12. Quality Assurance	13
13. Resolving Concerns	13
14. Review of the Internal Audit Charter	13
Appendix A – Audit Reporting Process	14
Appendix B – Audit Assurance Ratings	15

1 Introduction

1.1 This Charter is produced and updated regularly to comply with the Public Sector Internal Audit Standards. The Charter is complementary to the relevant provisions included in Digital Health and Care Wales' (the 'organisation') own Standing Orders and Standing Financial Instructions.

1.2 The terms 'board' and 'senior management' are required to be defined under the Standards and therefore have the following meaning in this Charter:

- Board means the Board of the organisation with responsibility to direct and oversee the activities and management of the organisation. The Board has delegated authority to the Audit & Assurance Committee in terms of providing a reporting interface with internal audit activity; and
- Senior Management means the Chief Executive as being the designated Accountable Officer for the organisation. The Chief Executive has made arrangements within this Charter for an operational interface with internal audit activity through the Board Secretary.

1.3 Internal Audit seeks to comply with all the appropriate requirements of the Welsh Language (Wales) Measure 2011. We are happy to correspond in both Welsh and English.

2 Purpose and responsibility

2.1 Internal Audit is an independent, objective assurance and advisory function designed to add value and improve the operations of the organisation. Internal Audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

2.2 Internal Audit is responsible for providing an independent and objective assurance opinion to the Accountable Officer, the Board and the Audit & Assurance Committee on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control¹. In addition, Internal Audit's findings and recommendations are beneficial to management in securing improvement in the audited areas.

2.3 The organisation's risk management, internal control and governance arrangements comprise:

- the policies, procedures and operations established by the organisation to ensure the achievement of objectives;
- the appropriate assessment and management of risk, and the related system of assurance;
- the arrangements to monitor performance and secure value for money in the use of resources;

- the reliability of internal and external reporting and accountability processes and the safeguarding of assets;
- compliance with applicable laws and regulations; and
- compliance with the behavioural and ethical standards set out for the organisation.

2.4 Internal Audit also provides an independent and objective advisory service specifically to help management improve the organisations risk management, control and governance arrangements. The service applies the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that management have put in place to ensure the achievement of the organisations objectives, and through recommendations for improvement. Such advisory work contributes to the opinion which Internal Audit provides on risk management control and governance.

¹ *Audit work designed to deliver an audit opinion on the risk management, control, and governance arrangements is referred to in this Internal Audit Charter as assurance work because management use the audit opinion to derive assurance about the effectiveness of their controls.*

3 Independence and Objectivity

- 3.1 Independence as described in the Public Sector Internal Audit Standards is the freedom from conditions that threaten the ability of the Internal Audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the Internal Audit activity, the Head of Internal Audit will have direct and unrestricted access to the Board and Senior Management, in particular the Chair of the Audit & Assurance Committee and Accountable Officer.
- 3.2 Organisational independence is effectively achieved when the auditor reports functionally to the Audit & Assurance Committee on behalf of the Board. Such functional reporting includes the Audit & Assurance Committee:
- approving the internal audit charter;
 - approving the risk based internal audit plan;
 - approving the internal audit budget and resource plan;
 - receiving outcomes of all internal audit work together with the assurance rating; and
 - reporting on Internal Audit activity's performance relative to its plan.
- 3.3 Whilst maintaining effective liaison and communication with the organisation, as provided in this Charter, all internal audit activities shall remain free of untoward influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.
- 3.4 Internal Auditors shall have no executive or direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity, which would normally be audited.
- 3.5 This Charter makes appropriate arrangements to secure the objectivity and independence of Internal Audit as required under the standards. In addition, the shared service model of provision in NHS Wales through NWSSP provides further organisational independence.
- 3.6 In terms of avoiding conflicts of interest in relation to non-audit activities, Audit & Assurance has produced a Consulting Protocol that includes all of the steps to be undertaken to ensure compliance with the relevant Public Sector Internal Audit Standards that apply to non-audit activities.

4 Authority and Accountability

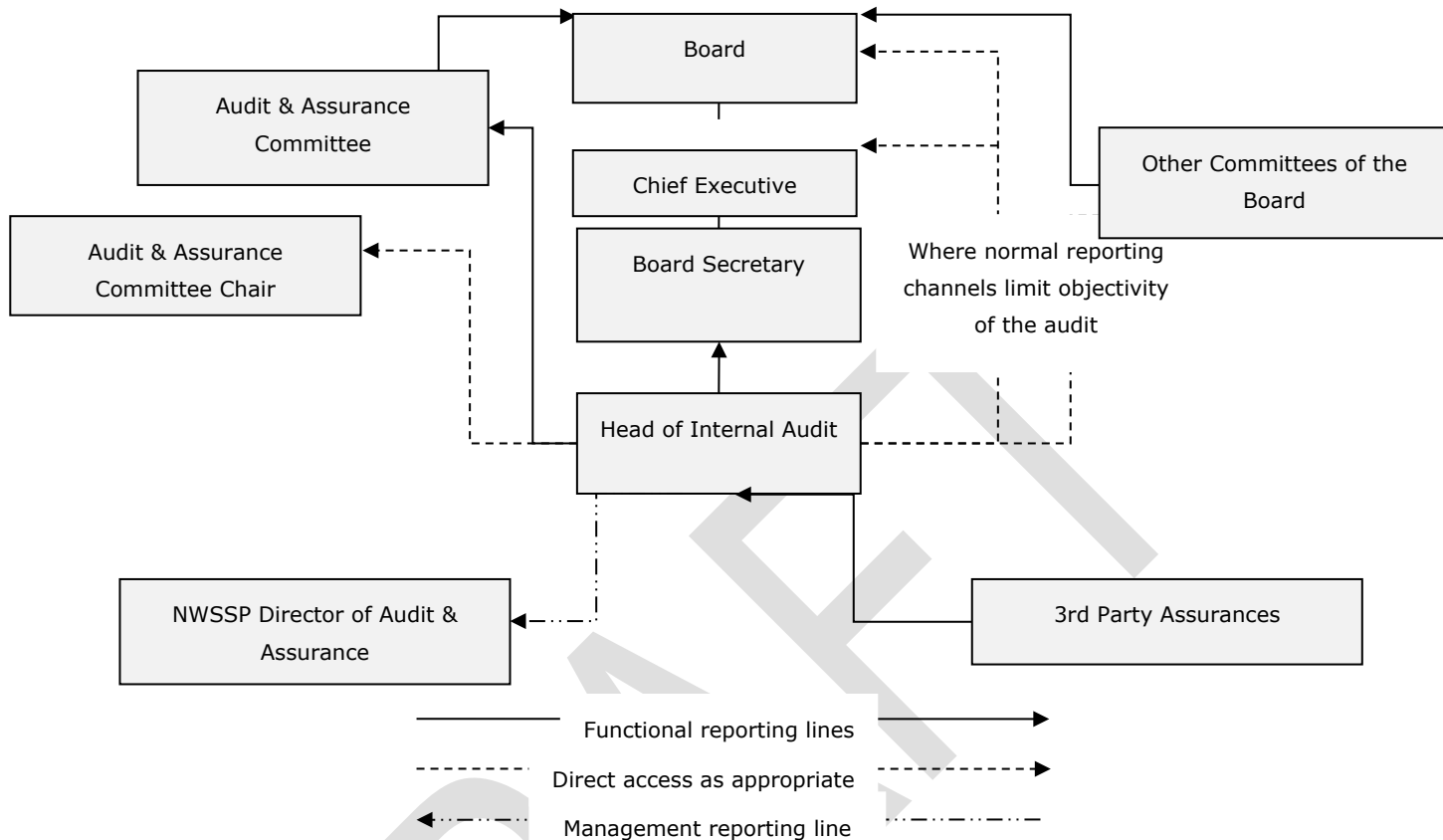
- 4.1 Internal Audit derives its authority from the Board, the Accountable Officer and the Audit & Assurance Committee. These authorities are established in Standing Orders and Standing Financial Instructions adopted by the Board.
- 4.2 The Minister for Health has determined that internal audit will be provided to all health organisations by the NHS Wales Shared Services Partnership (NWSSP). The service provision will be in accordance with the Service Level Agreement agreed by the Shared Services Partnership Committee and in which the organisation has permanent membership.
- 4.3 The Director of Audit & Assurance leads the NWSSP Audit and Assurance Services and after due consultation will assign a named Head of Internal Audit to the organisation. For line management (e.g. individual performance) and professional quality purposes (e.g. compliance with the Public sector Internal Audit Standards), the Head of Internal Audit reports to the Director of Audit & Assurance.
- 4.4 The Head of Internal Audit reports on a functional basis to the Accountable Officer and to the Audit & Assurance Committee on behalf of the Board. Accordingly, the Head of Internal Audit has a direct right of access to the Accountable Officer the Chair of the Audit & Assurance Committee and the Chair of the organisation if deemed necessary.
- 4.5 The Audit & Assurance Committee approves all Internal Audit plans and may review any aspect of its work. The Audit & Assurance Committee also has regular private meetings with the Head of Internal Audit.
- 4.6 In order to facilitate its assessment of governance within the organisation, Internal Audit is granted access to attend any committee or sub-committee of the Board charged with aspects of governance.

5 Relationships

- 5.1 In terms of normal business the Accountable Officer has determined that the Board Secretary will be the nominated executive lead for internal audit. Accordingly, the Head of Internal Audit will maintain functional liaison with this officer.
- 5.2 In order to maximise its contribution to the Board's overall system of assurance, Internal Audit will work closely with the organisation's Board Secretary in planning its work programme.
- 5.3 Co-operative relationships with management enhance the ability of Internal Audit to achieve its objectives effectively. Audit work will be planned in conjunction with management, particularly in respect of the timing of audit work.
- 5.4 Internal Audit will meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to seek opportunities for co-operation in the conduct of audit work. In particular, Internal Audit will make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate.

- 5.5 The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework.
- 5.6 The Head of Internal Audit will take account of key systems that are being operated by organisations outside of the remit of the Accountable Officer, or through a shared or Joint Committee arrangement, e.g. the NHW Wales Shared Services Partnership, WHSSC, EASC and NWIS (NWIS becomes a Special Health Authority called Digital Health and Care Wales from 1st April 2021).
- 5.7 Internal Audit strives to add value to the organisation's processes and help improve its systems and services. To support this Internal Audit will obtain an understanding of the organisation and its activities, encourage two-way communications between Internal Audit and operational staff, discuss the audit approach and seek feedback on work undertaken.
- 5.8 The key organisational reporting lines for Internal Audit are summarised in Figure 1. As part of this, the Audit & Assurance Committee may determine that another committee of the organisation is a more appropriate forum to receive and action individual audit reports. However, the Audit & Assurance Committee will remain the final reporting line for all reports.

Figure 1: Audit reporting lines



6 Standards, Ethics, and Performance

- 6.1 Internal Audit must comply with the Definition of Internal Auditing, the Core Principles, Public Sector Internal Audit Standards and the professional Code of Ethics, as published on the NHS Wales e-governance website.
- 6.2 Internal Audit will operate in accordance with the Service Level Agreement (2018) and associated performance standards agreed with the Audit & Assurance Committee and the Shared Services Partnership Committee. The Service Level Agreement includes a number of Key Performance Indicators and we will agree with each Audit & Assurance Committee which of these they want reported to them and how often.

7 Scope

- 7.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management arrangements, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes but is not limited to:
- reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
 - reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations, and reports on whether the organisation is in compliance;
 - reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
 - reviewing and appraising the economy and efficiency with which resources are employed, this may include benchmarking and sharing of best practice;
 - reviewing operations or programmes to ascertain whether results are consistent with the organisation's objectives and goals and whether the operations or programmes are being carried out as planned;
 - reviewing specific operations at the request of the Audit & Assurance Committee or management, this may include areas of concern identified in the corporate risk register;
 - monitoring and evaluating the effectiveness of the organisation's risk management arrangements and the overall system of assurance;
 - reviewing arrangements for demonstrating compliance with the Health and Care standards;
 - ensuring effective co-ordination, as appropriate, with external auditors; and
 - reviewing the Governance and Accountability modular assessment and the Annual Governance Statement prepared by senior management.
- 7.2 Internal Audit will devote particular attention to any aspects of the risk management, internal control and governance arrangements affected by material changes to the organisation's risk environment.
- 7.3 If the Head of Internal Audit or the Audit & Assurance Committee consider that the level of audit resources or the Charter in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a services consistent with the definition of internal auditing, they will advise the Accountable Officer and Board accordingly.
- 7.4 The scope of the audit coverage will take into account and include any hosted body.

8 Approach

8.1 To ensure delivery of its scope and objectives in accordance with the Charter and Standards Internal Audit has produced an Audit Manual (called the Quality Manual). The Quality Manual includes arrangements for planning the audit work. These audit planning arrangements are organised into a hierarchy as illustrated in Figure 2 below.

Figure 2 Audit planning hierarchy

NHS Wales Level	NWSSP overall audit strategy	Arrangements for provision of internal audit services across NHS Wales to meet
Organisation Level	Entity strategic 3-year audit plan	Entity level medium term audit plan linked to organisational objectives
	Entity annual internal audit plan	Annual internal audit plan detailing audit engagements to be completed in year ahead leading to the overall HIA opinion
Business Unit Level	Assignment plans	Assignment plans detail the scope and objectives for each audit engagement within the annual operational plan

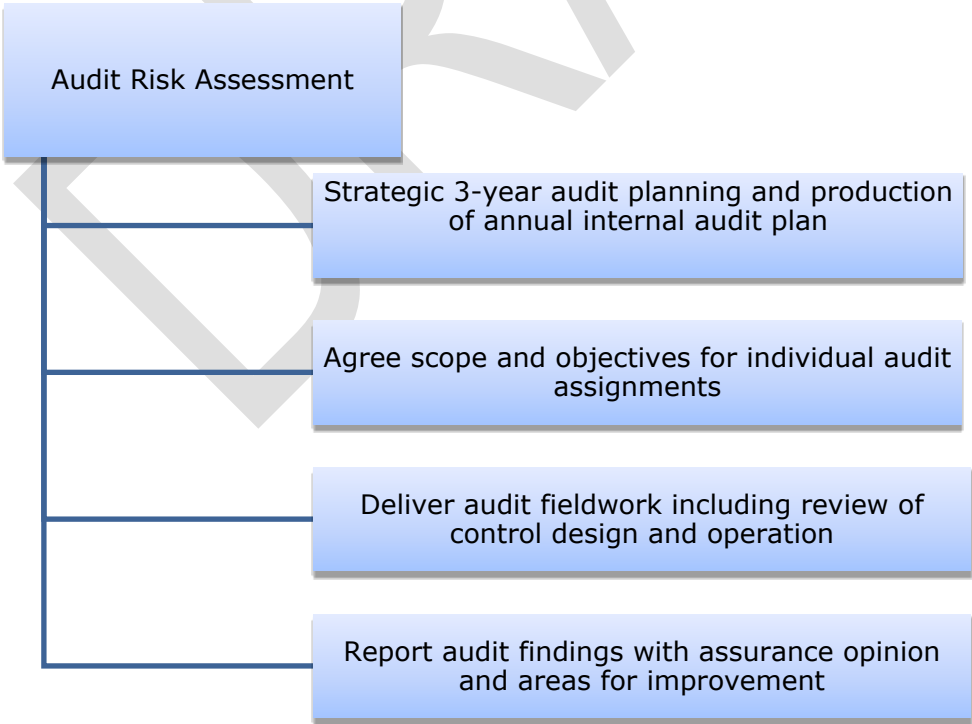
8.2 NWSSP Audit & Assurance Services has developed an overall audit strategy which sets out the strategic approach to the delivery of audit services to all health organisations in NHS Wales. The strategy also includes arrangements for securing assurance on the national transaction processing systems including those operated by NWSSP on behalf of NHS Wales.

8.3 The main purpose of the Strategic 3-year Audit Plan is to enable the Head of Internal Audit to plan over the medium term on how the assurance needs of the organisation will be met as required by the Public sector Internal Audit Standards and facilitate:

- the provision to the Accountable Officer and the Audit & Assurance Committee of an overall opinion each year on the organisation's risk management, control and governance, to support the preparation of the Annual Governance Statement;
- audit of the organisation's risk management, control and governance through periodic audit plans in a way that affords suitable priority to the organisations objectives and risks;
- improvement of the organisation's risk management, control and governance by providing management with constructive recommendations arising from audit work;
- an assessment of audit needs in terms of those audit resources which 'are appropriate, sufficient and effectively deployed to achieve the approved plan';
- effective co-operation with external auditors and other review bodies functioning in the organisation; and
- the allocation of resources between assurance and consulting work.

- 8.4 The Strategic 3-year Audit Plan will be largely based on the Board Assurance Framework where it is sufficiently mature, together with the organisation-wide risk assessment.
- 8.5 An Annual Internal Audit Plan will be prepared each year drawn from the Strategic 3-year Audit Plan and other information, and outlining the scope and timing of audit assignments to be completed during the year ahead.
- 8.6 The Strategic 3-year and annual internal audit plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation.
- 8.7 The annual internal audit plan will be developed in discussion with executive management and approved by the Audit & Assurance Committee on behalf of the Board.
- 8.8 The NWSSP Audit Strategy is expanded in the form of a Quality Manual and a Consulting Protocol, which together define the audit approach, applied to the provision of internal audit and consulting services.
- 8.9 During the planning of audit assignments, an assignment brief will be prepared for discussion with the nominated operational manager. The brief will contain the proposed scope of the review along with the relevant objectives and risks to be covered. In order to ensure the scope of the review is appropriate it will require agreement by the relevant Executive Director or their nominated lead. The key stages in this risk based audit approach are illustrated in figure 3.

Figure 3 Risk based audit approach



9 Reporting

9.1 Internal Audit will report formally to the Audit & Assurance Committee through the following:

- An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement. The process for arriving at the appropriate assurance level for each Head of Internal Audit opinion is subject to a review process and was last updated in 2020/21;
- The Head of Internal Audit opinion will
 - a) State the overall adequacy and effectiveness of the organisation's risk management, control and governance processes, with reference to compliance with the Health and Care Standards.
 - b) Disclose any qualification to that opinion, together with the reasons for the qualification.
 - c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies.
 - d) Draw attention to any issues Internal Audit judge as being particularly relevant to the preparation of the Annual Governance Statement.
 - e) Compare work actually undertaken with the work, which was planned, and summarise performance of the Internal Audit function against its performance measurement criteria.
 - f) Provide a statement of conformity in terms of compliance with the Public Sector Internal Audit Standards and associated internal quality assurance arrangements.
- For each Audit & Assurance Committee meeting a progress report will be presented to summarise progress against the plan. The progress report will highlight any slippage and changes in the programme. The findings arising from individual audit reviews will be reported in accordance with Audit & Assurance Committee requirements.
- The Audit & Assurance Committee will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan on any recommendations for improvement agreed with management including target dates for completion.

9.2 The process for audit reporting is summarised below and presented in flowchart format in Appendix A to this Charter:

- Following the closure of fieldwork and the resolution of any queries, Internal Audit will discuss findings with operational managers to confirm understanding and shape the reporting stage.
- Operational management will receive draft reports, which will include any proposed recommendations for improvement within 10 working days following the discussion of findings. A copy of the draft report will also be provided to the relevant Executive Director.

- The draft report will give an assurance opinion on the area reviewed in line with the criteria at Appendix B to this Charter. The draft report will also indicate priority ratings for individual report findings and recommendations.
- Operational management will be required to respond to the draft report in consultation with the relevant Executive Director within 15 working days of issue, stating their agreement or otherwise to the content of the report, identifying actions, identifying staff with responsibility for implementation and the dates by which action will be taken.
- The Head of Internal Audit will seek to resolve any disagreement with management in the clearance of the draft report. However, where the management response is deemed inadequate or disagreement remains then the matter will be escalated to the Board Secretary. The Head of Internal Audit may present the draft report to the Audit & Assurance Committee where the management response is inadequate or where disagreement remains unresolved. The Head of Internal Audit may also escalate this directly to the Audit & Assurance Committee Chair to ensure that the issues raised in the report are addressed appropriately.
- Reminder correspondence will be issued after the set response date where no management response has been received. Where no reply is received within 5 working days of the reminder, the matter will be escalated to the Board Secretary. The Head of Internal Audit may present the draft report to the Audit & Assurance Committee where no management response is forthcoming.
- Internal Audit will issue final reports inclusive of management comments to the relevant Executive Director within 10 working days of management responses being received.
- The final report will be copied to the Accountable Officer and Board Secretary and placed on the agenda for the next available Audit & Assurance Committee.

9.3 Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision may be made for a follow up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.

10 Access and Confidentiality

- 10.1 Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation.
- 10.2 All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors.

- 10.3 Where there is a request to share information amongst the NHS bodies in Wales, for example to promote good practice and learning, then permission will be sought from the Accountable Officer before any information is shared.

11 Irregularities, Fraud & Corruption

- 11.1 It is the responsibility of management to maintain systems that ensure the organisation's resources are utilised in the manner and on activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.
- 11.2 Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.
- 11.3 If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Local Counter Fraud Service (LCFS) in accordance with the organisation's Counter Fraud Policy & Fraud Response Plan and the agreed Internal Audit and Counter Fraud Protocol.

12 Quality Assurance

- 12.1 The work of Internal Audit is controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the Public Sector Internal Audit Standards, is being achieved.
- 12.2 The Director of Audit & Assurance will establish a quality assurance programme designed to give assurance through internal and external review that the work of Internal Audit is compliant with the Public Sector Internal Audit Standards and to achieve its objectives. A commentary on compliance against the Standards will be provided in the Annual Audit Report to Audit & Assurance Committee.
- 12.3 The Director of Audit & Assurance will monitor the performance of the internal audit provision in terms of meeting the service performance standards set out in the NWSSP Service Level Agreement. The Head of Internal Audit will periodically report service performance to the Audit & Assurance Committee through the reporting mechanisms outlined in Section 9.

13 Resolving Concerns

- 13.1 NWSSP Audit & Assurance was established for the collective benefit of NHS Wales and as such needs to meet the expectations of client partners. Any questions or concerns about the audit service should be raised initially with the Head of Internal Audit assigned to the organisation. In addition, any matter may be escalated to the Director of Audit & Assurance. NWSSP Audit & Assurance will seek to resolve any issues and find a way forward.
- 13.2 Any formal complaints will be handled in accordance with the NWSSP complaint handling procedure. Where any concerns relate to the conduct

of the Director of Audit & Assurance, the NHS organisation will have access to the Director of Shared Services.

14 Review of the Internal Audit Charter

- 14.1 This Internal Audit Charter shall be reviewed annually and approved by the Board, taking account of advice from the Audit & Assurance Committee.

Simon Cookson
Director of Audit & Assurance - NHS Wales Shared Services Partnership
March 2021

DRAFT

Appendix A

Audit fieldwork completed and debrief with management.

A draft report is issued within 10 working days of fieldwork completion and the resolution of any queries.

Management responses are provided on behalf of the Executive Lead within 15 working days of receipt of the draft report.

Outstanding responses are chased for 5 further days.

Report finalised by Internal Audit within 10 days of management response.

Individual audit reports received by Audit & Assurance Committee.

Audit Reporting Process

Following closure of audit fieldwork and management review audit findings are shared with operational management to check accuracy of understanding and help shape recommendations for improvement to address any control deficiencies identified.

Draft reports are issued with an assurance opinion and recommendations within 10 days of fieldwork completion to Operational Management Leads, and copied to the relevant Executive Leads.

A report clearance meeting may prove helpful in finalising the report between management and auditors. A response, including a fully populated action plan, with assigned management responsibility and timeframe is required within 15 days of receipt of the Draft report.

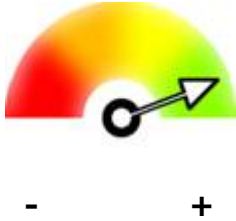
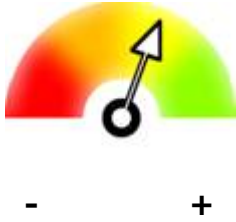
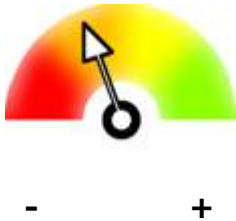
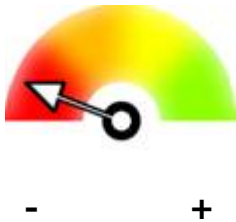
Where management responses are still awaited after the 15 day deadline, a reminder will be sent. Continued non-compliance will be escalated to Executive management after 5 further days.

Internal Audit issues a Final report to the Director/Executive Director, within 10 working days of receipt of complete management response. All Final reports are copied to the Chief Executive and Board Secretary.

Final reports are received by the Audit & Assurance Committee at next available meeting and discussed if applicable. The Audit & Assurance Committee identifies their priority areas for Internal Audit to follow up.

Appendix B
Ratings

Audit Assurance

RATING	INDICATOR	DEFINITION
Substantial assurance	 - + Green	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	 - + Yellow	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	 - + Amber	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	 - + Red	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.



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services

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DIGITAL HEALTH AND CARE WALES SUPPLIER MANAGEMENT FOLLOW-UP NWSSP AUDIT & ASSURANCE SERVICES

Agenda Item	3.2
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little
Prepared By	James Quance, Head of Internal Audit
Presented By	James Quance, Head of Internal Audit

Purpose of the Report	For Assurance
Recommendation	The Committee is asked to receive and discuss the Internal Audit report which has been agreed with the Executive Lead and Senior Leadership Team.
Acronyms	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

1 SITUATION/BACKGROUND

- 1.1 The audit has been completed and the report has been produced in line with the Internal Audit Plan for 2020/21 for NHS Wales Informatics Service (NWIS). This is the final report in respect of 2020/21. It will also be reported to the Velindre NHS University Trust Audit Committee as the Committee that approved the plan for the year.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The Committee is asked to consider the findings and management responses of the report.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 Any matters for escalation to the Board to be determined by the Committee following consideration of the report.

4 RECOMMENDATION

- 4.1 The Committee is asked to receive the Internal Audit report which has been agreed with the Executive Lead and Senior Leadership Team.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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CORPORATE RISK (ref if appropriate)	
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WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: Not required.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Supplier Management Follow-up

Final Internal Audit Report

2020/21

NWIS - NHS Wales Informatics Service

NHS Wales Shared Services Partnership

Audit and Assurance Service

CONTENTS**Page**

1. Introduction and Background	4
2. Scope and Objectives	4
3. Associated Risks	4

Opinion and key findings

4. Overall Assurance Opinion	4
5. Assurance Summary	5
6. Summary of Original Audit Findings	6
7. Summary of Recommendations	9

Appendix A	Assurance opinion and action plan risk rating
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Review reference:	NWIS-2021-05
Report status:	Final
Fieldwork commencement:	3 rd February 2021
Fieldwork completion:	22 nd February 2021
Draft report issued:	3 rd March 2021
Final report issued:	26 th April 2021
Auditors:	Martyn Lewis, IT Audit Manger James Quance, Head of Internal Audit
Executive sign off	Michelle Sell, Chief Operating Officer
Committee	Audit Committee



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

ACKNOWLEDGEMENT

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

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 NWIS 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 follow-up review of Supplier Management was completed in line with the 2020/21 Internal Audit Plan. The original 2019/20 review sought to provide NWIS (the organisation) with assurance that that contracts include appropriate performance standards and that performance against these is monitored.

2. Scope and Objectives

The purpose of the follow-up review was to assess and report whether the organisation has implemented the Internal Audit recommendations made in the Supplier Management audit report issued in 2019/20, which received a 'Limited Assurance' opinion.

The scope of this follow-up review does not aim to provide assurance against the full review scope and objective of the original audit. The 'follow-up review opinion' provides an assurance level against the implementation of the agreed action plans only. The recommendations made during the 2019/2020 audit and the current audit findings are set out in Appendix A.

3. Associated Risks

The overall risk to consider in the follow-up review was failure to implement agreed audit recommendations and therefore the risk is as per the original audit:


- NWIS does not receive the anticipated contract benefits.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

The current review considers all recommendations made (high, medium or low priority). This report **does not** provide assurance against the full review scope and objective of the original audit. The 'follow up review opinion' provides the assurance level against the implementation of the agreed action plans only.

Considering the progress made against the action plan the follow up review opinion at this time is **Reasonable Assurance**.




RATING	INDICATOR	DEFINITION
Reasonable Assurance		Follow up – Sufficient progress in implementation of all recommendations.



We note that good progress has been made against the recommendations, with updated procedures in place and an enhanced contract register for recording the review process and more consistent use of a standard contract review report.

There is improved reporting on contract review activity as part of the monthly executive report, which also notes that contract reviews are behind schedule due to the lack of resource within the Department.

5. Assurance Summary

The following table summarises the extent to which the original recommendations have been implemented and provides classification of current risks:

Area	Classification 2019/20 audit	Direction of travel	Classification 2020/21 audit
Finding 1: Reporting of Activity	HIGH	 Recommendation fully implemented.	Closed
Finding 2: Contract Monitoring	HIGH	 Recommendation implemented within the resource constraints.	Closed
Finding 3: Contract Metrics	Medium	 Good progress made, with some work still required to fully implement the recommendation.	Low

Area	Classification 2019/20 audit	Direction of travel	Classification 2020/21 audit
Finding 4: Procedures	LOW	 Recommendation fully implemented.	Closed
Finding 5: Specification Development	Medium	 Recommendation not implemented.	Medium

6. Summary of Original Audit Findings

1) Reporting of Activity (High)

The contract management SOP sets out the requirements to ensure that appropriate contract management is carried out. However, the Commercial Services Department is not fully complying with all the defined requirements:

- the SOP states that a central contract review register should be kept and updated by Commercial Services. However, this is out of date. Without this in place management cannot be assured that reviews are operating as per the SOP;
- the SOP states that contract managers have to provide evidence of reviews. However, testing identified that this wasn't being provided and held in the project files; and
- the SOP states that a monthly report is to be provided to executives on review activity. However, the report only includes a KPI for reviewing agency contract workers, with no information on contract reviews. As such there is no reporting on whether a contract has actually met all its aims.

Current Finding:

There is a central contract review register that is maintained by Commercial Services. This contains key information for all contracts, and contracts are banded to define the review frequency based on value and risk. Leads for contract management have been named for every contract for both commercial services staff and for departments in order to feed into the contract management process.

Evidence of reviews that are undertaken are held within the Commercial Services folders and the monthly report to Executives has been revised to provide information and performance indicators on the contract review activity.

Current Status: Implemented

Current Priority: N/A

2) Contract Monitoring (High)

Testing of the contract monitoring process identified the following issues:

- 5 of the contracts tested had no formal monitoring process in place;
- 6 of the 15 tested had some monitoring process in place. However, this was not using the defined template, not in line with the SOP and Commercial Services staff were not always involved; and
- review meetings were not always evidenced.

In addition testing noted that 4 of the 9 contracts where monitoring had occurred did not have performance reports provided by the company. This is a requirement of the contract terms and conditions.

We note that resource constraints within Commercial Services has meant that monitoring activity has focussed on the very high value strategic contracts. However the rationale for this is not set out, neither is the defined monitoring frequency within the contract files.

Current Finding:

As noted above each contract has a named lead within Commercial Services and a defined monitoring schedule. Our testing demonstrated that where contracts have had monitoring meetings, the contract report is produced and retained within the departmental folders. We also note that performance reports are available for meetings where relevant and that monitoring meetings include key staff from Commercial Services and the relevant department to which the contract relates.

The resource limitations within Commercial Services remain and this means that not all contracts are subject to monitoring as per the defined schedule. We note that the review process is risk based and so resource is targeted at those contracts which represent the highest risk. This issue is now being recorded within the monthly performance reports which give clarity over the current position.

Current Status: Implemented (within resource constraints)

Current Priority: N/A

3) Contract Metrics (Medium)

Although the contract specifications are detailed, there were no metrics / KPIs defined as part of the contract for 7 of the 9 contracts reviewed, although the standard terms and conditions include an annex to define the metrics if appropriate to the procurement.

We do note that for some of contracts reviewed KPIs were not required by the end users due to what was being procured, however there was no record of this agreement on file.

Current Finding:

There is no evidence of the KPI annex in use or a statement on file noting that this is not applicable. However the process for defining KPIs is being revised to better suit the way that Commercial Services operates with a KPI template having been developed. This is used at the specification drafting stage and ensures that KPIs are considered as part of the procurement process.

We also note that the consistent use of the contract monitoring report provides better clarity over what is being monitored for each contract which mitigates the risks associated with this issue.

Current Status: Partially Implemented with a coherent plan to progress

Current Priority: Low

4) Procedures (Low)

There is an overarching SOP for Commercial Services activity "Commercial Services Management and Processes". This sets out the overall framework and refers to sub-processes that staff will follow. There are also sub process flowcharts and associated templates. However, this information is disparate and not consolidated.

As such there is no consolidated formal document that sets out how Commercial Services will develop contracts and the different stages such as:

- how to define requirements;
- who should sign off the specification; and
- how KPIs should be defined as part of contract.

Current Finding:

The procedure documentation and working instructions have been reviewed and updated to provide clarity over the key stages of the process.

Current Status: Implemented

Current Priority: N/A

5) Specification Development (Medium)

The Commercial Services files do not always show the context or history for the development of specifications, nor are records of those individuals with input into the specifications kept within the files (for 4/9).

This means that the link between identified organisational need (department led) and tender documentation (Commercial Services led) is not always clear. In addition the specifications do not always have version control on, do not include the names of those who have inputted to the development and formal approval of the specification was not always present (for 3/9).

Current Finding:

The evaluation report for each contract notes that the evaluation panel has signed off the specification and the files contained draft versions with notes from some contributors. However, our testing noted that there were no formal approvals of the specifications on file and as such there remains no full record of who contributed to the specifications.

Current Status: Not Implemented

Current Priority: Medium

7. Summary of Recommendations

A summary of the recommendations by progress is outlined below.

Actions Implemented in Full	Actions Implemented in Part	Actions Not Implemented
3	1	1

Audit Assurance Ratings



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

Follow up - All recommendations implemented and operating as expected.



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

Follow up - All high level recommendations implemented and progress on the medium and low level recommendations.



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

Follow up - No high level recommendations implemented but progress on a majority of the medium and low recommendations.



No Assurance - 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

Follow up - No action taken to implement recommendations.

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

DIGITAL HEALTH AND CARE WALES DHCW EXTERNAL AUDIT ARRANGEMENTS

Agenda Item	3.3
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	Choose an item.

Executive Sponsor	Claire Osmundsen-Little
Prepared By	Audit Wales
Presented By	Derwyn Owen

Purpose of the Report	For Approval
Recommendation	The Committee is being asked to: APPROVE the External Audit Plan for 2021/22
Acronyms	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

1 SITUATION/BACKGROUND

- 1.1 This document sets out the proposed External Audit Plan for 2021/22 for Digital Health and Care Wales (DHCW) detailing the audits to be undertaken and an analysis of the corresponding resources to enable Audit Wales to fulfil their obligations under the Code of Audit Practice.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 Typically, performance audits at an NHS body include a structured assessment of the organisation's arrangements relating to governance and assurance, financial management and other factors which support the efficient, effective and economical used of resources such as strategic planning, workforce planning, information governance, partnership working, asset management and procurement
- 2.2 It is also intended to undertake All-Wales thematic reviews of unscheduled care arrangements, and COVID-19 related output work.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 The Committee provides assurance to the Board that an appropriate Internal Audit programme is in place for the year.

4 RECOMMENDATION

- 4.1 The Committee are requested to approve the 2021/22 External Audit Plan.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
CORPORATE RISK (ref if appropriate)	The Plan will cover corporate risks where appropriate
WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales

If more than one standard applies, please list below:

DHCW QUALITY STANDARDS

N/A

If more than one standard applies, please list below:

HEALTH CARE STANDARD

Governance, leadership and accountability

If more than one standard applies, please list below:

EQUALITY IMPACT ASSESSMENT STATEMENT

Date of submission:

Choose an item.

Outcome:

Statement: Not required

APPROVAL/SCRUTINY ROUTE:

Person/Committee/Group who have received or considered this paper prior to this meeting

COMMITTEE OR GROUP

DATE

OUTCOME

IMPACT ASSESSMENT

QUALITY AND SAFETY
IMPLICATIONS/IMPACT

No, there are no specific quality and safety implications related to the activity outlined in this report.

LEGAL
IMPLICATIONS/IMPACT

No, there are no specific legal implications related to the activity outlined in this report.

FINANCIAL
IMPLICATION/IMPACT

No, there are no specific financial implication related to the activity outlined in this report

WORKFORCE
IMPLICATION/IMPACT

No, there is no direct impact on resources as a result of the activity outlined in this report.

SOCIO ECONOMIC

No. there are no specific socio-economic implications related to the activity outlined in this report

IMPLICATION/IMPACT	
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2021 Initial Audit Plan – Digital Health and Care Wales

Audit year: 2021

Date issued: April 2021

Document reference: 2387A2021-22

This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

2021 Audit Plan	
About this document	4
Impact of COVID-19	4
Financial audit work	4
Performance audit work	4
Fee, audit team and timetable	6
Appendices	
Appendix 1 – other future developments	9

2021 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

Impact of COVID-19

- 2 The COVID-19 pandemic continues to have an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 3 Audit Wales staff will continue to work pragmatically to deliver the audit work set out in this plan. In response to government advice and subsequent restrictions, we will continue to work remotely until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 4 This audit plan sets out an initial timetable for the completion of my audit work. However, given the ongoing uncertainties around the impact of COVID-19 on the sector, some timings may need to be revisited.

Financial audit work

- 5 I understand that Digital Health and Care Wales (DHCW) intends to prepare a fifteen-month set of financial statements to 31 March 2022, which I will audit next year; and that the necessary Accounts Direction is to be provided by Welsh Ministers on that basis. I therefore expect my financial audit coverage to be relatively light during 2020, as reflected at **Exhibit 2**.

Performance audit work

- 6 I must satisfy myself that the Strategic Health Authority (SHA) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I do this by undertaking an appropriate programme of performance audit work each year.
- 7 Typically, my performance audit at an NHS body will include a structured assessment of the organisation's arrangements relating to governance and assurance, financial management and other factors which support the efficient, effective and economical use of resources such as strategic planning, workforce planning, information governance, partnership working, asset management and procurement. In addition to this work, I also typically look to undertake examinations in specific thematic areas which may cover issues which are relevant to the NHS as a whole, or which are locally specific to a particular NHS body.

- 8 I intend to adopt this approach for my performance audit work at the SHA, although for 2021 I intend to focus my programme of work on reviewing the arrangements that are in place to help ensure DHCW is a well-led and well-governed organisation. This is set out in **Exhibit 1**.
- 9 Where appropriate, I will also take opportunities to assess the extent to which the SHA is acting in accordance with the sustainable development principle¹ as per my duties set out in the Well-being of Future Generations (Wales) Act 2015. This work will be informed by the responses to my recent consultation on how I approach my duties in respect of the Act. I have written to the public bodies designated in the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.

Exhibit 1: My planned 2021 performance audit work at the SHA

Theme	Approach/key areas of focus
NHS Structured Assessment	<p>Structured assessment is the basis of the work auditors do at each NHS body to examine the existence of proper arrangements for the efficient, effective, and economical use of resources. As a new organisation, this baseline structured assessment work will comprise of a review of the Authority's corporate arrangements. It will include, but not necessarily be limited to, a review of:</p> <ul style="list-style-type: none"> • overall governance and assurance arrangements including the effectiveness of the Board and its sub-committees, risk management and internal control; • strategic planning; • engaging/working in partnership with others; • financial, workforce and asset management; and • information technology and governance.

- 10 Although not directly applicable to the SHA, we also intend to undertake All-Wales thematic reviews of unscheduled care arrangements, and COVID-19 related output work. Our findings from these reviews will be made available on the Audit Wales website. Other future developments are set out in **Appendix 1**.

¹ The Act defines the sustainable development (SD) principle as acting in a manner: '...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs'.

Fee, audit team and timetable

11 My fees and the planned timescales for completion of the audit are based on the following assumptions:

- appropriate facilities and access to documents are provided to enable my team to deliver our audit in an efficient manner; and
- all appropriate officials will be available during the audit.

Fee

12 The estimated fee for 2021 is set out in **Exhibit 2**.

Exhibit 2: audit fee

Audit area	Proposed fee for 2021 (£) ²
Financial audit work³:	3,899
Performance audit work:	
• Structured Assessment	40,285
Performance work total	40,285
Total fee	44,184

13 Planning will be ongoing, and changes to our programme of audit work and therefore the fee, may be required if any key new risks emerge. We shall make no changes without first discussing them with the Director of Finance.

14 [Further information on my fee scales and fee setting can be found on our website.](#)

Audit team

15 The main members of the audit team, together with their contact details, are summarised in **Exhibit 3**.

² The fees shown in this document are exclusive of VAT, which is not charged to you.

³ Although my financial audit work will not apply until the 2022 audit plan, a small amount of time is included in the 2021 audit fee to allow for early engagement from financial audit members of the audit team.

Exhibit 3: my local audit team

Name	Role	Contact number	E-mail address
Dave Thomas	Audit Director (Performance Audit), and Audit Wales Engagement Director for the SHA	02920 320604	dave.thomas@audit.wales
Derwyn Owen	Audit Director (Financial Audit)	02920 320651	derwyn.owen@audit.wales
Mark Jones	Audit Manager (Financial Audit)	02920 320631	mark.jones@audit.wales
Darren Griffiths	Audit Manager (Performance Audit)	02920 320591	darren.griffiths@audit.wales

16 We can confirm that team members are all independent of you and your officers.

Timetable

17 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

Exhibit 4: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	April 2021	April 2021

Planned output	Work undertaken	Report finalised
Performance audit work: <ul style="list-style-type: none"> Structured Assessment 	Timescales for structured assessment will be discussed with you and detailed within the specific project briefing produced for the study.	
2022 Audit Plan	December 2021 to January 2022	February to March 2022

Appendix 1

Other future developments

Good Practice Exchange

Audit Wales' Good Practice (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. This year the work has focused on COVID-19 learning. Further information on this can be found on our [website](#).

Brexit: The United Kingdom's future outside the European Union

The United Kingdom left the European Union on 31 January 2020 under the terms of the Withdrawal Agreement. Between then and 31 December 2020, the UK entered a transition period, during which it continued to participate in EU programmes and follow EU regulations. On 31 December 2020, the transition period ended, and a new relationship between the UK and EU started, on the basis of a new free trade agreement.

The new agreement means some substantial changes in the trading relationship between the UK and the EU. There will also potentially be changes in administrative areas previously covered by EU law. In the short term, the UK has incorporated EU rules into domestic law. However, it is likely that in some key areas, such as public procurement, agricultural support and state aid, the UK will seek to diverge over time. In changing these rules, there will be some important constitutional issues around the relationship between the UK Government and devolved governments.

The wider opportunities and risks for Wales' economy, society and environment will become clearer as public services move from managing the short-term risks, especially around disruption to supply chains, to adapting to a different relationship with the EU and the wider world. We are also awaiting further details on the UK Government's plans to replace EU funding schemes for regional development and rural development.

The Auditor General will continue to keep a watching brief over developments. In November, he wrote to the Chair of the External Affairs and Additional Legislation Committee setting out some observations on the latest position with respect to preparations for the end of the transition period. His letter can be found [here](#). His previous report on public bodies' Brexit preparations can be found [here](#) with his follow-up on progress [here](#).



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

DIGITAL HEALTH AND CARE WALES

DHCW AUDIT ACTION LOG

Agenda Item	3.4
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	Choose an item.

Executive Sponsor	Claire Osmundsen-Little, Director of Finance & Business Assurance
Prepared By	Julie Ash, Head of Corporate Services
Presented By	Julie Ash, Head of Corporate Services

Purpose of the Report	For Discussion/Review
Recommendation	
The Committee is being asked to: The Committee is being asked to receive and discuss this report.	
Acronyms	

1 SITUATION/BACKGROUND

This paper details the current position with respect to audit recommendations that have been made, including those that have been completed during the period, those that are on schedule, those that are overdue and those anticipated to not meet target dates. The audit recommendation analysis (2.1) shows how progress is being made against the recommendations and illustrates the on-going movement and change of status.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

The audit log shows the current reported status against recommendations received. The analysis below shows all recommendations giving the current status of each recommendation which remained open at the last Velindre University NHS Trust Committee and also those presented in report form to the Committee since presentation of the last log.

Open actions at last Committee Meeting: 11
Actions Closed at last Committee (2): 9
New Resilience Actions added (4): 13
Third Party Actions transferred to separate Action Log: 2

The number of actions open now totals 11, which includes 4 new actions relating to Resilience.

Number	RAG	Status
4	GREEN	Complete
6	YELLOW	Indicates that the action is on target for completion by the agreed date
1	AMBER	Indicates that the action is not on target for completion by the agreed date
0	RED	Indicates that the implementation date has passed and management action is not complete

In particular, the Committee are requested to note:

- Four actions are now marked as complete:
 - Business Impact Assessment Process now in place with governance arrangements
 - WG have confirmed that DHCW is an Operator of Essential Services (OES) under the Network Information Systems (NIS) Directive
 - Information Asset Owners have been identified
 - DHCW are registered with the Information Commissioner as a stand-alone organisation
- Aside from the completed actions, those remaining are on target for implementation by the agreed target date.
- Three recommendations from the Nationally Hosted IT Systems Audit Wales Report are now underway.
- Four actions from the following Internal Audit report have been added to the log:
 - Organisational Resilience
- Actions from new reports received by the Committee will be added following the meeting.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

Management of Audit Actions is to be moved to a SharePoint list replacing the existing manual process.

4 RECOMMENDATION

The Committee is being asked to receive and discuss this report.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

CORPORATE RISK (ref if appropriate)	
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WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: EQIA not required for Audit Action Log Report.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes, please see detail below
	Monitoring of progress against audit recommendations.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below
	Some actions arise as a result of new legislation.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Audit Action Plan





	Green - Action complete
	Yellow - Action on target to be completed by agreed date
	Orange - Action not on target for completion by agreed date
	Red - Implementation passed management action not complete

Digital Health & Care Wales Outstanding Actions - March 2021

	Recommendation	Priority	Management Action	Responsible Manager/ Department	Accountable Officer	Current/ Revised Implementation Date	Status	Comments Audit Committee
External Audit - WAO - Nationally Hosted NHS IT Systems Annual Audits								
2018.6	NWIS should aim to complete accreditation to the Information Technology Standard for a Business Continuity Management System (ISO 22301).	Medium	This will be included as an objective within the 2019/2022 Integrated Medium Term Plan (IMTP). A gap analysis will be completed before the end of March to establish requirements in light of the move to a new SHA and implications of the Civil Contingencies Act 2004.	Claire Osmundsen-Little/ Keith Reeves	Helen Thomas	mar-21	Green - Action Complete	Action now complete with process established for only Business Impact Assessment across the organisation. Agreement has been reached that this will be monitored by the Silver (Managing Staff) Command Structure.
2020.1	LASPAR is written in an old programming language in which NWIS have limited skills and application development capacity. We understand that the application technology platform is de-supported in 2020 and NWIS should plan to migrate to a controlled environment to enable support for LASPAR to continue or consider a new technology platform.	Medium	Migrate to a controlled environment to enable support for LASPAR to continue or consider a new technology platform.	Gary Bullock/ Stephen Price	Helen Thomas	aug-21	Yellow - Action on target to be completed by agreed date	An options paper is being prepared for consideration and then implementation.
2020.2	We were made aware in our 2019-20 fieldwork that the management of one of the two National Data Centres notified NWIS of their intention to exit from Data Centre Services during 2021/22.	High	NWIS should identify alternatives for additional data centre services, plan and manage the transition to the new data centre site by October 2021	Carwyn Lloyd-Jones/Jamie Graham	Helen Thomas	okt-21	Yellow - Action on target to be completed by agreed date	The contract for the existing Data Centre will end in late 2021 and NWIS have a timetabled plan to leave by Summer 2021. A new datacentre location has been procured, and the contract awarded.
2020.3	The Network Information Systems (NIS) Directive requires Operators of Essential Services (OES), including critical healthcare services, to report network and/or information systems/incidents which have a significant impact to the continuity of essential services. Under the NIS, reporting of incidents should take place to a National Competent Authority (NCA).	Medium	NWIS should seek written confirmation from Welsh Government on their future intended requirements for the applicability of the Network Information Systems (NIS) Directive for Digital Health and Care Wales from 1 April 2021.	Carwyn Lloyd-Jones/Jamie Graham	Helen Thomas	mar-21	Green - Action Complete	DHCW has been designated as an Operator of Essential Services (OES).
NWSSP Findings								

GDPR2	Information asset owners and administrators should be identified for each department. Once identified they are to act as champions for information governance and facilitate the population of local information asset registers with the intention of feeding into the central organisational asset register.	High	The transition of NWIS into a Special Health Authority will secure formal structures and reporting formality in respect of GDPR compliance. Work is ongoing as part of the SHA transition to recognised the additional groups and committees required to ensure appropriate governance and assurance.	Rhidian Hurle/Darren Lloyd	Helen Thomas	apr-21	Green - Action Complete	Action complete as per GDPR Follow-up Report
GDPR3	Review of the ICO Data Protection Register notes that there is one registration for Velindre NHS Trust, naming NIWS Head of IG at the DPO. This needs review in light of NWIS transitioning to a Special Health Authority.	Low	This has been highlighted as part of the Transition work and a position has been agreed with the Trust.	Rhidian Hurle/Darren Lloyd	Helen Thomas	apr-21	Green - Action Complete	Action complete as per GDPR Follow-up Report
INF1b	Firmware, BIOS and OS on infrastructure components should be kept up to date, in particular when critical vulnerabilities have been identified. Old infrastructure components should be identified and prioritised for replacement to enable the most effective use of the WG monies.	High	Server 2008 Removal	Carwyn Lloyd-Jones/Jamie Graham	Helen Thomas	apr-21	Orange - Action not on target for completion by agreed date	This programme of work is ongoing, link to 2018.3. Extended Security Updates have been purchased to reduce the risk. IMTP milestones being created for all application and services to have migrated from 2008 legacy infrastructure within the 21/22 financial year. Progress reported to Directors weekly.
RES1	The BCP should be amended to include the requirement to create a command structure and maintain decision logs.	Medium	The BCP will be updated to include reference to a command structure and the maintenance of decision/action logs.	Claire Osmundsen-Little/Julie Ash	Helen Thomas	jun-21	Yellow - Action on target to be completed by agreed date	BCP to be updated to reflect audit recommendations and transition to Special Health Authority
RES2	The agreements made during the Covid response should be further developed into formal partnerships with other organisations to provide mutual support for future disruptions.	Medium	Reference to support and partnership arrangements will be included in the Business Continuity Plan.	Claire Osmundsen-Little/Julie Ash	Helen Thomas	jun-21	Yellow - Action on target to be completed by agreed date	BCP to be updated to reflect audit recommendations and transition to Special Health Authority
RES3	The ability to relax standard operating procedures should be clearly stated within continuity and emergency plan documentation. This should include guidance for when it is acceptable and the requirements to record when it occurs, document risk and ensure appropriate governance is maintained.	Medium	Guidance will be provided as part of the Business Continuity Plan documentation and will include the requirement for robust recording of any such relaxations.	Claire Osmundsen-Little/Julie Ash	Helen Thomas	jun-21	Yellow - Action on target to be completed by agreed date	BCP to be updated to reflect audit recommendations and transition to Special Health Authority
RES4	The NWIS vision should be prominent on staff communication channels such as the website and newsletters in order to further develop the shared culture and mission.	Low	As part of the transition to the new Special Health Authority, Digital Health & Care Wales, we will be confirming the Strategic Objectives and Vision for the new organisation with our new Board and ensure that this is widely communicated.	Michelle Sell/Gill Friend	Helen Thomas	jun-21	Yellow - Action on target to be completed by agreed date	Communications Team to confirm Strategic Objectives and Vision for new organisation following consultation with Board.

Audit Action Plan

	Green - Action complete
	Yellow - Action on target to be completed by agreed date
	Orange - Action not on target for completion by agreed date
	Red - Implementation passed management action not complete

Third Party Actions

Outstanding Actions - March 2021

	Recommendation	Priority	Management Action	Responsible Manager/ Department	Accountable Officer	Current/ Revised Implementation Date	Status	Comments Audit Committee
External Audit - WAO - Nationally Hosted NHS IT Systems Annual Audits								
2016.1	NHS Digital (formerly known as HSCIC) are decommissioning the NHAIS system and replacing the functionality with a third party supplier system from Capita for the payments engine for calculating general medical services payments. NHS Digital are also developing the demographic registration and reporting systems required to replace NHAIS functionality. For NHS Wales, NWIS and NWSSP are considering the system replacement options for Welsh requirements as NWIS also support and develop the Welsh Demographic System (WDS).	Medium	NWIS should, as they manage, support and develop the Welsh Demographic System (WDS) plan to provide the required functionality for NHS Wales in developing the WDS for patient demographic purposes.	Gary Bullock/Ken Leake	Helen Thomas	Jul-22	Yellow - Action on target to be completed by agreed date	NWIS met with NHS Digital in November 2020 where they confirmed they are still not in a position to give us revised dates for the start of decommissioning. NHS Digital are currently not in a position to provide dates for key Capita deliverables. The WDS Phase 3 development will be aligned with these timescales but more clarity is needed from England before substantive work can take place. We are advised that the implementation date is unlikely to be before January 2022, and may take up to 6 months to complete.
2018.1	Review the age of the NHAIS servers used, some of which are approaching nine years old. NWIS should then liaise with NWSSP to agree a server replacement schedule or consider what mitigating controls can be put in place for service availability and resilience.	Medium	Although the NHAIS infrastructure is approaching 10 years of age, the team have contacted HP to enquire as to the EOSL (End of Support Life). Hewlett-Packard (HP) have confirmed that for key pieces of hardware, the c7000 Blade Enclosures and the BL860c blades, no EOSL is in place currently. Based on this response, there is no pressing need to consider replacements. NWIS will contact HP every six months to confirm the position.	Gary Bullock/Stephen Price	Helen Thomas	Mar-22	Yellow - Action on target to be completed by agreed date	There is still no EOSL date for the NHAIS infrastructure, but Hewlett Packard has provided assurance that the hardware is supported until 31/12/2021 at least. Adoption of the replacement PCRM (Primary Care Registration Management) product is scheduled for December 2021 with the decommissioning of NHAIS due to start in January 2022

DIGITAL HEALTH AND CARE WALES

COUNTER FRAUD UPDATE

Agenda Item	3.5
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little, Executive Director of Finance & Business Assurance
Prepared By	Nigel Price, Counter Fraud Investigator
Presented By	Nigel Price, Counter Fraud Investigator

Purpose of the Report	For Assurance
Recommendation	
The Committee is being asked to: Receive the report for assurance.	

Acronyms

1 SITUATION/BACKGROUND

In compliance with the Directions on Countering Fraud in the NHS, Counter Fraud is required to provide updates to the Audit and Assurance Committee on the work that has been carried out against the agreed work-plan.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

This report provides the Audit Committee with an update for the period ending 30th April 2021. It provides updates on:

- Current Cases
- Fraud Awareness
- National Fraud Initiative
- Counter Fraud Plan

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

None.

4 RECOMMENDATION

The Committee is asked to receive this report for assurance.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

CORPORATE RISK (ref if appropriate)	
--	--

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below: A healthier Wales	

DHCW QUALITY STANDARDS	ISO 9001
-------------------------------	----------

If more than one standard applies, please list below:

HEALTH CARE STANDARD	Staff & Resources
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: EQIA is not required for the Counter Fraud Update Report.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	Yes, please see detail below Good financial governance and management.
WORKFORCE IMPLICATION/IMPACT	Yes, please see detail below National Fraud Initiative
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

AUDIT COMMITTEE 30th April 2021

COUNTER FRAUD UPDATE

- 1: Introduction
- 2: Case updates
- 3: Progress & general matters

Appendix 1: Summary

Mission Statement

To provide the DHCW with a high quality NHS Counter Fraud Service, which ensures that any report of fraud is investigated in accordance with the Directions for Countering Fraud in the NHS and all such investigations are carried out in a professional, transparent and cost effective manner.

1. INTRODUCTION

1.1 In compliance with the Directions on Countering Fraud in the NHS, Counter Fraud is required to provide updates to the Audit and Assurance Committee on the work that has been carried out against the agreed work-plan.

This report provides the Audit Committee with an update for the period ending 30th April 2021.

2. CURRENT CASE UPDATE

2.1 For the period ending 30th April 2021 a total of **0** days have been spent on counter fraud work for DHCW, a breakdown of this is detailed in **Appendix 1**.

2.2 There are no investigations linked to DHCW

3. PROGRESS AND GENERAL ISSUES

3.1 Fraud Awareness Presentations

Face-to-face fraud awareness sessions for all staff have been temporarily cancelled due to COVID-19 restrictions but sessions can be conducted through Microsoft Teams. Arrangements to deliver sessions throughout the year will be made with the health board

3.2 National Fraud Initiative 2020/21

The NFI is designed to help Public Bodies build their fraud detection capability through data matching at a national level since fraud is a diverse and evolving crime. In relation to the requirement on DHCW to submit the required data, arrangements have been made with NWSSP colleagues (i.e. Procurement and Payroll) for the required data to be made available and in the required format to meet the deadlines. In addition, Fair Processing Notices were included on staff payslips.

The data matches were released on the 31st January 2021 and are being reviewed. If any cause concern they will be investigated. At the time of submitting this report there are no matches linked to DHCW.

APPENDIX 1

COUNTER FRAUD SUMMARY PLAN ANALYSIS 2021-2022

AREA OF WORK	Planned Days	Days to Date
General Requirements		
LCFS Attendance at All Wales Meetings	1	0
Planning/Preparation of Annual Report and Work Programme	1	0
Production of Reports and attendance at Audit & Assurance	4	0
Liaison with the DoF, NHS CFA, Welsh Government	0	0
Self Review Tool (SRT) and QA Assessment	1	0
Annual Activity		
Create an Anti-Fraud Culture	1	0
Presentations, Briefings, Newsletters etc.	10	0
Fraud Awareness Events	0	0
Deterrence		
Review/develop Policies/Strategies	2	0
Prevention		
The reduction of opportunities for Fraud and Corruption to occur.	0	0
Detection		
National Pro-Active Exercises (e.g. Procurement)	2	0
National Fraud Initiative 2020/21	4	0
Investigation, Sanctions and Redress		
The investigation of any alleged instances of fraud	11	0
Ensure that Sanctions are applied to cases as appropriate	1	0
Seek redress, where fraud has been proven to have taken place	2	0
TOTAL	40	0

DIGITAL HEALTH AND CARE WALES

DHCW CORPORATE RISK REGISTER

Agenda Item	4.1
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little, Director of Finance & Business Assurance
Prepared By	Julie Ash, Head of Corporate Services
Presented By	Julie Ash, Head of Corporate Services

Purpose of the Report	For Noting
Recommendation	
The Committee is being asked to: Note the contents of this report.	

Acronyms

1 SITUATION/BACKGROUND

The Audit & Assurance Committee will, at each meeting, review the Corporate Risk Register. The Corporate Risk Register is also reviewed every month by the Risk Management Group and the Management Board.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

The Committee are asked to review all Corporate Risks and note existing and proposed mitigation action in place. They are asked to consider scoring and make recommendations for consideration should this be required.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

None.

4 RECOMMENDATION

The Committee is being asked to **note** this report.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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CORPORATE RISK (ref if appropriate)	
-------------------------------------	--

WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales
If more than one standard applies, please list below: A healthier Wales	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
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If more than one standard applies, please list below:

EQUALITY IMPACT ASSESSMENT STATEMENT

Date of submission:

No, (detail included below as to reasoning)

Outcome:

Statement: The Corporate Risk Register does not require an EQIA.

APPROVAL/SCRUTINY ROUTE:

Person/Committee/Group who have received or considered this paper prior to this meeting

COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT

QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes, please see detail below
	Risk Management is essential for good governance which contributes to the quality and safety of services.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below
	Some risks can be associated with legislative requirements
FINANCIAL IMPLICATION/IMPACT	Yes, please see detail below
	Some risks have a financial element associated with them.
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Domain	Risk Ref	Risk Description	Risk level (Initial)	Risk level (Current)	Risk level (Target)	Action Status	Last Reviewed	Next Review	Risk Owner
Business & Organisational	NWIS0207	An updated Document Management Strategy and Roadmap is required. Considering the movement to a new SHA and given the adoption and roll out of Microsoft O365 NWIS needs to update its Document Management Strategy to ensure an efficient and effective data management process	12	12	4	Third party company commissioned to undertake a review of Document Management and provide roadmap. Report received and reviewed. Task & Finish Group set up to work through recommendations. Implementation plan for iPassport.	15/04/2021	20/05/2021	Director of Finance & Business Assurance
	NWIS0208	Feedback from the Welsh Language Standards Consultation Review has resulted in the identification of Actions that need to be completed to ensure compliance with the Standards. Failure to complete these actions would result in non-compliance with legislation.	16	12	8	Welsh Language Scheme to be developed to support compliance with Standards (which will not be applied to the new SHA at its outset) Corporate Apps team now progressing outstanding work on Standards 4/5 (All Wales Language Preference System).	15/04/2021	20/05/2021	Director of ICT
	NWIS0252	Since 1 January 2021, all medical devices, including in vitro diagnostic medical devices (IVDs), placed on the Great Britain market need to be registered with the MHRA. There is a grace period for registering: Class IIIs and Class IIb implantables, and all active implantable medical devices and IVD List A products must be registered from 1 May 2021 <ul style="list-style-type: none"> other Class IIb and all Class IIa devices and IVD List B products and Self-Test IVDs must be registered from 1 September 2021 Class I devices, custom-made devices and general IVDs (that do not currently need to be registered) must be registered from 1 January 2022 The user requirements for NWIS services means that software developed to meet these needs could be a medical device and currently NWIS is not in a position to meet the legislation.	12	12	8	Medicines and Medical Devices Bill attained Royal Assent on 11/02/2021. This gives MHRA the required powers to review current legislation as detailed in update provided on 04/02/2021. Gap analysis undertaken Operational Group has been established to take this forward. Remain working towards MDD	15/04/2021	20/05/2021	Medical Director
	NWIS0259	NWIS are currently carrying a number of vacancies and are unable to recruit to specific skill sets which will impact on service deliverables and timescales	12	12	6	Recruitment Task and Finish Group established to identify all o/s vacancies. Establishment Meetings have taken place and a list of o/s vacancies concluded. Extra ESR resource has been sought to undertake the admin tasks to ensure all vacancies are advertised on Trac asap.	15/04/2021	20/05/2021	Chief Operating Officer
Clinical	NWIS0260	ISD are tasked with identifying the clinically extremely vulnerable for the Shielded Patient List. Patients on the list will be eligible for the COVID-19 Vaccine within priority group 4 (those 70 years of age and over; and clinically extremely vulnerable individuals). Due to the complex nature of the process around the shielding patient lists and the reliance on some manual checks etc. it retains an element of risk.	12	12	4	ISD and NDR team are working with a third party on development of an automation process. This should remove the requirement for manual intervention and hence human error.	15/04/2021	20/05/2021	Deputy Director of Information

	NWIS0262	The BizTalk version employed in Canisc integration is obsolete and out of support. There is a risk as well that any patches may be incompatible with the current version, and where a restart of the server is required then this may cause a longer term outage if this fails	12	20	4	WLIMS integration terminated 11th December in line with WLIMS upgrade. Only SWWCN ChemoCare treatment interface now dependent on BizTalk.	15/04/2021	20/05/2021	Director of Application Support & Development
Health & Safety	NWIS0236	The accessible lift at Tŷ Glan-yr-Afon is broken (with extensive repairs required in order for the lift to be put back in service), which means that anyone with accessible needs wanting to use the lift is unable to do so, therefore they would need to find an alternative route into the building. All alternative routes would require assistance, which has been made available but is unsuitable as a permanent or prolonged measure.	20	12	4	Landlord has commenced the replacement programme, faulty lift has been removed. Landlord's contractor has confirmed they have received drawings from the manufacturer who is going into production, anticipated completion date May 2021	15/04/2021	20/05/2021	Director of Finance & Business Assurance
Information Governance	NWIS0263	In line with the described functions of Digital Health and Care Wales (DHCW) as laid by Welsh Government in December 2020 there is a risk that Directions set by Welsh Ministers will not provide for a sound legal basis for the collection, processing and dissemination of Welsh resident data	12	12	4	Actions set against Welsh Government to define a set of Directions that will enable DHCW to move forwards on BAU and to provide cover for important functions such as NDR	15/04/2021	20/05/2021	Medical Director
	NWIS0264	The is a risk that a national conversation with practitioners and patients will be delayed. In line with the principles of the Well-being of Future Generations Act (2015) the 'Data Promise' (or other appropriate IG framework) will be significantly curtailed because the legal basis for the collection, process and dissemination of Welsh resident will not be properly established via the new Special Health Authority	12	12	4	Specific responsibilities for implementation of the Data Promise given to the Head of Digital Strategy/Technology, Digital & Transformation, WG	15/04/2021	20/05/2021	Medical Director
Project	NWIS0237	Risk - of demand exceeding current staff capacity due to new priorities replacing our IMTP objectives; New work demands mean extra staff are needed in certain areas, for example, help desk to cope with remote working requests and information services providing COVID data and dashboards. Pipeline projects being accelerated bringing increased demand on depts such as integration services, eg eye care, critical care projects.	16	16	9	2021/22 Plan approved at NWIS Exec Board but recognising that there is still uncertainty about new requirements as referenced in WG 'Covid-19: Looking Forward March 2021' paper. Therefore risk score remains the same.	15/04/2021	20/05/2021	Chief Operating Officer
Service Interruption	NWIS0205	Failure of the DMZ network, or Internet Circuit in Blaenavon will result in NWIS patient facing digital services being unavailable for those users. This affects services which are hosted in the BDC and are not resilient by design.	12	16	4	Work ongoing to provide resilience to some services (e.g. websites hosted in MURA platform) via cloud. Whilst the data centre project is moving DMZ servers to a Cloud provider, the risk will remain for other services.	15/04/2021	20/05/2021	Director of ICT
	NWIS0228	Due to lack of required funding over recent years, NWIS does not have sufficient 'fault domains' in the data centres. A fault domain constrains infrastructure faults to a limited set of infrastructure, resulting in disruption to less services should a fault occur. Most applications hosted in the data centres run in a single fault domain which results in infrastructure problems causing outages for many systems when they occur	16	16	6	New equipment being deployed to increase fault domains and thus provide improved availability of hosted services.	15/04/2021	20/05/2021	Director of ICT

NWIS0201	There is an underlying obsolescence relating to NWIS Infrastructure which requires timely financial support for an ongoing replacement programme.	12	20	4	A sustainable recurrent funding mechanism will form part of the new SHA financial requirement exercise.	15/04/2021	20/05/2021	Director of ICT
NWIS0204	The Canisc application is developed using Microsoft Visual FoxPro, which is no longer supported by Microsoft. Work has completed to migrate the database but the application still poses a risk. Consequence: Unavailability of application resulting in disruption to operational service requiring workarounds	15	20	6	All available mitigations are now complete. Being discussed and reviewed by SMB. The Cancer Informatics Programme has been accelerated to iteratively mitigate risk of disruption to services should Canisc fail. This work is being managed under the Silver (Managing Customers) Command Group.	15/04/2021	20/05/2021	NWIS / Velindre
NWIS0266	Due to the increased number of VPN users and increased adoption of Office 365 services, there is currently a risk that the internet and VPN infrastructure could not sustain the load at one data centre only. This would be the case should a circuit fail or certain pieces of equipment fail.	12	12	4	Quotes have been sought for two extra VPN concentrators, one for each data centre, and for increased circuit capacity. Testing of O365 split tunnelling ongoing. New firewalls installed in NDC and loan equipment being configured for installation week commencing 22nd February in BDC. New cluster arrangement available for installation into CDC when circuits and racks available.	15/04/2021	20/05/2021	Director of ICT
NWIS0267	Since early March 2021 a random host on one of the virtual server environments will occasionally crash causing guests to fail over to other hosts. However, some guests are at risk of failing to recover seamlessly.	12	12	6	Call logged with support organisation to determine root cause of shutdowns and apply fix. Some firmware levels have been updated in line with earlier feedback but problem persists. Therefore investigations are ongoing with the support organisation to determine root cause.	15/04/2021	20/05/2021	Director of ICT

DIGITAL HEALTH AND CARE WALES

Declarations Interests and Declarations of Gifts, Hospitality, Sponsorship and Honoraria

Agenda Item	4.4
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Chris Darling, Board Secretary
Prepared By	Julie Ash, Head of Corporate Services
Presented By	Julie Ash, Head of Corporate Services

Purpose of the Report	For Approval
Recommendation The Committee is being asked to: Note the work to populate a Declarations of Interests Register for DHCW and note the Declarations of Gifts, Hospitality, Sponsorship and Honoraria declarations for April 2021	
Acronyms	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

DHCW	Digital Health and Care Wales		
NWIS	NHS Wales Informatics Service		

1 SITUATION/BACKGROUND

- 1.1 Up until 31 March 2021 Declarations of Interest and Declarations of Interest, Gifts Hospitality, Sponsorship activities for NWIS were captured via the Velindre NHS Trust governance processes and reported to the Velindre NHS Trust Audit Committee.
- 1.2 In accordance with the requirements of the DHCW's Standing Orders and Standards of Behaviour Policy, approved by the DHCW Board on 1 April 2021, a report is required to be received by the DHCW Audit & Assurance Committee as a standing agenda item which will detail the Declarations of Interest, Gifts, Declarations of Interest, Gifts Hospitality, Sponsorship activities.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 Following approval of the DHCW Standards of Behaviour Policy by the DHCW Board on 1 April 2021 work has commenced to collate Board member declarations of interest. Once all Board members declarations of interest have been received and captured on the register all DHCW staff band 8a and above will be targeted to complete the Declaration of Interests form. A full report including the Declarations of Interest register will accompany the report to the July Audit and Assurance Committee.
- 2.2 It should be noted that no Gifts, Declarations of Interest, Gifts Hospitality, Sponsorship activities have been declared during April 2021 since the establishment of DHCW.
- 2.3 The Standards of Behaviour Framework summary from the Standards of Behaviour Policy is set out below:

The Board has described its vision that underpin the way that services are provided and to support this, all employees must ensure that they carry out their roles with dedication and commitment to the Special Health Authority and its core values.

All staff must have the highest standards of corporate and personal conduct and behave in an exemplary manner based on the following seven principles:

- **Selflessness** – Individuals should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or friends;
- **Integrity** – Individuals should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties;
- **Objectivity** – In carrying out public business, including making public appointments, awarding contracts, recommending individuals for rewards and benefits, choices should be made on merit;
- **Accountability** – Individuals are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate for their position;
- **Openness** – Individuals should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it;

- **Honesty** – Individuals have a duty to declare any private interests relating to their duties and to take steps to resolve any conflicts arising in a way that protects the public interest, and;
- **Leadership** – Individuals should promote and support these principles by leadership and example.

To uphold these principles you must:-

- Ensure that the interests of patients and the public remain paramount;
- Be impartial and honest in the conduct of your official business;
- Use NHS resources to the best advantage of the service and the patients, always seeking to ensure value for money;
- Not abuse your official position for personal gain or to benefit your family or friends;
- Not seek advantage or to further private business or other interests in the course of your official duties, and;
- Not seek or knowingly accept, preferential rates or benefits in kind for private transactions carried out with companies, with which they have had, or may have, official dealings on behalf of the SHA.

The Standards of Behaviour Framework Policy outlines the arrangements within the Special Health Authority to ensure that staff comply with these requirements, including recording and declaring potential conflicts of interest and handling of gifts, hospitality and sponsorship (even if these are declined). Further guidance is available via the Standards of Behaviour Policy on the intranet site.

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It is your responsibility to ensure that you are familiar with the requirements of the Policy and supporting guidance. The relevance of this information will vary depending on your role within the Special Health Authority and your interests outside of your employment.

In summary:-

DO:

Make sure that you are not in a position where your private interests and NHS duties may conflict.

Declare any relevant interests. These include:-

- Directorships, including Non-Executive Directorships held in private companies or PLCs.;
- Ownership or part-ownership, of private companies, businesses or consultancies likely or possibly seeking to do business with the Special Health Authority.
- A position of authority in a charity or voluntary body in the field of health and social care;
- A personal or departmental interest in any part of the pharmaceutical or healthcare associated industries that could be perceived as an influence on decision making or on the provision of advice to members of the team;
- Sponsorship or funding from a known NHS supplier or associated company/subsidiary;
- Employment where there could be a perceived or actual conflict with NHS duties. This includes the undertaking of private practice;
- Anything else that could cause a potential for conflict.

Remember that the need to declare an interest also includes those of your close family and possibly friends.

Seek your manager's permission before taking any outside work, in accordance with employment terms and conditions.

Obtain your Directors permission before accepting any commercial sponsorship or hospitality;

Declare offers of gifts, hospitality or sponsorship using the appropriate form where required.

DO NOT:

- Accept any gifts from suppliers or commercial organisations unless they are of low value e.g. pens, diaries;
- Accept any gifts over the value of £25 from patients or their relatives, these should be politely declined;
- Accept any inappropriate hospitality or sponsorship from suppliers or commercial organisations;
- Abuse your position to obtain preferential rates for private deals;
- Unfairly advantage one competitor over another or show favouritism in your dealings with commercial organisations;
- Use NHS resources for your own private use.

If you need any further guidance please contact the Board Secretary via email or Teams.
DHCW.CorporateGovernance@wales.nhs.uk

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 2.3 Members are asked to note the work to populate the DHCW Declarations of Interest forms and develop a Declarations of Interest Register, which will be presented to the Audit and Assurance Committee in July 2021. Members are asked to further note that no declarations of Gifts, Hospitality, Sponsorship or Honoraria were received by DHCW in April 2021.

4 RECOMMENDATION

The Committee is being asked to:

Note the work to develop the DHCW Declarations of Interest Register which will come to the July Audit and Assurance Committee.

Note that no declarations of gifts, hospitality, sponsorship and honoraria were received in April 2021.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	All Objectives apply
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CORPORATE RISK (ref if appropriate)	
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WELL-BEING OF FUTURE GENERATIONS ACT	A healthier Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Effective Care
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement: The Annual Cycle of Business and Forward Workplan do not require an EQIA.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME
DHCW Board	1 April 2021	Standards of Behaviour Policy approved

IMPACT ASSESSMENT

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below
	The declarations of interests process ensures DHCW staff adhere to the organisation's statutory responsibilities.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

DIGITAL HEALTH AND CARE WALES ESTATES COMPLIANCE REPORT

Agenda Item	4.5
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little, Director of Finance & Business Assurance
Prepared By	Julie Ash, Head of Corporate Services
Presented By	Julie Ash, Head of Corporate Services

Purpose of the Report	For Noting
Recommendation	
The Committee is being asked to: Note this report.	

Acronyms

1 SITUATION/BACKGROUND

The Audit & Assurance Committee will, at each meeting, review the latest available Estates Compliance Report. This report covers performance as at March 2021.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

The Committee are asked to note compliance by site and by type. They are also asked to review:

- Health & Safety Statistics
- Fire Safety Statistics
- Utilities Utilisation
- Environmental Management Performance

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

None.

4 RECOMMENDATION

The Committee is being asked to **note** this report.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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CORPORATE RISK (ref if appropriate)	
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WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales
If more than one standard applies, please list below: A healthier Wales	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission: N/A
No, (detail included below as to reasoning)	Outcome: N/A
Statement: The Estates Compliance Report does not require an EQIA.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below Ensures compliance with legislation and good governance.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	Yes, please see detail below This activity is essential to ensure the health & safety of staff
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Estates Compliance REPORT



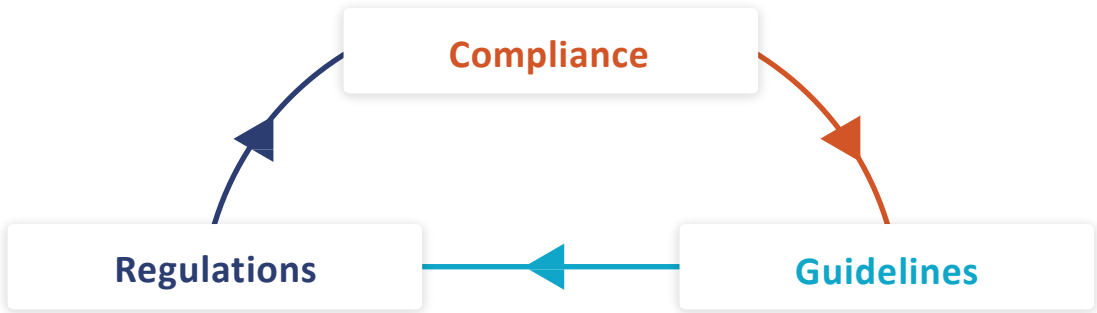
March 2021

ESTATES COMPLIANCE REPORT



CONTENTS

1	Key
2	Overall Compliance
3	Compliance Responsibility
4	Monthly Compliance Trend
5	Key Areas
6	Site Compliance Action Plan Overview
7	PPM Overview
8	Site Compliance
9	Health and Safety Statistics
10	Fire Safety Statistics
11	Safety, Health and Environmental Inspections
12	Energy, Water and Waste Statistics

KEY



Arrows denote:-

- ▲ Percentage is higher than previous month
 - ▼ Percentage is lower than previous month
 - ◀ Percentage is the same as the previous month
- All percentages include  and  totals added together.



Green

Systems and equipment that are fully compliant



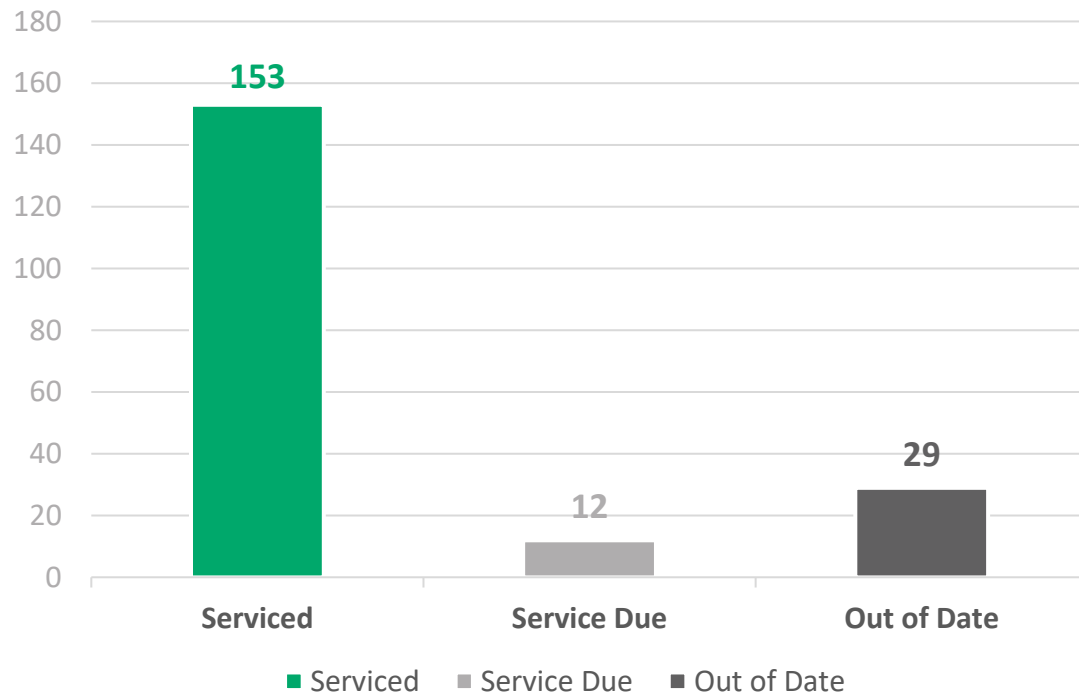
Light Grey

Systems and equipment that are due to be serviced in one month or less



Dark Grey

Systems and equipment that are no longer compliant



ESTATES COMPLIANCE REPORT

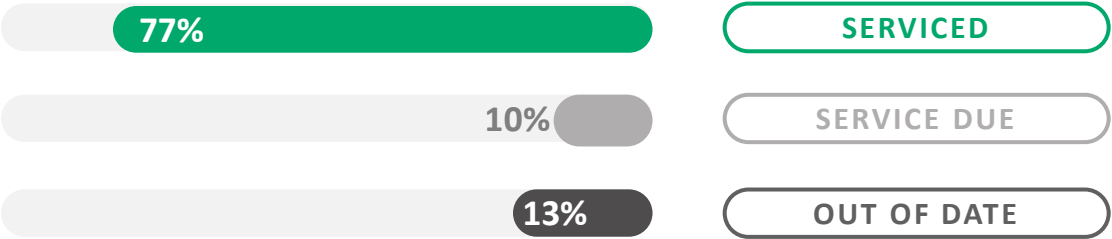
OVERALL COMPLIANCE

Number of System & Equipment that Require Testing.

This Month	Last Month
▼ 85%	89%

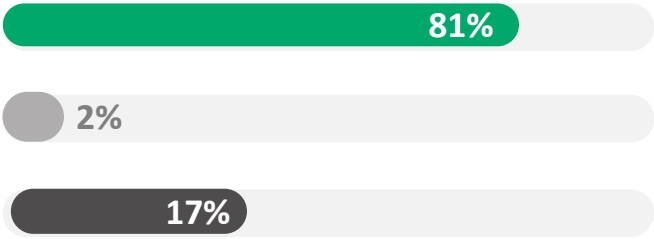
COMPLIANCE RESPONSIBILITY

Landlord Compliance Responsibility



This Month	Last Month
◀ 87%	87%

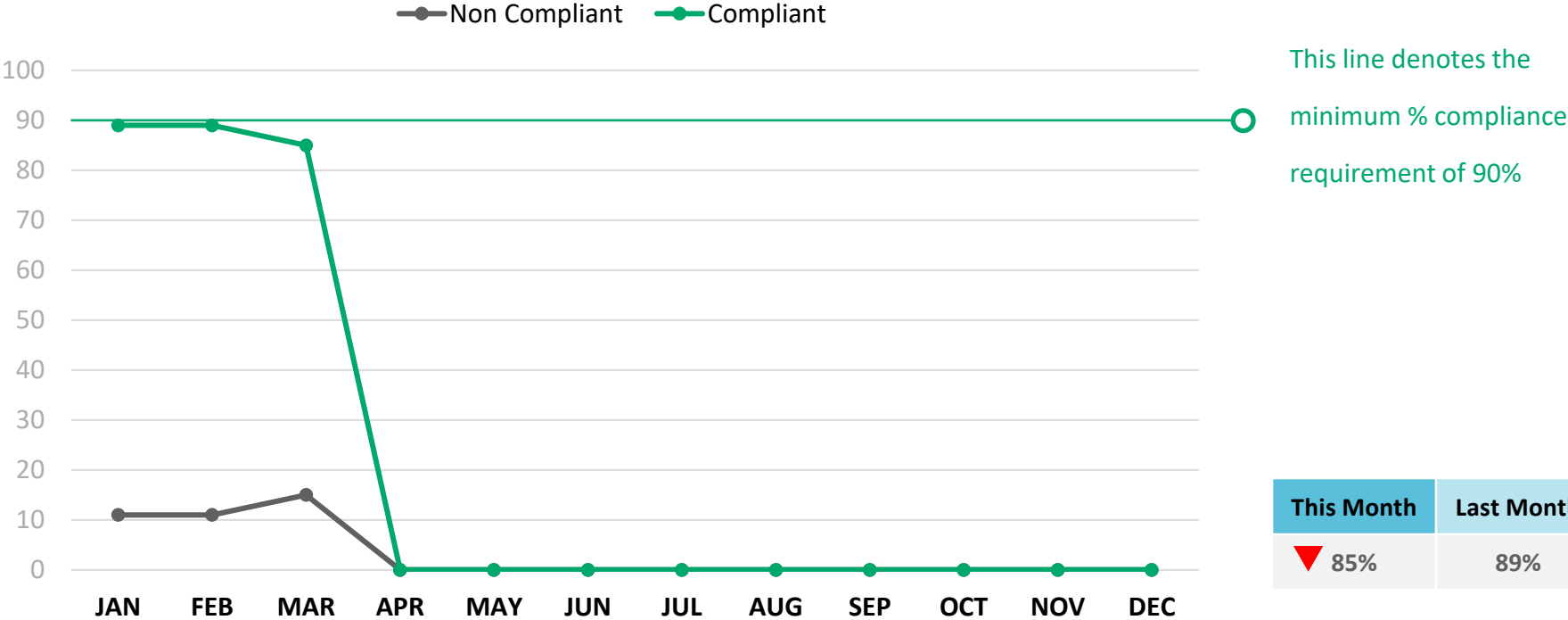
NWIS Compliance Responsibility



This Month	Last Month
▼ 83%	94%

Bocam	Technium 2	Tŷ Glan-yr-Afon	Mamhilad	Castlebridge 2	Castlebridge 5	Tŷ Glan-yr-Afon	Technium 2	Castlebridge 2	Castlebridge 5	Technium 2	Mamhilad	Bocam
2	12	2	6	5	2	2	2	4	2	2	1	1

MONTHLY COMPLIANCE TREND



This Month	Last Month
▼ 85%	89%

DEC	
NOV	
OCT	
SEP	
AUG	
JUL	
JUN	
MAY	
APR	
MAR	85%
FEB	89%
JAN	89%

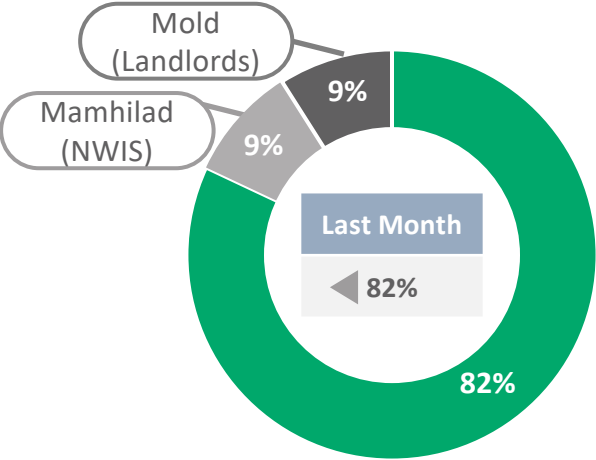
KEY AREAS

Compliance

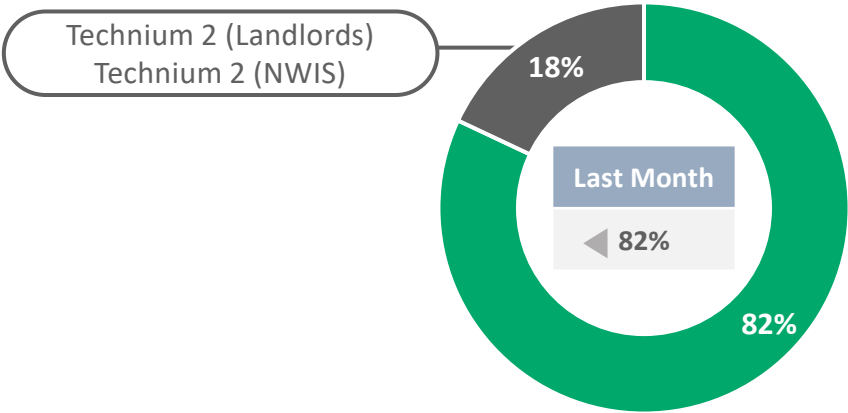
Compliance due / awaiting confirmation

Non Compliance

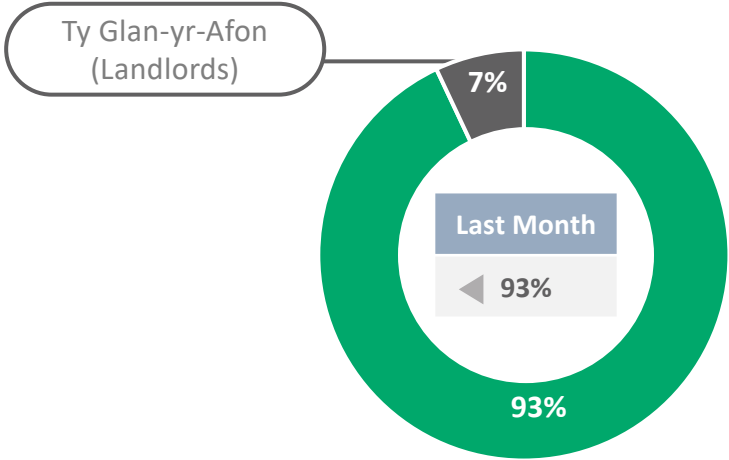
Asbestos Compliance Percentage



Legionella Compliance Percentage



Fire Risk Assessment Compliance Percentage



Compliance Criteria		Overall Compliance
	Green – Action complete	85%
	Light Grey – Action on target to be completed by agreed date	3%
	Medium Grey – Action on target for completion by agreed date	12%
	Dark Grey – Implementation passed management action not complete	0%

FRA Actions - Light Grey		WRA Action – Light Grey	
Mamhilad	5	Technium 2	8
Mold	1	TGA	2
TGA	1	Castlebridge 2	2
Mold	4		

Compliance Category	Compliance Subcategory	Reference	Number of Actions by Priority											
			High				Medium				Low			
Fire	Fire Risk Assessment	FR2018.1	0	0	0	0	18	1	7	0	38	1	3	0
Water	Legionella Risk Assessment	LR2018.1	12	0	2	0	15	0	7	0	6	2	0	0
Asbestos	Asbestos Risk Assessment	AR2018.1	0	0	0	0	4	0	0	0	42	0	0	0

ESTATES COMPLIANCE REPORT

Site Compliance Action Plan Overview

This Month	Last Month
◀ 88%	88%

PPM
OVERVIEW

Mamhilad		% Complete
Total Inspections	46	96%
Total Complete	44	

Castlebridge 5		% Complete
Total Inspections	63	98%
Total Complete	62	

Tŷ Glan-Yr-Afon		% Complete
Total Inspections	128	99%
Total Complete	127	

Mold		% Complete
Total Inspections	0	N/A
Total Complete	0	

Castlebridge 2		% Complete
Total Inspections	64	97%
Total Complete	62	

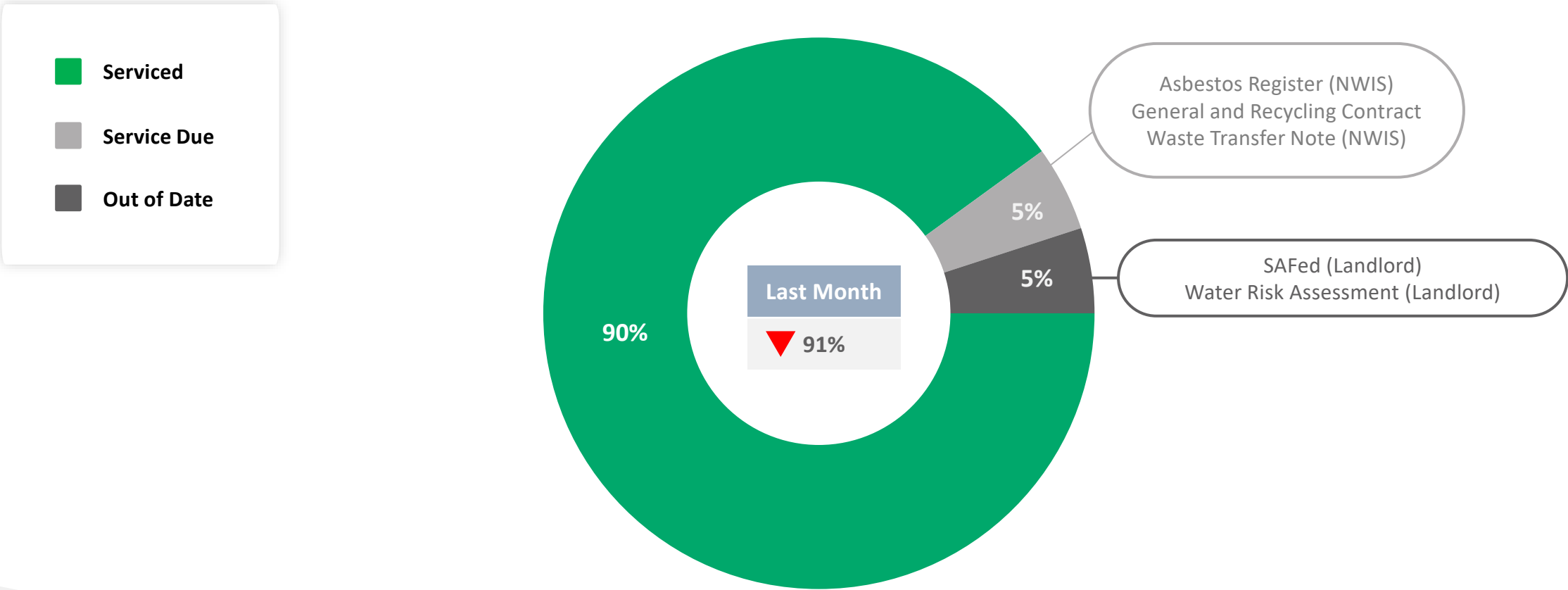
Bocam		% Complete
Total Inspections	76	96%
Total Complete	73	

Technium 2		% Complete
Total Inspections	54	83%
Total Complete	45	

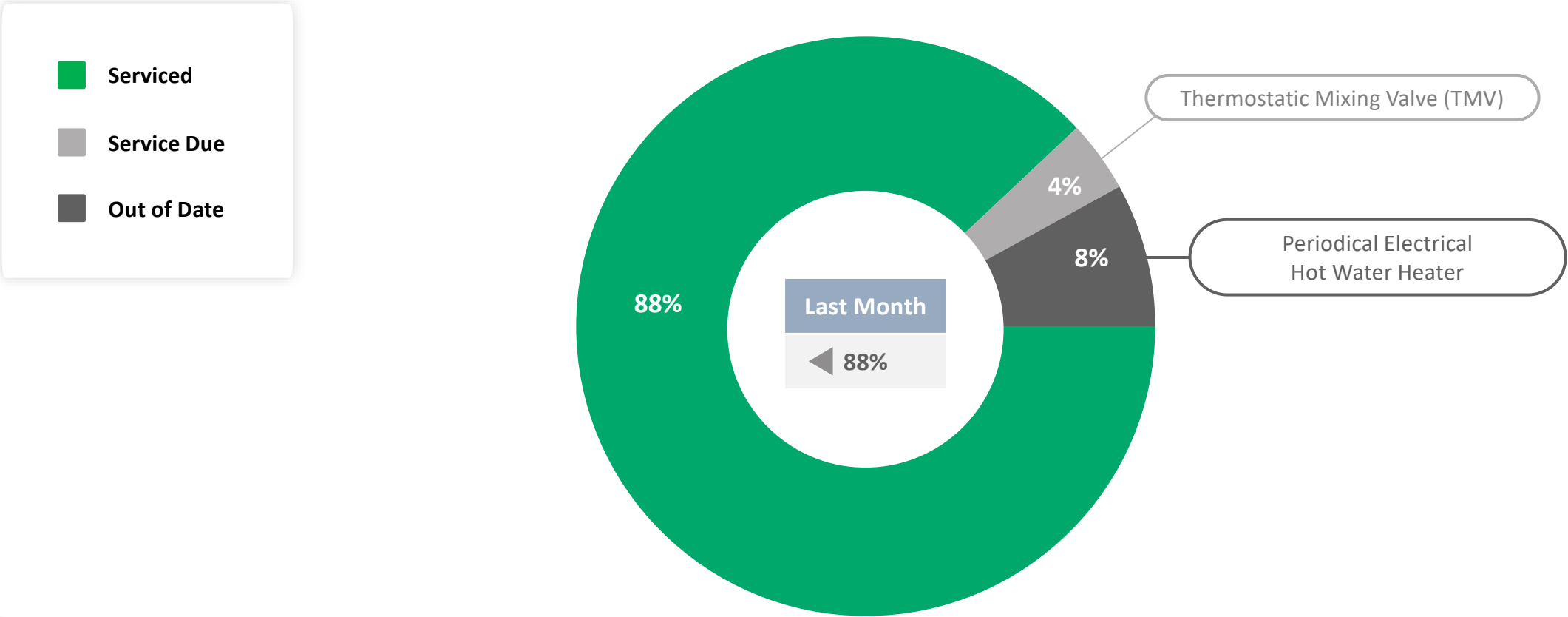
NWIS – 2021		% Complete
Total Inspections	431	93%
Total Complete	413	

This Month	Last Month
◀ 93%	93%

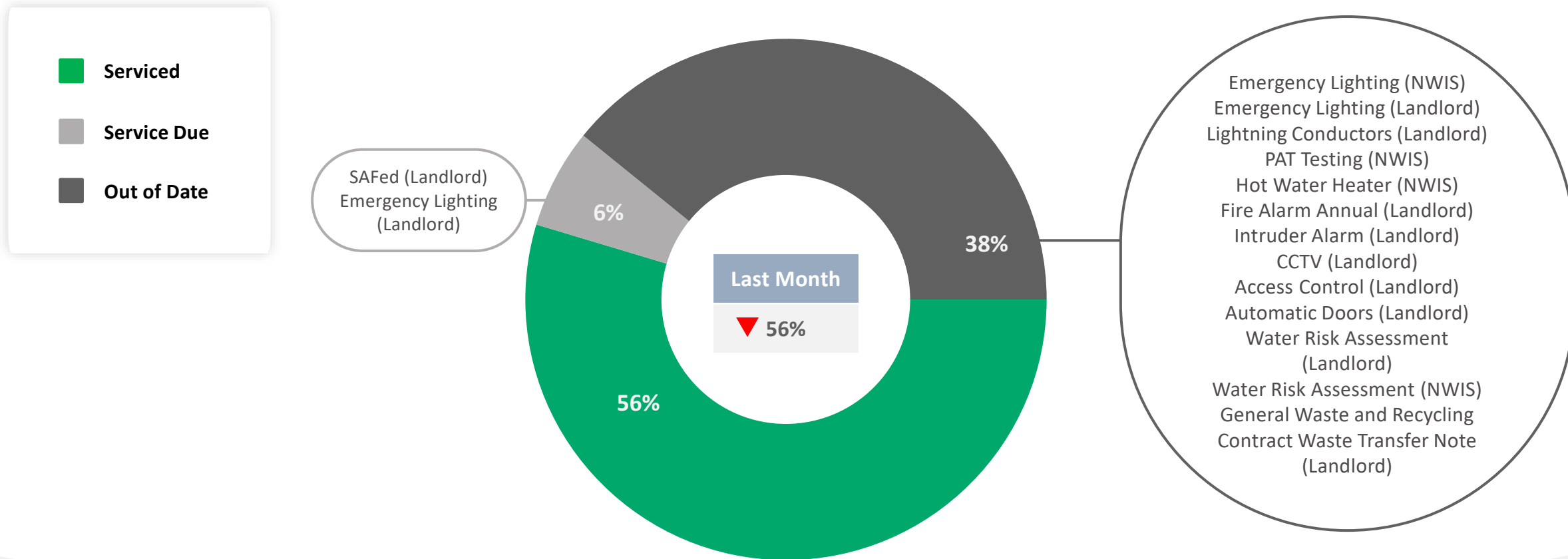
Tŷ GLAN-YR-AFON, CARDIFF



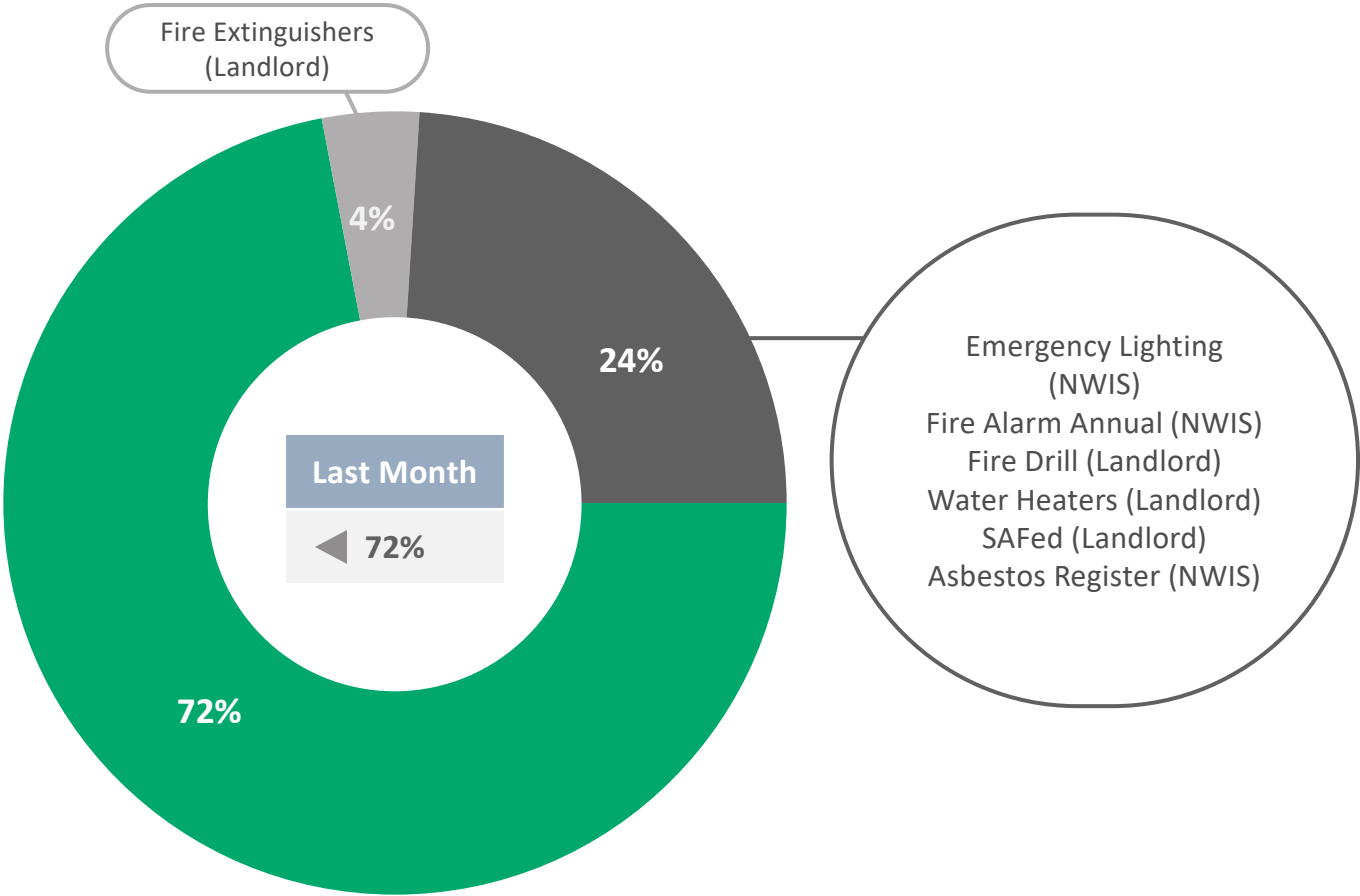
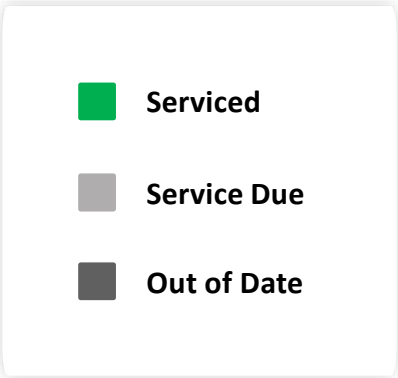
BOCAM PARK, PENCOED



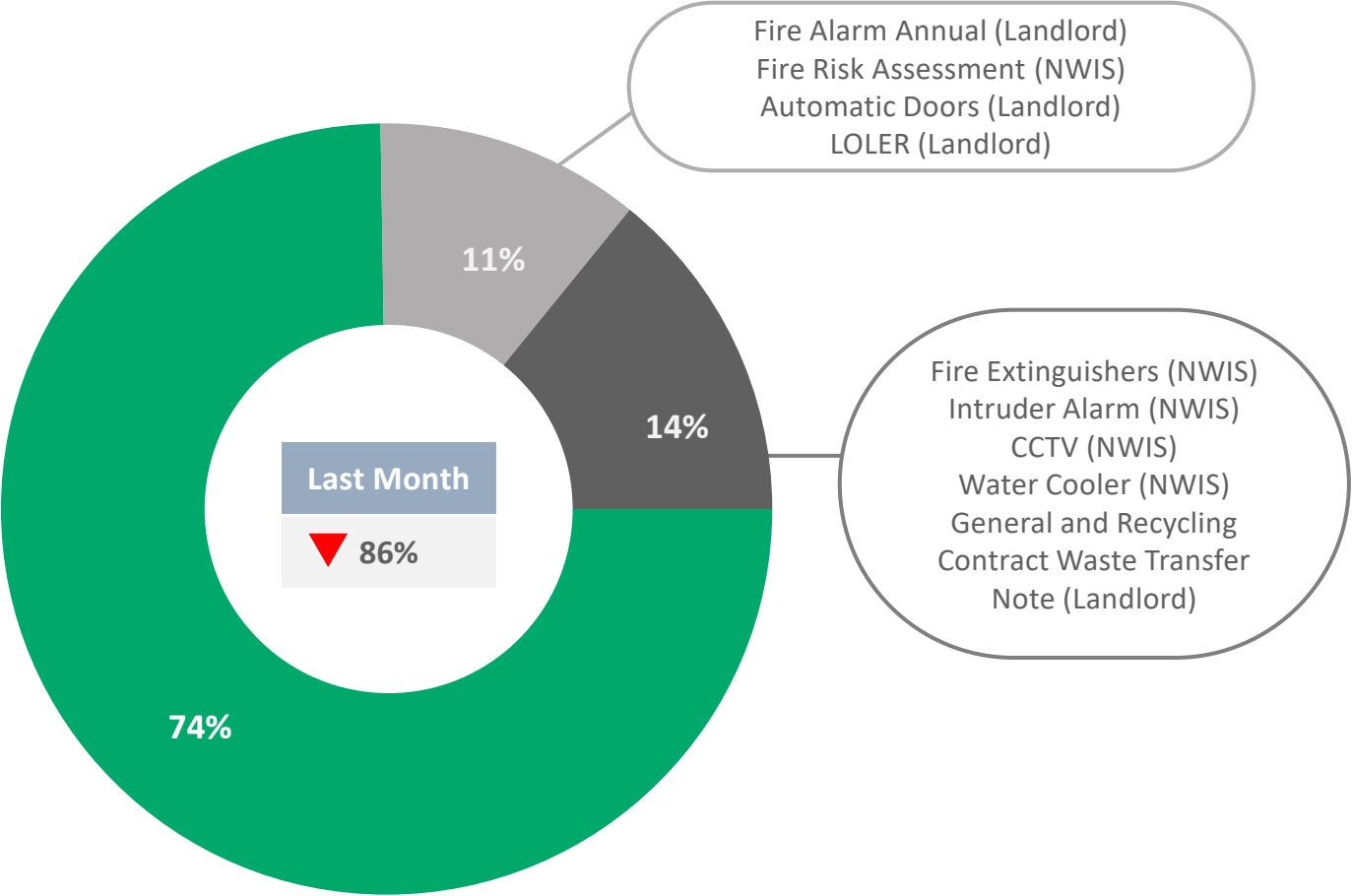
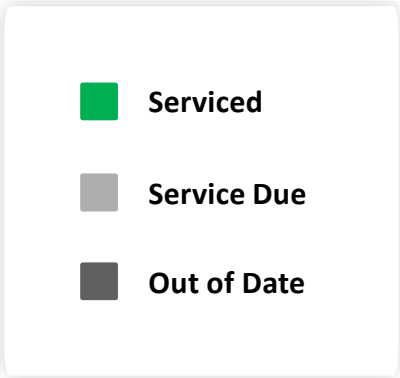
TECHNIUM 2, SWANSEA



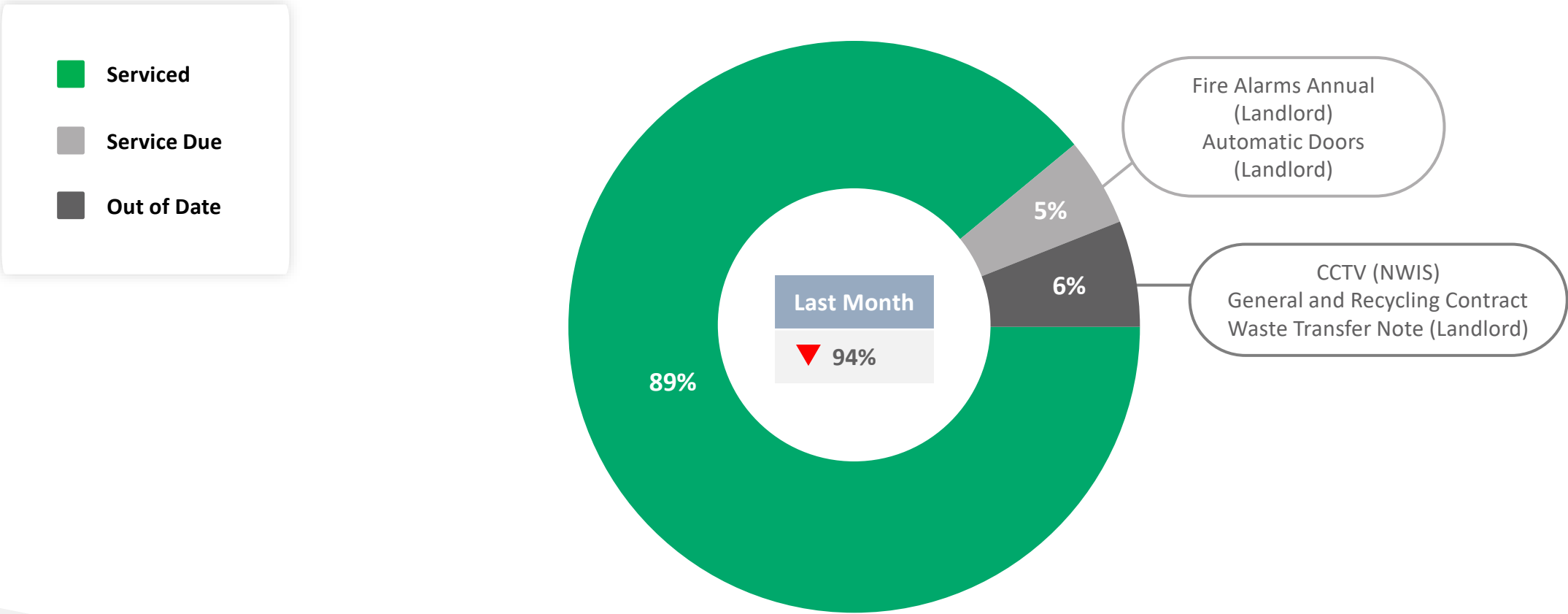
MAMHILAD HOUSE, PONTYPOOL



CASTLEBRIDGE 2, CARDIFF

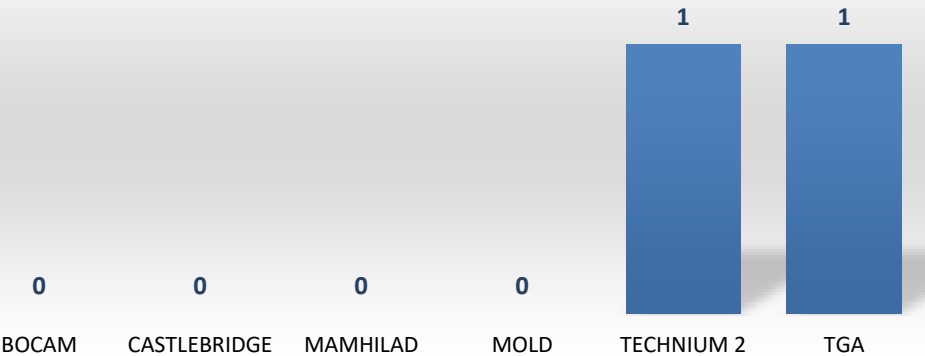


CASTLEBRIDGE 5, CARDIFF

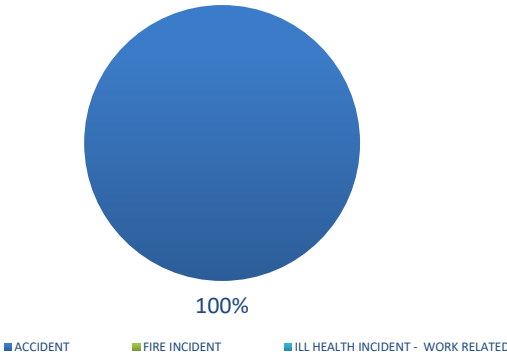


HEALTH AND SAFETY LAST 12 MONTHS

Total Number of Incidents at Each NWIS Site



Percentage of Incident Type



Severity and Risk

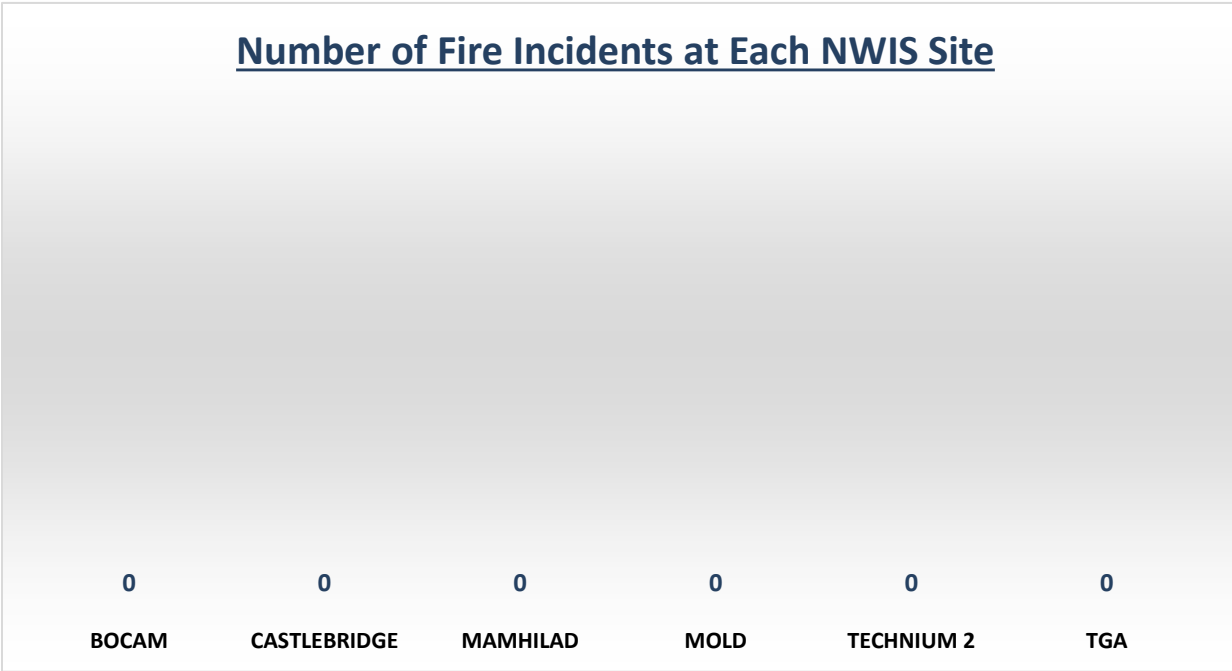
No Injury	1
Full Recovery < 3 Days	0
Short Term Harm	0

Total Incidents	Covid-19 Incidents	Non-Work Related Ill Health Incidents	RIDDOR Reportable Incidents	First Aid Provided	First Aiders	Mental Health First Aiders
3	0	0	0	0	14	23

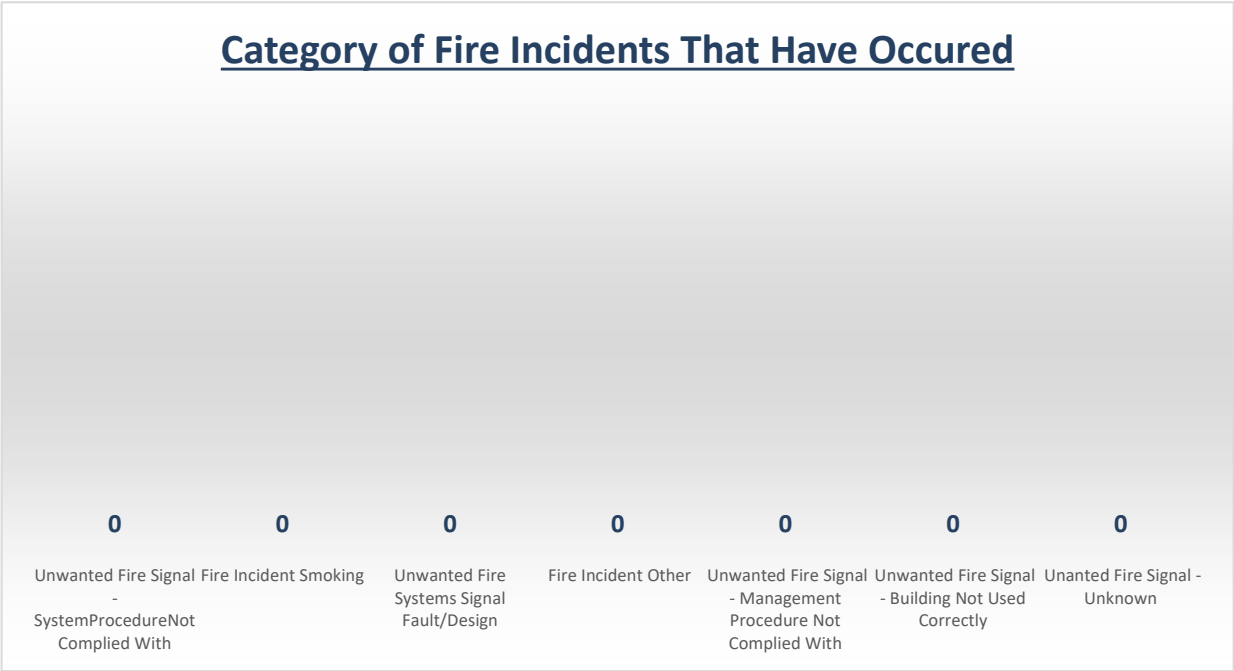
*Some data was unavailable due to not being entered on Datix.

FIRE SAFETY STATS LAST 12 MONTHS

Number of Fire Incidents at Each NWIS Site

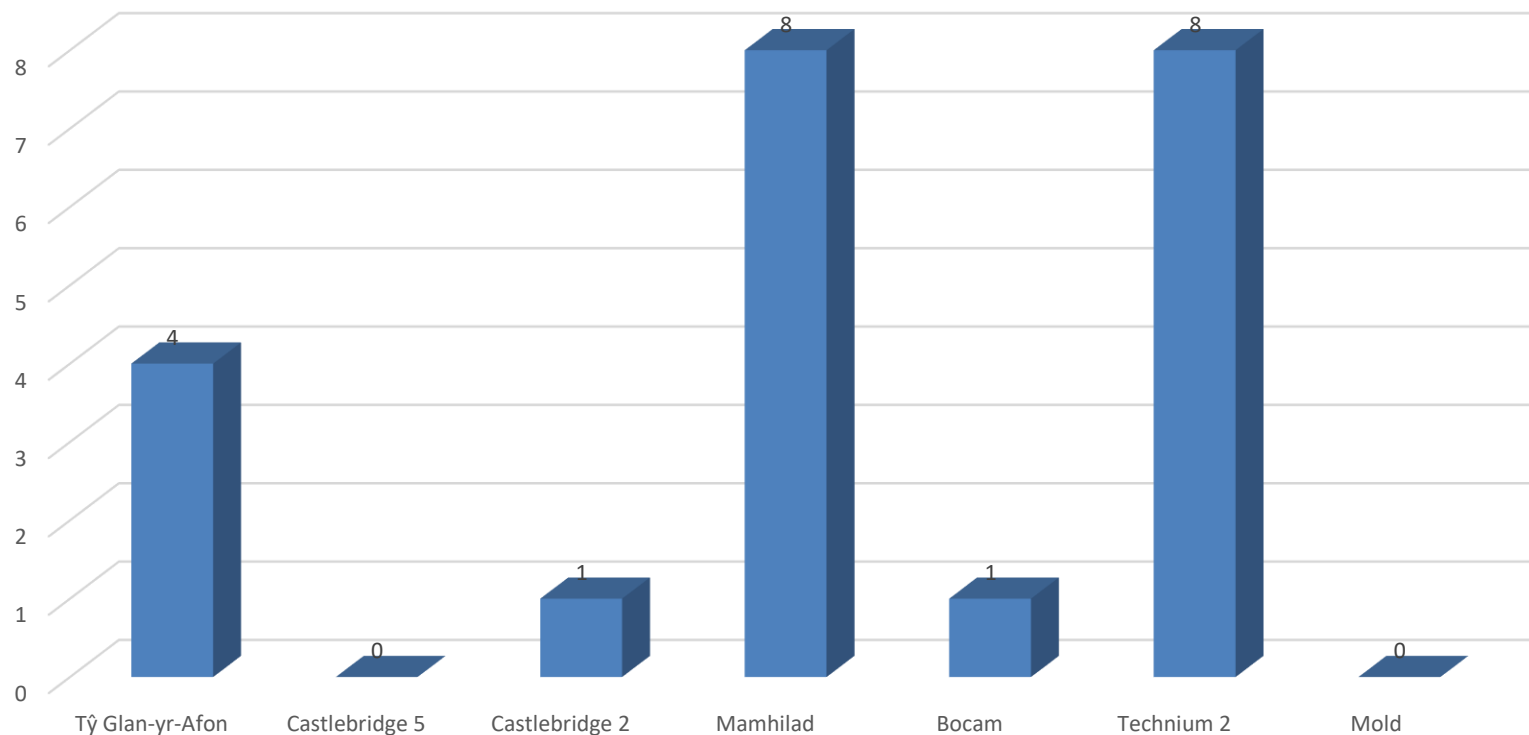


Category of Fire Incidents That Have Occured



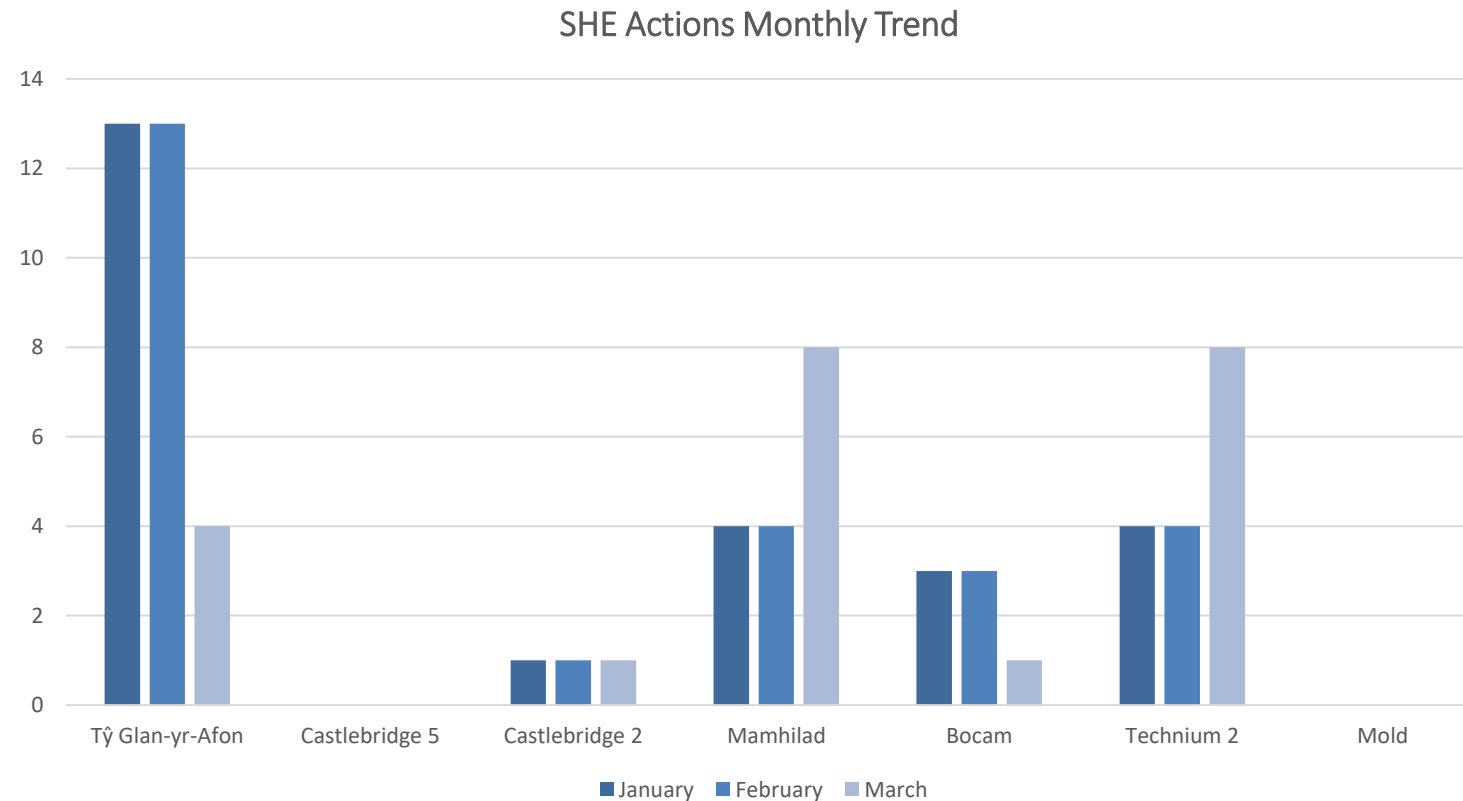
Unwanted Fire Alarm Activations	Fire Wardens	Fire Drills
0	33	71%

ONGOING SHE ACTIONS

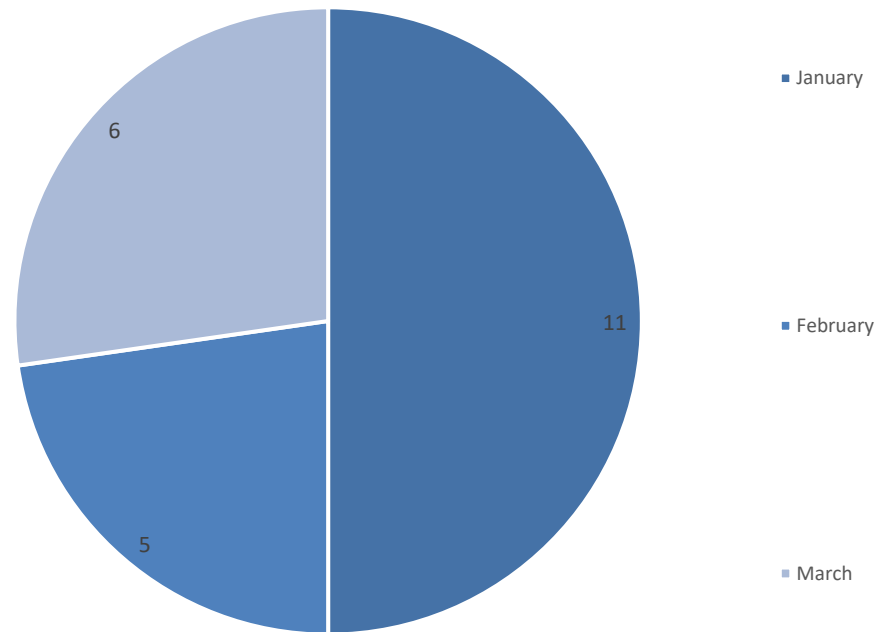


This Month	Last Month
▼ 22	25

SHE ACTIONS MONTHLY TREND



SHE ACTIONS CLOSED EACH MONTH



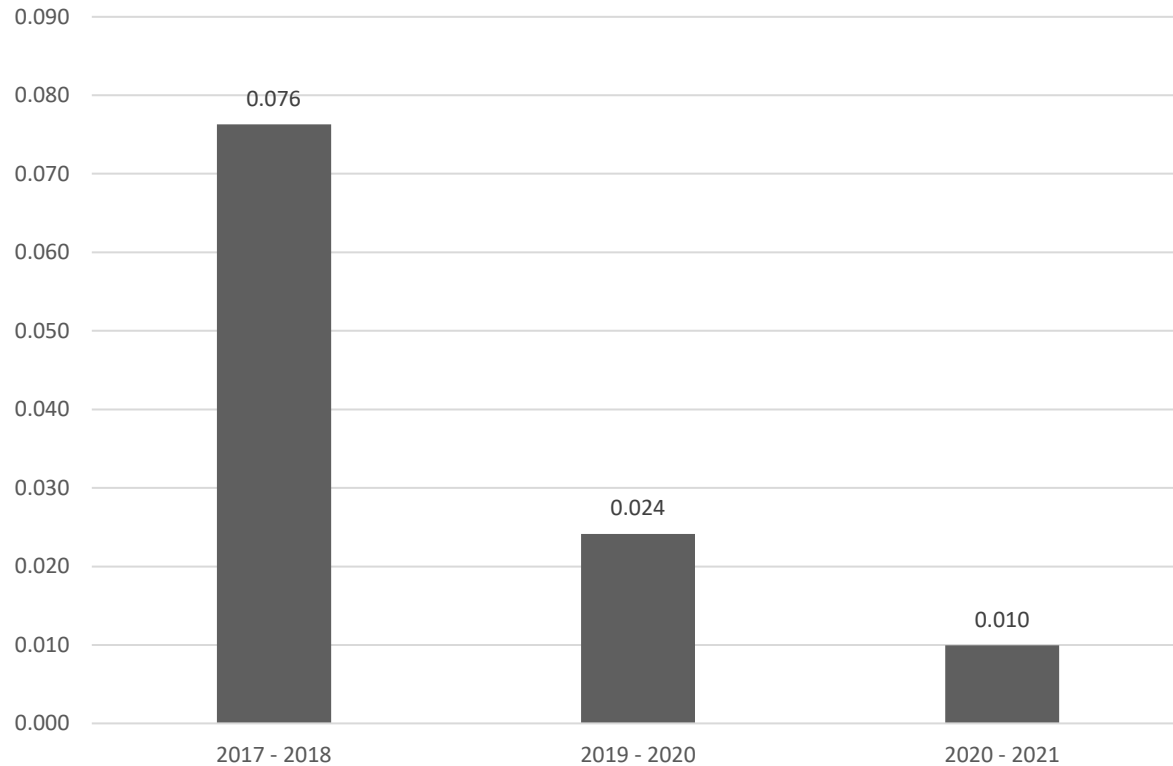
ELECTRICITY

FIGURES QTR 1-4*

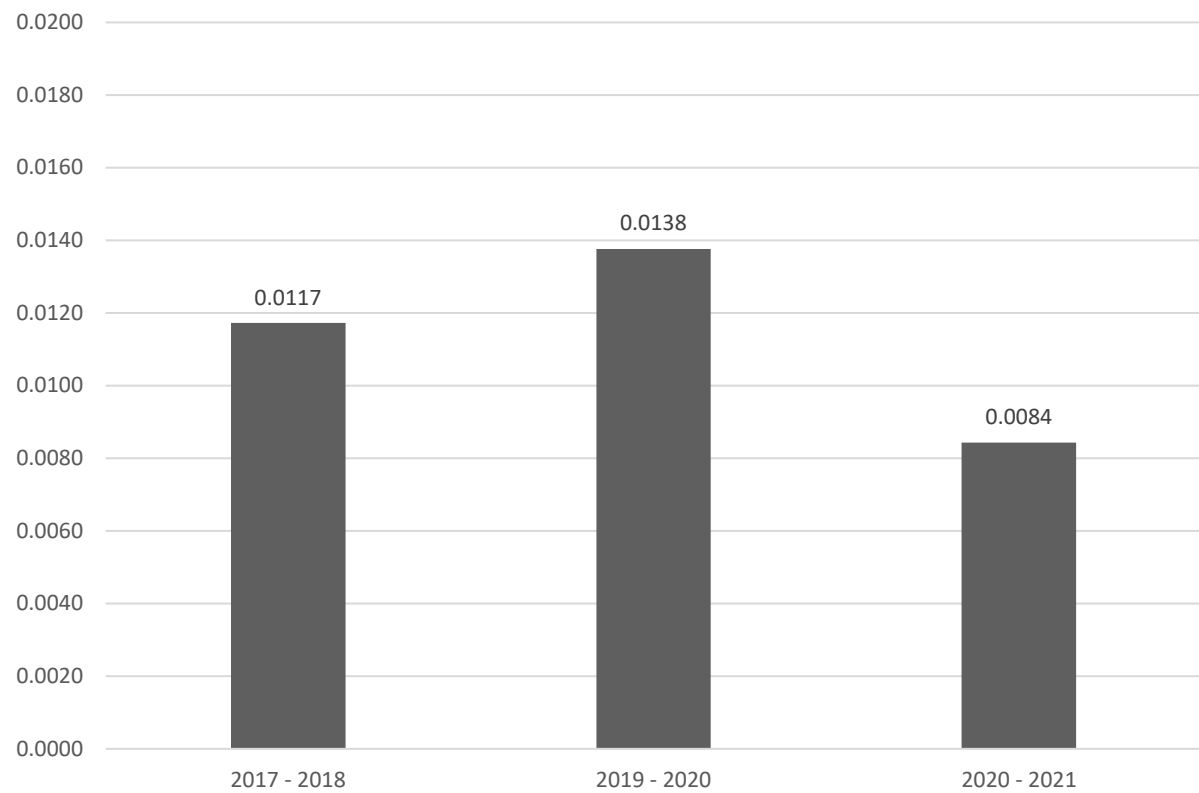
Total Electricity Accumulative CO2 Emissions per m2

The graph shows NWIS' accumulative CO2 emissions, from electricity usage, per m2, in 2020-21 as well as a comparison to 2019-20. From the data we can see a **58% reduction** in accumulative CO2 emissions in 2020-21 compared to 2019-20.

*We are yet to received any invoice data from QTR 4



Electricity emissions target: 9% reduction



Gas emissions target: 9% reduction

ESTATES COMPLIANCE REPORT

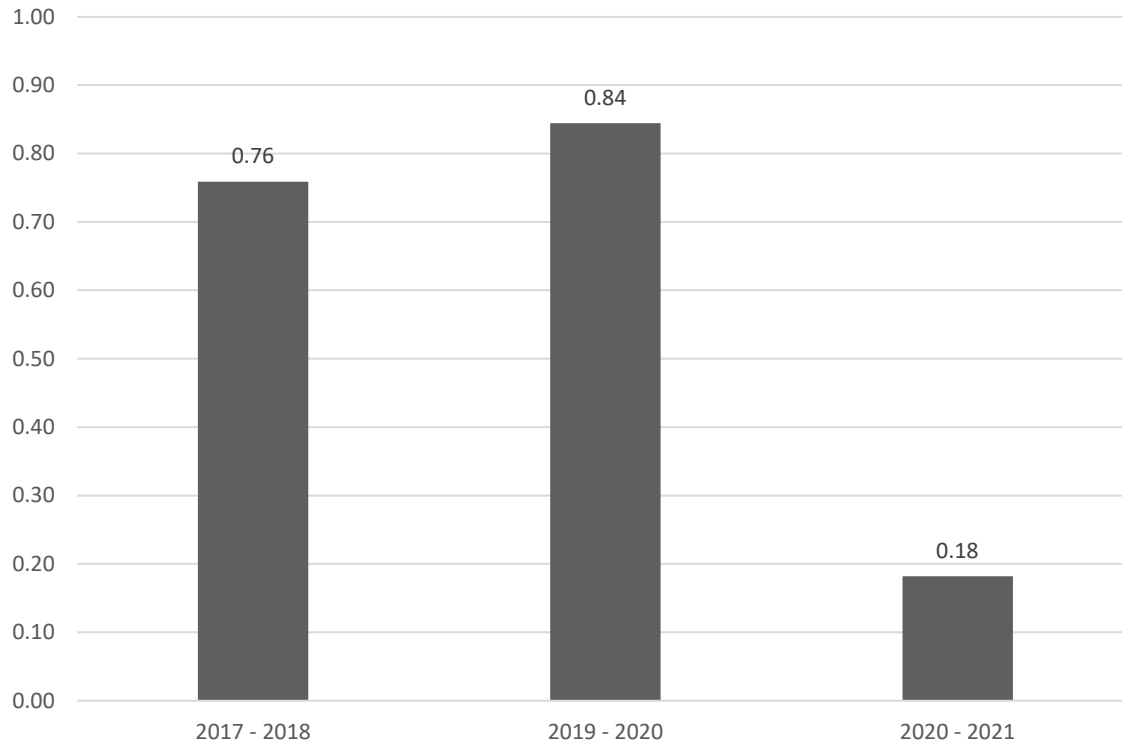
GAS FIGURES

QTR 1-4*

Total Gas Accumulative CO2 Emissions per m2

The graph shows the accumulative CO2 emissions, from gas usage per m2 in 2020-21, as well as a comparison to 2019-20. From the data we can see a **39% reduction** in accumulative CO2 emissions in 2020-21 compared to 2019-20.

*We are yet to received any invoice data from QTR 4



Water consumption target: 12% reduction

ESTATES COMPLIANCE REPORT

WATER FIGURES

QTR 1-4*

Water Accumulative Consumption Per m2

The graph shows NWIS' accumulative water consumption per m2 in 2020-21, as well as a comparison to 2019-20. From the data we can see a **79% reduction** in accumulative water consumption in 2020-21 compared to 2019-20.

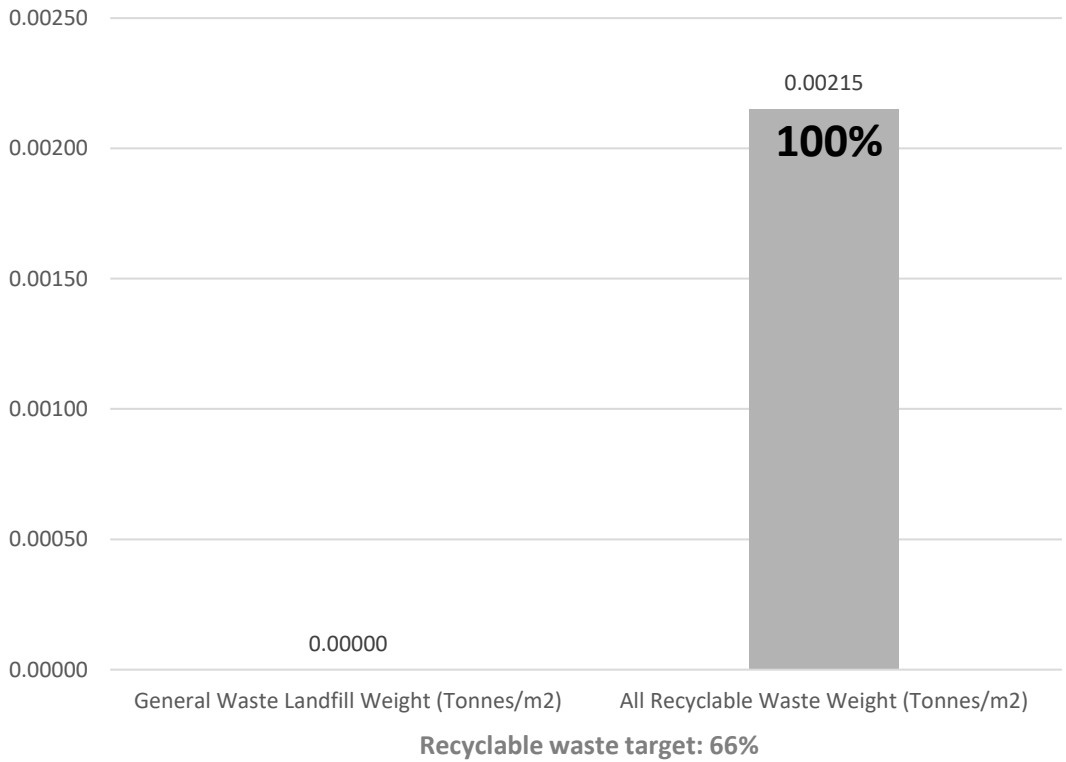
*We are yet to received any invoice data from QTR 4

WASTE FIGURES

QTR 1-4*

The graph shows the accumulative recyclable waste weight (tonnes) per m2 in 2020-21, as well as a comparison to general waste weight (tonnes) per m2 in 2020-21. From the data we can see that **100% of NWIS’ waste has been recycled, repurposed or reused.**

*We are yet to received any invoice data from QTR 4



IT WASTE FIGURES

NWIS IT Waste Produced

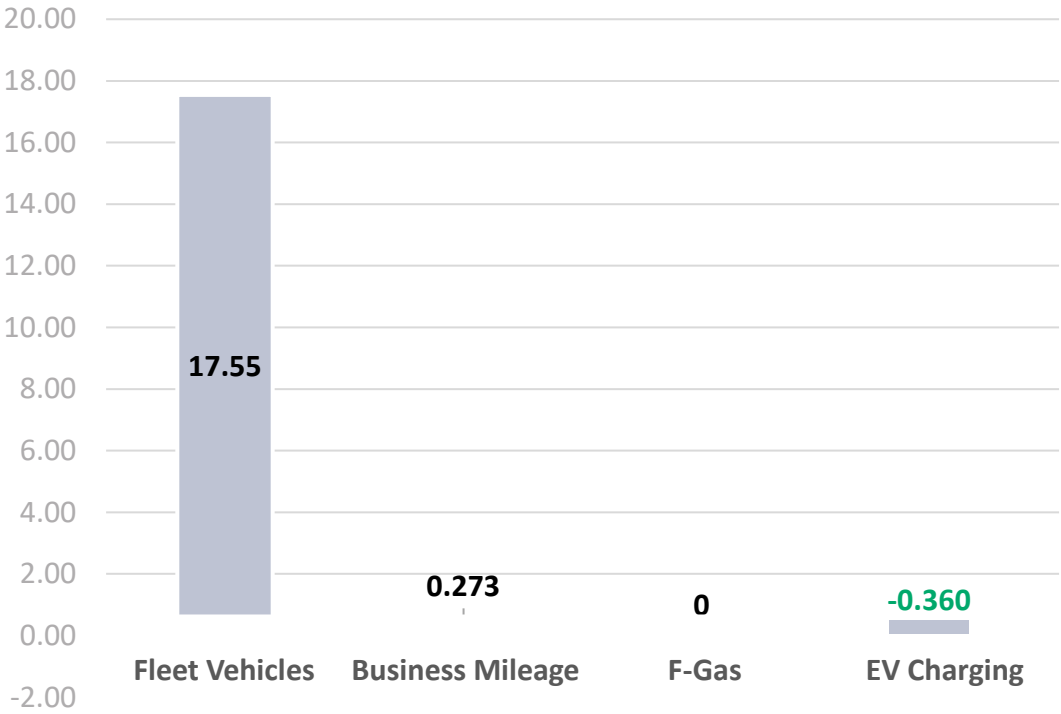
The table shows the total number of IT equipment units that have been recycled, repurposed or reused, during 2020/21.

Type	Units Collected
Battery	1
Boxes of cables, chargers, adapters	2
Docking port	39
Fax	3
HDD Destroy	12
Laptops	340
Mixed Cables	1
Mixed WEEE	54
Mobile phones	63
Monitors (CRT)	3
Monitors (flatscreen)	375
Networking gear, switches, hubs	59
Other	23
Overhead projectors	4
PC's	1372
Printers - free standing	149
Scanners	12
Servers	28
TV's	2
UPS	12
Grand Total	2554

ADDITIONAL EMISSION REPORTING CATEGORIES

Tonnes of CO2 Emissions during 2020/21

The graph shows Fleet Vehicle, Business Mileage and F-Gas emissions (MtCO2e) data, as well as EV Charging emissions offsetting data, which is enabled by the Electric Vehicle (EV) charging points at our Tŷ Glan-yr-Afon site.



CARBON FOOTPRINT

NWIS total carbon footprint:

143.901 MtCO2e

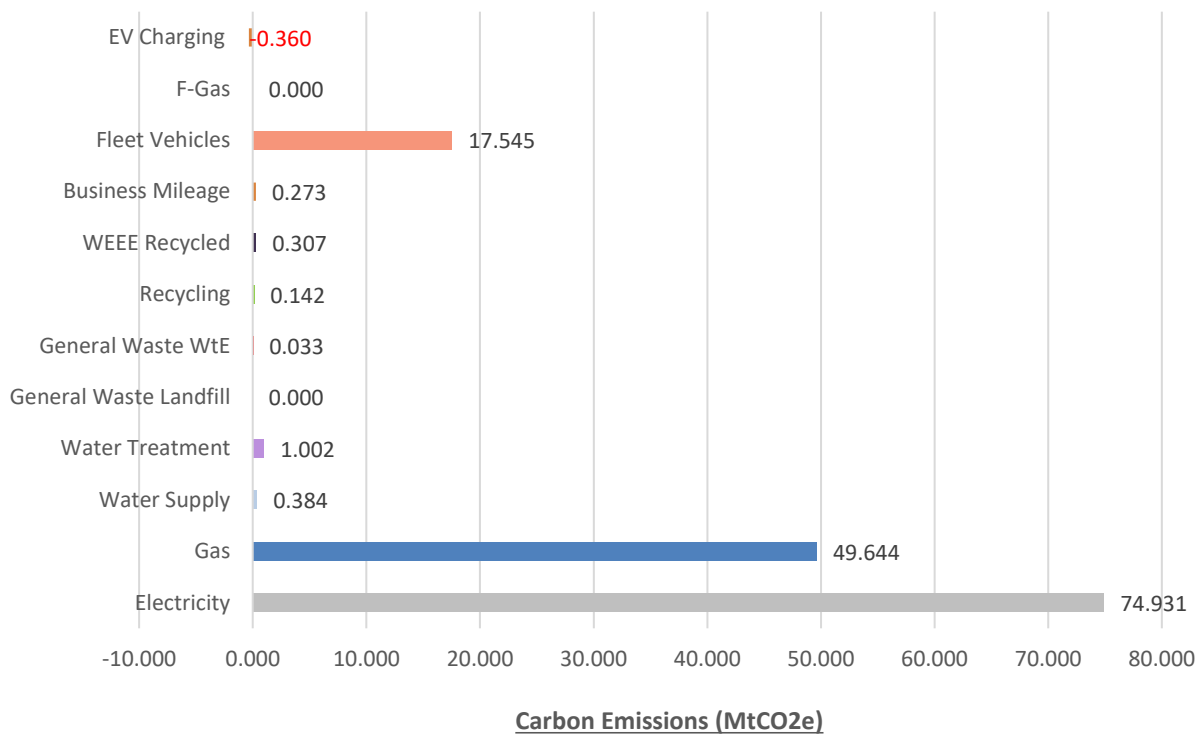
NWIS total carbon footprint per m2:

0.023 MtCO2e

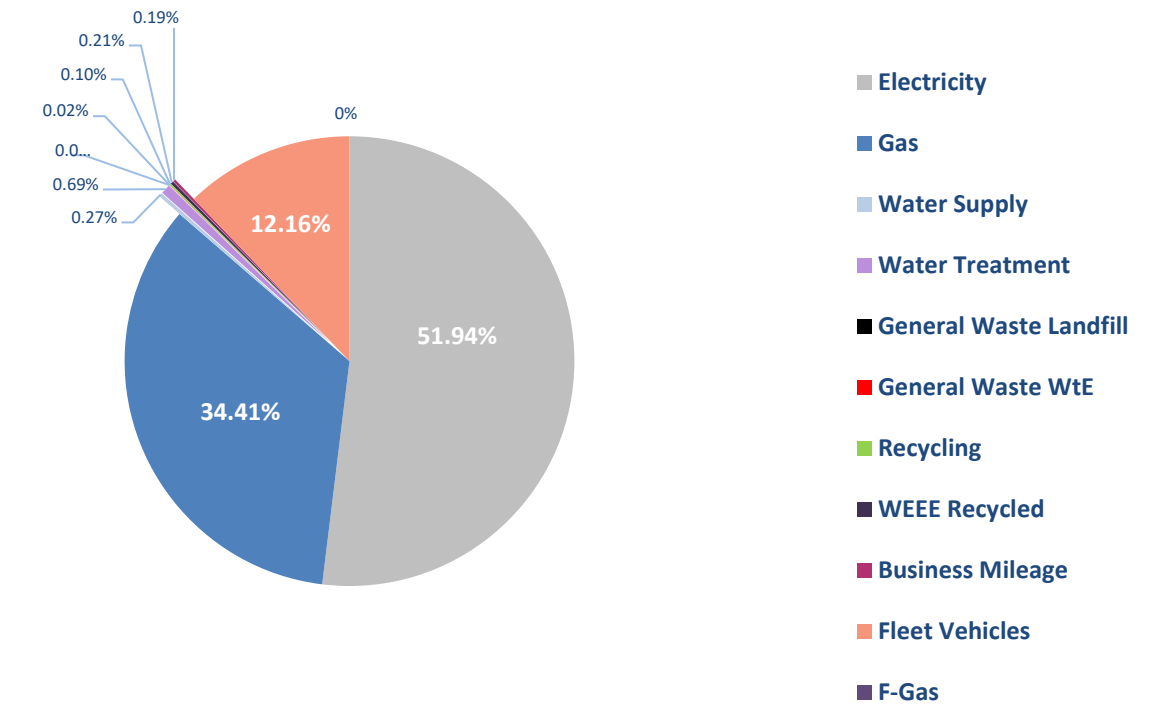
NWIS total carbon footprint per person:

0.188 MtCO2e

Carbon Footprint Emissions Breakdown 2020-2021 YTD



Carbon Footprint Type Percentage Breakdown 2020-2021 YTD



DIGITAL HEALTH AND CARE WALES AUDIT AND ASSURANCE COMMITTEE QUALITY AND REGULATORY REPORT

Agenda Item	4.6
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little, Executive Finance Director
Prepared By	Konrad Kujawinski, Head of Quality and Regulation
Presented By	Konrad Kujawinski, Head of Quality and Regulation

Purpose of the Report	For Noting
Recommendation The Committee is being asked to: NOTE the content of this report.	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Acronyms			

1 SITUATION

- 1.1 There were no external International Organisation for Standardisation (ISO) quality audits in the month of March and no notable changes in regulation. The Monthly Quality and Regulatory meeting was held on 8th April and attendance was impacted by the Easter holidays.
- 1.2 The Quality Annual Plan has been drafted to share and approve at this Committee.
- 1.3 The Quality and Regulatory Team is being Formulated with positions being filled within the organisation during quarter 1 and progress to date is on plan. This will strengthen quality and regulatory compliance with a view to meeting the requirements of the Medical Device Directive.
- 1.4 The certifications are being updated in conjunction with the Lloyd Register (LRQA) and there will be subsequently a change audit planned for later in the year.
- 1.5 The roll out and on-boarding of the electronic Quality Management System (eQMS) known internally as the iPassport is underway with the focus on Finance team and particular key modules within the system.
- 1.6 The next meetings of the Quality and Regulatory Group have been updated to correlate with the performance reporting timetable, with the next meeting scheduled for 4th May.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The following recent audits have been held:
 - ISO 14001 Environmental Standard
 - ISO 9001 Quality Management System Standard.
- 2.2 The Auditor identified 1 major and 3 minor non-conformities. In summary:
 - Environmental Management ISO 14001

- - **NCR3673326_COVGBY01; Minor** - It was noted that not all planned QMS / 9001 Internal Audits during 2020 were conducted / completed
- - **NCR3673326_COVGBY02; Minor** - The management review minutes titled July 2019 - Nov 2020, dated 25/11/20 did not clearly confirm that legal compliance / obligations were reviewed.
- - **NCR3673326_COVGBY03; Major** - No legal compliance records / evidence for 2020 were able to be presented at time of the audit

Quality Management ISO 9001

- -**NCR3673326_COVPAQ01; Minor** - Procurement SOP not reflecting procurement activity process for Welsh Business Case Scenario

It was noted that despite very good progress being made not all of previous non-conformities could be closed. The Quality and Regulatory Group have already started work in some of these areas to ensure future closure by:

- 2.3 Internal audits compliance has not been a strength across all the standards, impacted by the additional significant Covid related activities in key areas. As a result of this and in line with the new Quality and Regulatory structure we are in the process of recruiting specialist resource to come and support the organisation in developing, training and roll out of internal audit programme. This resource should be operational by the end of the quarter. Defining a compliant schedule that will cover all aspects of all the standards we maintain (listed below) support external audit preparation and deliver compliance to the organisation.
- 2.4 Redesigning the internal audit schedule to matrix across the standards and harmonise approach and ease of maintenance by end of quarter 1.
- 2.5 Evidence of the review of the legislation register is now under way with review at the IMS group and Quality and Regulatory Group meetings. The formal procedure and review of the content and structure of the register is now being developed.
 - There are no further external audits planned until June - when ISO 20000 Service management is planned. This is an upgrade from 2011 to 2018. Currently preparations are underway and work planned.
 - Due to the change in organisation name from NWIS to DHCW there is an additional audit required to confirm the change. The dates are awaiting confirmation.

- 2.6 All the outstanding audit actions will be inputted into the Quality Improvements Action Log and their progress is tracked through the performance reporting that is reviewed in the Quality and Regulatory Group.
- 2.7 Quality and Regulatory Group met in the month had focus on audit outcomes and formulating of annual plans for the forthcoming year. The meeting highlighted the importance of setting clear line of sight between the quality standards, internal audits, and the audit programme within the local directorate meetings. There was also a review of the key quality metrics and performance. There was a legislation register format update.
- 2.8 At the end of the March there were 204 quality improvements actions outstanding. The group are going to focus on the close out of the actions over the forthcoming quarter through the Directorate meetings. The health of the IMS is that 97% of all documents within the management system are in date and available for use with 3% being overdue or under review and the outstanding items are review in the group.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

In summary:

- There have been three successful audits since January with some major and minor non-conformities and work is being progressed on these to mitigate risk.
- The Quality and Regulatory Group KPIs will target a standard and directorate view of quality compliance, focus will be to integrate the plans are part of the directorate Annual Plans.
- The importance of good document management practices and strengthening of the quality management systems is underway with the on boarding of iPassport. Moving forward this will be part of the annual plan process.
- Improved Compliance and commitment to the internal and external audit programme with a view to becoming more aware of impact of regulatory in the organisation.
- In the forthcoming month the work for the ISO20000 audit is scheduled for June.

4 RECOMMENDATION

The Committee is being asked to **NOTE** the content of this report.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
---------------------	--

CORPORATE RISK (ref if appropriate)	N/A
--	-----

WELL-BEING OF FUTURE GENERATIONS ACT	A resilient Wales
If more than one standard applies, please list below: A healthier Wales	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below: All standards are reflected	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission: N/A
No, (detail included below as to reasoning)	Outcome: N/A
Statement: EQIA is not required	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes, please see detail below The report highlights progress made to achieve and maintain compliance with Standards resulting in the delivery of high quality safe services
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below The Quality Standards require regular legislative review which is documented and subject to audit
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
	Yes, please see detail below

<p>WORKFORCE</p> <p>IMPLICATION/IMPACT</p>	<p>The establishment of a Quality & Regulatory Team to support the quality improvements and initiatives and to maintain compliance with Standards</p>
<p>SOCIO ECONOMIC</p> <p>IMPLICATION/IMPACT</p>	<p>No. there are no specific socio-economic implications related to the activity outlined in this report</p>

DIGITAL HEALTH AND CARE WALES QUALITY & REGULATORY ANNUAL PLAN

Agenda Item	4.6i
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Claire Osmundsen-Little, Director of Finance & Business Assurance
Prepared By	Konrad Kujawinski, Head of Quality & Regulatory Compliance
Presented By	Konrad Kujawinski, Head of Quality & Regulatory Compliance

Purpose of the Report	For Noting
Recommendation The Committee is being asked to: Note this report	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Acronyms

STRATEGIC OBJECTIVE

All Objectives Apply

WELL-BEING OF FUTURE GENERATIONS ACT

A healthier Wales

If more than one standard applies, please list below:

DHCW QUALITY STANDARDS

ISO 9001

If more than one standard applies, please list below:

ISO 14001

ISO 20000

ISO 27001

BS 76000/76005

ISO 13485

BS 10008

Service Desk Certification

HEALTH CARE STANDARD

Governance, leadership and accountability

If more than one standard applies, please list below:

EQUALITY IMPACT ASSESSMENT STATEMENT

Date of submission: N/A

No, (detail included below as to reasoning)

Outcome: N/A

Statement: EQIA not required for this Plan

APPROVAL/SCRUTINY ROUTE:

Person/Committee/Group who have received or considered this paper prior to this meeting

COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes, please see detail below
	The Plan will complement the delivery of high quality safe services
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below
	The Quality Standards require regular legislative review which is documented and subject to audit
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	Yes, please see detail below
	The establishment of a Quality & Regulatory Team to support the activity in the plan
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

TABLE OF CONTENTS

1	Outline	5
2	Background	5
2.1	Delivering High Quality Digital Services.	7
3	Roles & Objectives	8
3.1	Internal Audit Schedule to support Standards:	11
4	The New Face of Quality & Regulatory Moving Forward	12
4.1	Regulatory role	12
4.2	How we are going to achieve these:.....	13
4.3	The Quality Role	14
4.4	How we are going to achieve these:.....	14
5	The Quality and Regulatory Management Governance framework	15
6	Summary	16
7	Areas for Improvements	16

1 Outline

The purpose of this document is to give an overview of the Annual Plan 2021/21 for the Quality and Regulatory function in Digital Health and Care Wales (DHCW). The background describes the legal requirements of Quality and candor in health and Social care and the link to the central thread of the DHCW strategy. It defines the refreshed approach to Quality and Regulation, the plan, and priorities for 2021/22 including the scheduled audit Programme and governance arrangements and finally highlights areas of risk and opportunities for consideration.

2 Background

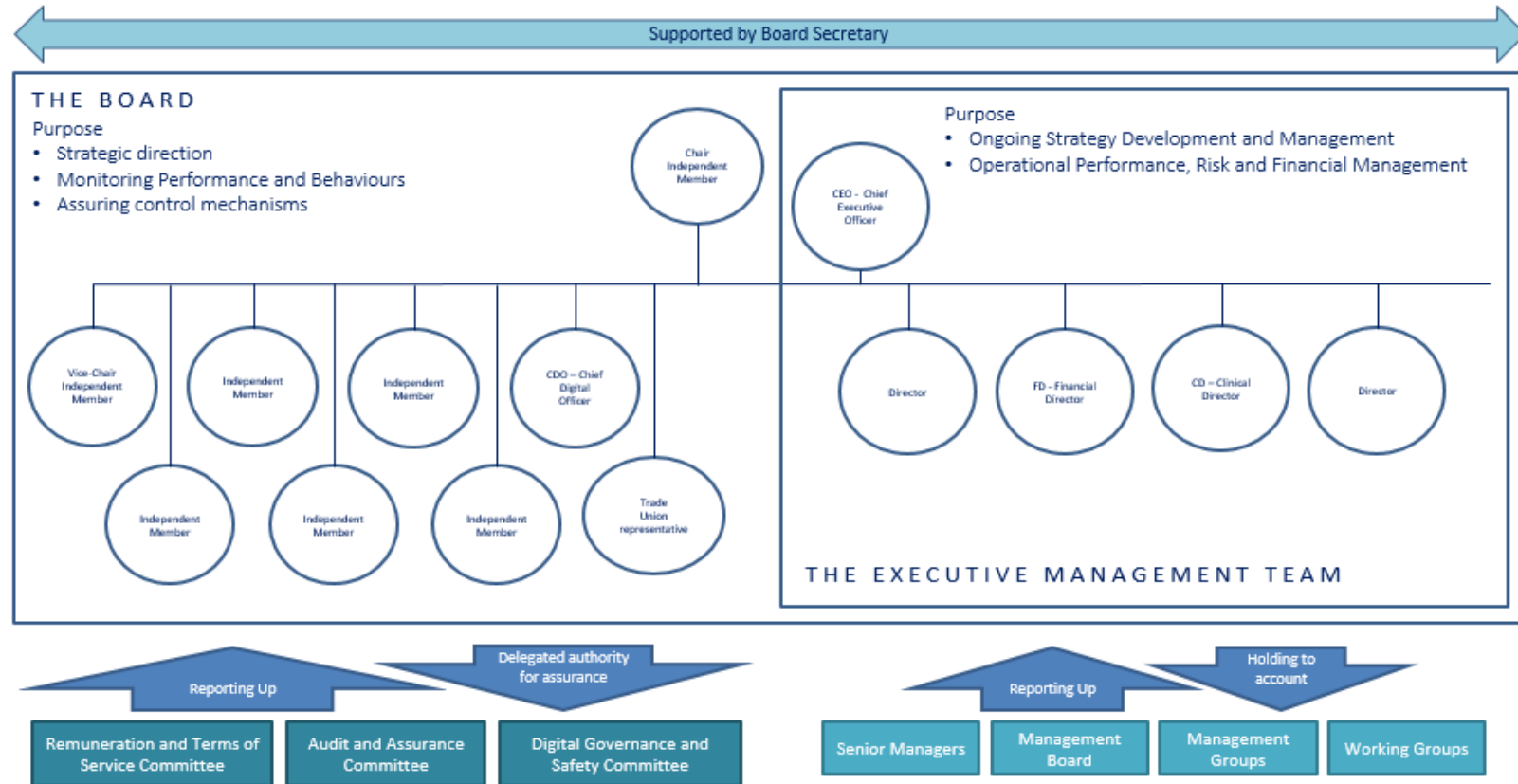
DHCW is required to comply with the duties of quality and candor in the Health and Social Care (Quality and Engagement) (Wales) Act 2020 set out by the Welsh Government. Whilst quality has always featured in the NWIS Organisation DHCW has repositioned quality and regulation as a fundamental contributor to its future strategy. To re-enforce this position, it has as part of the new Organisation established a Quality and Regulation Team reporting to the Finance and Business Assurance Director. Quality is the responsibility of every employee within DHCW however, in defining quality we attempted to qualify this through the application of relevant Internationally recognised Quality Standards. DHCW wants to be at the forefront of regulatory development and compliance which is particularly important in relation to the medical devices.

Previously NWIS and now DHCW has evidenced being a committed Quality organisation by statement through compliance with internationally recognised standards. Through the integrated management system approach, we have also identified what we need to work towards. We have been supported by a number of Quality groups these include: Quality Management Board, Integrated Management Systems Group alongside these have been a number of groups that govern processes including the Wales Informatics Assurance Group, Operational Service Group and Operational Change Group. Moving forward and to support the new Special Health Authority these groups will continue to support but with the added functionality of bringing a higher level of Quality and Regulatory support and visibility via the introduction of the new Audit and Assurance Committee.

The new Board structure to support Quality and Regulatory is outlined below:

DHCW BOARD STRUCTURE

Two roles will be identified in due course by the Chair and the CEO respectively
 Vice Chair – An Independent Member
 Deputy CEO – Appointed by the CEO



Our Quality and Regulatory activities relate directly to the following Strategic objective:

2.1 Delivering High Quality Digital Services.

Quality is at the heart of all we do and from the strategic objectives we have identified key International Standards that support quality definition and direction by:

Controls – through the Quality and Regulatory Group and part of the Audit and Assurance Committee.

Planning - Annual Quality and Regulatory Plan and improvements and integrated across the Directorates and supported by the internal audit programme.

Improvements – The organisation has a strong culture of organisational learning and improvement.

As a digital organisation our key assets are our workforce skills and capability are reflected in our practices. We were the first organization in the UK to achieve certification against the BS 76000, the British Standard for Valuing People. This accreditation demonstrates our commitment to people practices that are principled, relevant and developmental. BS76000 is a standard that requires clear understanding of the purpose of and vision for our business, thoughtful execution and a commitment to excellence via continuous learning and development. This standard is all about our staff and developing the organization to be the best it can be, through reflection, recognition, appreciation and improvement of people practices. Achieving the certification has meant that this is now demonstrable to internal, external and prospective stakeholders.

Being confident in the quality of the cyber security is reflected in compliance ISO 27001, Providing the right quality services as part of ISO 20000 and finally, the right support envelops by the adoption of Service Management, environment and management. The service desk quality is underpinned by the work with the Service Desk Institute. All of our standards have been carefully chosen for their applicability to our requirements.

Our internal Quality Framework supports and maintains certification to the following International Standards:

- ISO 9001:2008 Quality Management Systems
- ISO 14001:2004 Environmental Management Systems
- ISO 20000-1:2011 IT Service Management Systems
- ISO 27001:2013 Information Security Management Systems
- BS 76000:2015 Valuing People Standard
- Service Desk Institute
- Regulatory focus will develop internal processes, systems and standards to enable compliance with medical devices and other future regulatory developments.

As part of the plan in 2021/22 we would look and validate the fit with the quality standards and the refresh digital strategy.

It is the intention for DHCW to adopt the principles around the Duty of Quality Health and Social Care (Quality and Engagement) (Wales) Act 2020 which was passed by the Senedd on 17 March 2020 and received Royal Assent in June 2020.

The duty of quality intends to unlock the potential of NHS bodies to demonstrate that quality is at the heart of all they do. It also applies to Welsh Ministers, in relation to their health-related functions.

The new duty requires NHS bodies to exercise their functions with a view to securing improvement in the quality of health services, and outcomes for their populations. Importantly, it applies equally to clinical and non-clinical services.

The duty will focus on the 6 domains of quality:

- Safe
- Effective
- Person-centered
- Timely
- Efficient
- Equitable

Objectives will be considered with these domains to be productive in driving the organisation forward.

3 Roles & Objectives

The Quality and Regulatory statement of requirements for objectives can be split and defined into five main areas of focus for activity and improvements these all support the high-level strategic objective and are defined below:

Ensure that **QUALITY MANAGEMENT SYSTEMS** support the organisation from a Quality and Regulatory perspective

Ensure **MANAGEMENT RESPONSIBILITY** and Commitment is Evident throughout the Organisation

Ensure that **RESOURCE MANAGEMENT** is in place to meet the Organisations Requirements for Quality and Regulatory

Provide Quality and Regulatory support to enable **PRODUCT REALISATION**

Ensure that robust mechanisms are in place to enable **MEASUREMENT, ANALYSIS AND IMPROVEMENT**

In order to achieve these requirements a number of activities have been generated and are measurable/ accountable and monitored via a planner board system. The key activities are outlined below to support these:

High level Requirement	Activity to support	Impacted area
QUALITY MANAGEMENT SYSTEMS	Implementation of Quality strategy to support for the Organisations requirements and systems	Quality
	Implement an Electronic Quality Management	Quality

	System (eQMS) which will support the Organisation	
	Develop a regulatory and compliance framework to support monitoring and changes in legislation and standards	Regulatory
	*Embedding standards and defining External / Internal Audit programme to support to ensure compliance	Regulatory
MANAGEMENT RESPONSIBILITY	Management commitment with a clear, defined process where evidence can be obtained efficiently Management Review- Ensure a new process is generated in-line with Organisational change and standard requirements	Quality Quality
	Develop a regulatory and compliance framework to support monitoring and changes in legislation and standards and escalation process to Management	Regulatory
RESOURCE MANAGEMENT	Planning and Objectives captured and resourced	Quality
	New Regulatory governance structure to support organisation	Regulatory
PRODUCT REALISATION	Generate a process for supporting end to end product lifecycle and release. Including: Categorization, Submission Release and CE marking all to MDD/MDR	Quality & Regulatory
MEASUREMENT, ANALYSIS AND IMPROVEMENT	Working on process for monitoring improvements within planner	Quality
	Increased trending, monitoring and trending on QMS	Quality
	New quality portal help locate and evidence	Quality

The compliance with the quality standard will be audited during the year on scheduled external audit dates. Each of the standards has a lead and an internal audit Programme to validate adoption. A summary of this Programme for the forthcoming year is scheduled below

External Audit Schedule to support Standards is outlined below:

DHCW	Standard Leads	Summary of Clauses Covered	Schedule Dates
Quality (ISO9001)	Konrad Kujawinski	Context of the Organisation: Leadership: Planning: Support: Operation: Performance Evaluation: Continual Improvement	25th February '21 August '21 January '22 May '22

Service Management (ISO20000)	Rob Ludman/Theresa Keating	SM Policy and Plan : Document Management and Control : Resource Management : Service Improvement (PDCA) : Service Transition : Service Reporting and Service Level Management : Capacity Management : Information Security Management : Service Continuity : Availability : Incident Management : Service Request Management : Problem Management : Configuration Management : Change Management : Release & Deployment Management : Budgeting & Accounting Management : Relationship Management : Supplier Management	24th & 25th June '21 November '21 May '22
Information Security (ISO27001)	Andy Shanahan	ISMS Policy and Plan : Organisation of Information Security : Human resource security : Asset Management : Access Control : Cryptography : Physical and environmental security : Operations Security : Communications Security : System acquisition, development and maintenance : Supplier relationships : Information security incident management : Information security aspects of business continuity management : Compliance	November '21 November '22
Valuing People, Diversity & Inclusion (BS76000 / 76005)	Vicki Harris	Context of the Organisation: Leadership: Planning: Support: Support mechanisms: Staying in/continuing the relationship: Getting in/starting the relationship: Operation: Performance Evaluation: Improvement	19th & 21st October '21
Environmental Management (ISO14001)	Michael McGrath	Environmental Strategy : IMS Policy (Inc Environmental Statement) : Environmental Management SOP : Environmental Aspects Register : Legislation Register : Environmental Objectives and Targets : Training : Awareness (Control of Contractors) : Communication : Monitoring and Measuring : Documented Information : Emergency Preparedness and Response : Internal Audit (SHE Inspections) : Management Review : Non Conformity and Corrective Action (SHE Action Plans)	19th February '21 August '21 January '22 May '22
Software Development (DHCW standards)	Geoff Norton	Requirements gathering, analysis and specifications: Planning, estimation, and work item tracking: Source control: Software design and maintainability: Coding standards: Code reuse: Observing the 'Definition of Done': Deployment: Governance of Technologies	To Be Scheduled
Service Desk Institute Certificate	Bryan Thomas	Leadership: Policy and Strategy: People Management: Resources: Processes and Procedures: Managing Employee Satisfaction: Managing the Customer Experience: Management Information and Performance Results: Social Responsibility	November '21

GAMP	Paul Evans		Working towards
Infra Tech Assurance	Mo Amin	Design: Topology: Current v Future: Management: Documentation: Resources (finance): Resources (human): Resources (skills and capabilities)	Working towards
Digital Economy Act / Trusted Third Party	Trevor Hughes	DEA Research Code of Practice : DEA Research Code of Practice : DEA Research Code of Practice policies : Information security policies : Organisation of information security : Human resource security : Asset management : Access control : Cryptography : Physical and environmental security : Operations security : Communications security : System acquisition, development and maintenance : Supplier relationships : Information security incident management : Information security aspects of business continuity management : Compliance : Research Governance : Human resource skills and competencies	To Be Scheduled
Medical Device Directive (ISO13485)	Konrad Kujawinski	Quality Management System: Management Responsibility: Resource Management: Product Realisation: Measurement, analysis and improvement	Working towards
Information Management (BS10008)	Darren Reynolds/ Siân Howson	Information Capture: Information in Structured Databases: Version Control: Storage Systems: Information Transfer: Indexing and Other Metadata: Authenticated Output Procedures: Identity: Information Retention and Disposition: System Maintenance: Information Management Testing: Information Stewardship	To Be Scheduled
Business Continuity (ISO22301)	Keith Reeves	Context of the Organisation: Leadership: Planning: Support: Operation: Performance Evaluation: Improvement	Working towards
Digital Accessibility	TBC	Organisation maturity assessment: Service Assessment (Management elements): Service Assessment (Technical against WCAG 2.1)	Working towards
Microsoft 365 Compliance	TBC	Protect Information: Govern Information: Control Access: Manage Devices: Protect against threats: Discover and respond: Manage internal risks	Working towards

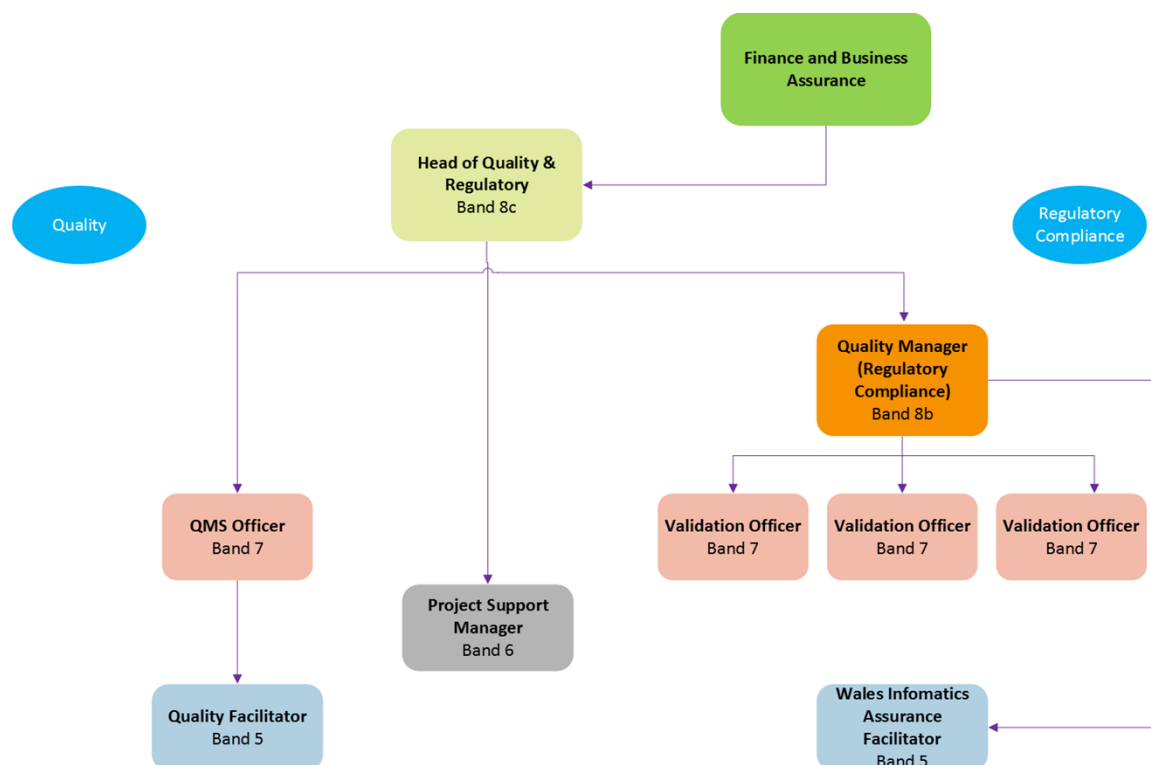
3.1 Internal Audit Schedule to support Standards:

The Quality and Regulatory group is working on improving our compliance by embedding standards and developing a stronger network of internal auditors developed through training and compliance maintenance. DHCW needs to commit to in excess of 150 internal audits to be compliant with our current standards requirements. These will happen over an 18month cycle. These audits need to be carried out to ensure the strong level of compliance and standards are maintained.

4 The New Face of Quality & Regulatory Moving Forward

DHCW plans to be a Trusted Quality driven organisation and Regulatory leader/advisor. An organisation that is underpinned by internationally recognised quality standards delivered through a defined structure with clear responsibility, ownership and delivery. Moving forward to the SHA, DHCW want to show our commitment to being the pioneers for NHS Wales and be at the forefront of best practice to give confidence to all that we are delivering a high-quality product and service.

DHCW have recognised the need for additional improvements in Quality and to develop their Regulatory strategy. Alongside this it also acknowledges the requirements of the **Medicines & Healthcare products Regulatory Authority** (MHRA) who announced that software has to be classified as a medical device with submitted evidence needed. It was apparent that the current Quality arrangements would not be sufficient to establish the regime required to meet the regulations and a strategy and structure which will support the organisation moving forward is shown below:



The above covers the main roles needed to support the Regulatory and Quality side of the Organisation. Below is a definition of the expectations of those areas for delivery purposes:

4.1 Regulatory role

The software, applications, data and ICT we provide are now, or will be, subject to multiple regulations for ensuring quality, safety and efficacy. The regulatory role in an organisation is responsible for

understanding which regulations impact products and services, ensuring compliance and maintaining all records, documents and artefacts that are required to evidence compliance.

The essential aspects of the role for DHCW are:

- To horizon scan and ensure DHCW is at the forefront of relevant legislation, guidelines and best practice.
- To fully understand all services in the DHCW portfolio and that are subject to regulations and require governance (not only Medical Devices).
- Provide assurance that all relevant portfolio services comply with current regulations.
- Advise on the legal restraints and requirements, and collect, collate, and evaluate the changes to regulations whilst monitoring the use and identifying issues associated with relevant portfolio products.
- Review data that may impact on Digital.
- Formulate regulatory strategy for all appropriate and relevant mandated regulatory submissions to regulatory bodies.
- Determine the standard of evidence required in the form of documents, artefacts and records (Design History File (DHF)) for submission to the regulator.
- Coordinate, prepare and review the appropriate DHF and submit them to regulatory authorities.
- Oversee the change control of the software lifecycle for compliance to standards and the submissions.
- Maintain the register of and manage the progress of submissions.
- Develop and maintain a good working relationship with the regulators and respond to their queries in a timely fashion.
- Develop and deliver training on current regulatory requirements.
- Manage audit and compliance reports, regulatory and partner inspections and manage any subsequent corrective actions.

4.2 How we are going to achieve these:

- Fundamental to this is getting the right resource and responsibilities clear and allocated. **Timeline: Q1**
- Developing a regulatory and compliance framework to support monitoring and changes in legislation and standards with a process where this is reviewed and any changes driven into the organisation. **Timeline: Q1**
- Working on improving our compliance by embedding standards and defining External / Internal Audit programme to support to organisational needs. **Timeline: Q1/Q2**
- Generate a process for supporting end to end product lifecycle and release. Including: Categorisation, Submission, Release and CE marking all to MDD/MDR Having a defined structure and process for capturing all the activity in place including a Design history file and being able to release software in a safer, more efficient compliant way. **Timeline: Q4**
- New Regulatory governance structure to support organisation by working with standard leads as an interface to improve communication and compliance. **Timeline: Q1**

4.3 The Quality Role

The role of Quality in DHCW should involve the act of management and overseeing different activities and tasks to ensure that products and services offered, as well as the means used to provide them, are consistent. It helps to achieve and maintain a desired level of output and control.

Quality consists of three key components:

- Quality Planning – The process of identifying the quality standards for the product or service and deciding how to meet them.
- Quality Improvement – The purposeful change of a process to improve the confidence or reliability of the outcome.
- Quality Control – The continuing effort to uphold a process's integrity and reliability in achieving an outcome.

The aim of quality management is to ensure resources integrate and work together to improve DHCW's processes, products, services, and culture to achieve the long-term success that lead to stakeholder satisfaction.

The process of quality management involves a collection of guidelines that are developed by a team to ensure that the products and services that they produce are of the right standards or fit for a specified purpose.

4.4 How we are going to achieve these:

There are a number of improvements around quality and will be supported by the growth of the quality team these will enable us to strengthen our Quality Management Systems and have a more robust working environment by:

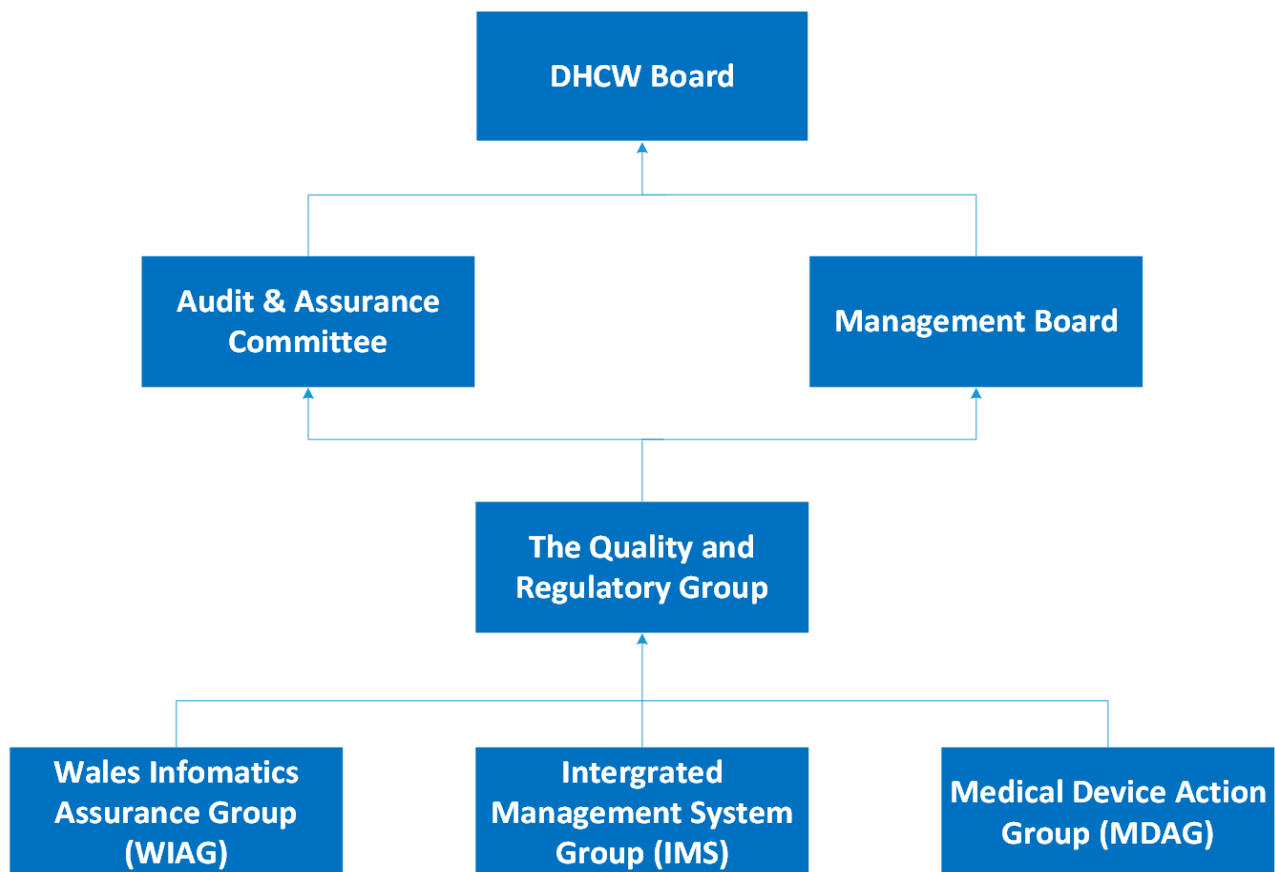
- Implement an Electronic Quality Management System (eQMS) which will support the Organisation. This will have major benefits and impact on the organisation. The roll out of this is happening and on-boarding of departments is underway. The system starts with documentation module implementation and then rolling out all other aspects of the management system in module order. All managed and coordinated by a central team. **Timeline: Q1 (module dependency)**
- Increased analysis, monitoring and trending on QMS with improvement projects as a result of root cause analysis. **Timeline: Q1 Define Q3 Feedback**
- New quality and regulatory portal help improve the visibility of quality in the organisation and make information easier to locate. **Timeline: Q1**
- Defining a process for monitoring improvements within planner. **Timeline: Q1/Q2**

- Working with requirements of standard and Executives to define a clearer model for measurements and dashboard reporting. **Timeline: Q2**
- Key activities and developments on an annual Plan and in planning tools to track and trace. **Timeline: Q1**

5 The Quality and Regulatory Management Governance framework

The Governance and reporting of progress are reported via the Quality and Regulatory Group. The Quality and Regulatory compliance will be integrated into each Directorate internally through a number of processes. This reporting feeds into the Audit and Assurance Committee for governance and into the Management Board for operational performance. Both of these then feed into the DHCW Board. Contributing to the function of the Quality and Regulatory group are three main areas. The Integrated Management Systems group which hosts the standard leads and implementation. The Welsh Informatics Assurance Group (WIAG) which gives assurance on product conformance and the Medical Devices Action Group which looks at implementation of the new directive. Completion of the quality actions will be reviewed at the monthly Quality and Regulatory Meeting and escalations and outcomes will be fed into the Performance report to the management committee and ultimately the Board.

Quality and Regulatory Governance Framework



6 Summary

DHCW will be a source of quality management and regulatory compliance guidance to ensure that digital solutions and services used across the Health and Care Sector in Wales are of the necessary regulatory quality in order to provide safety for patients and professionals, ensuring patient information is treated with the appropriate governance.

DHCW will build on existing expertise supporting and advising regulatory quality and governance arrangements to digital solutions and services across the Health and Care sector in Wales.

It will:

- Support the continual improvement, monitoring and evaluation of the quality, information assurance and information governance arrangements in digital Health and Care services across Wales.
- Provide advice and support services in terms of interpretation and application of digital services guidance, policies and standards.
- Quality assure the processes adopted within NHS organizations in relation to quality, assurance and governance arrangements in digital solutions, when requested by Welsh Government or Health Bodies.
- Work with individual NHS organizations to ensure that quality, assurance and governance arrangements are clearly articulated in IMTPs, when requested by Welsh Government or Health Bodies.
- Ensure that digital services deployed and developed by DHCW meet the minimum standards for strategic, architectural and technical fit, as set by the CDO.
- Ensure regulatory compliance and patient safety of digital Health and Care services hosted, deployed and developed by DHCW by working with regulators, the CDO and their relevant officials.

The new structure that supports all of the above it will bring harmonization of approach to quality management and compliance across all the DHCW. This will ensure that all integration and software release is monitored, and all their required standards are being maintained centrally.

7 Areas for Improvements

The following are areas identified during the development of the plan which are potential improvement areas:

- Internal audit programme support –
To further strengthen our internal audit programme with improved numbers of trained auditors against a revised streamlined internal audit schedule.
- Recruitment to key positions –
Work alongside the DHCW workforce task force to add pace and recruit the most competent skillset for the specialised roles.
- Regulation identification –
DHCW intends to define its regulatory position and to horizon scan and ensure DHCW is at the forefront of relevant legislation, guidelines, and best practice.
- Quality integration and adoption –
The importance and priority of quality as part of the new organisational culture and to create and promote a quality culture.

DIGITAL HEALTH AND CARE WALES

Risk Management and Board Assurance Framework Strategy

Agenda Item	5.1
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	Choose an item.

Executive Sponsor	Chris Darling, Board Secretary
Prepared By	Chris Darling, Board Secretary
Presented By	Chris Darling, Board Secretary

Purpose of the Report	For Approval
Recommendation The Committee is being asked to: Review and approve the draft Risk Management and Board Assurance Framework Strategy and associated milestone plan for onward consideration and approval by the DHCW Board.	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

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Acronyms			
BAF	Board Assurance Framework		
DHCW	Digital Health and Care Wales		
NWIS	National Health Service Wales Informatics Service		

1 SITUATION/BACKGROUND

- 1.1 Digital Health and Care Wales (DHCW) has inherited the NWIS approach to risk management. Specifically, that includes the Risk Management Policy adopted as the DHCW Risk Management Policy on the 1 April 2021 and the Risk Management Guidance for Risk Handlers. The oversight of risk is through the Risk Management Group, which meets monthly.
- 1.2 The Risk Management and Board Assurance Framework Strategy (Appendix 1) has been developed to build on the existing arrangements and oversight for risk management, taking into account the role of the DHCW Board, and expanding the approach from risk, to risk and Board assurance. As set out in section 1.4.1 of the DHCW Standing Orders the DHCW Board's main role is to add value to the organisation through the exercise of strong leadership and control, including:
- Setting the organisation's strategic direction;
 - Establishing and upholding the organisation's governance and accountability framework, including its values and standards of behaviour; and
 - Ensuring delivery of the organisation's aims and objectives through effective challenge and scrutiny of DHCW's performance across all areas of activity.
- 1.3 The Risk Management and Board Assurance Framework Strategy aims to take a strategic and planned approach to risk management and Board assurance in relation to managing and mitigating principle and organisational risks. The Strategy aims to:
- set out respective responsibilities for strategic and operational risk management for the Board and staff throughout the organisation;
 - set out responsibility for Board committees, in particular, the Audit and Assurance Committee; and
 - describe the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of strategic objectives.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The Risk Management and Board Assurance Framework Strategy covers the management of Principal and Organisational risks and the process for the escalation of risks for inclusion on the Corporate Risk Register and Board Assurance Framework Report.
- 2.2 The Strategy sets out the Board's responsibility in relation to risk, as well as that of the Audit and Assurance Committee to review the establishment and maintenance of an effective system of internal control and risk management.
- 2.3 The Strategy proposes that DHCW Committees have a role to play in overseeing and scrutinising risks on the Corporate Risk Register relating to areas of Committee responsibility, for example the Digital, Governance and Safety Committee will oversee and scrutinize risks relating to quality, safety, information governance, data quality, security and risk.
- 2.4 In order to ensure DHCW apply a consistent approach to describing and scoring risks, risks to be added to a risk register should be described: IF...THEN...RESULTING IN, and Appendix 2 of the Risk Management and BAF Strategy (risk domains and matrix) should be used to aid consistency in scoring risks.
- 2.5 The Risk Management Reporting Structure and Risk Thresholds and Escalation Appendix 3 of the Risk Management and BAF Strategy will ensure that risks are all logged via Datix and then dependent on the risk score will trigger a review to add to the Corporate Risk Register (score of over 15) once reviewed and agreed by the relevant Director. This will all happen via Datix, ensuring a clear audit trail and service to board approach to risk management and escalation. Risks on the Corporate risk register once mitigated to a score below 12 should, with lead Director agreement be moved onto a local risk register for any further monitoring.
- 2.6 The Risk Management and BAF Milestone plan, included as Appendix 2 sets out the key milestones for implementing the Risk Management and Board Assurance Framework Strategy, including the work to engage the DHCW in agreeing the DHCW principle risks, developing a Board Assurance Report for reporting to the Board, and the articulation and agreement of the DHCW Board risk appetite and tolerance.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 DHCW has inherited the NWIS approach and structure for managing risk, the Risk Management and Board Assurance Framework Strategy builds on the existing foundations but extends the approach to ensure the role of the DHCW newly established Board is clear and incorporates

the need to identify principle risks and develop a Board Assurance Report for reporting to Board.

- 3.2 To achieve the actions and objectives set out in the Risk and BAF Milestone Plan (Appendix 2) and Risk and Board Assurance Framework Strategy (Appendix 1), a period of focused work on risk and Board assurance will be required over a 6 – 9 month period.

4 RECOMMENDATION

The Committee is being asked to:

Review and provide feedback on and **approve** the draft Risk Management and Board Assurance Framework Strategy (Appendix 1) and associated milestone plan (Appendix 2) for onward consideration and approval by the DHCW Board.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	Development of the new Digital Organisation		
CORPORATE RISK (ref if appropriate)	All corporate risks		
WELL-BEING OF FUTURE GENERATIONS ACT	A healthier Wales		
If more than one standard applies, please list below:			
DHCW QUALITY STANDARDS	N/A		
If more than one standard applies, please list below:			
HEALTH CARE STANDARD	Governance, leadership and accountability		
If more than one standard applies, please list below:			
EQUALITY IMPACT ASSESSMENT STATEMENT		Date of submission:	
No, (detail included below as to reasoning)		Outcome:	
Statement: EQIA carried out for the Risk Management Policy showing no negative impact.			

APPROVAL/SCRUTINY ROUTE:

Person/Committee/Group who have received or considered this paper prior to this meeting

COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT

QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

<ID Reference>

DHCW RISK MANAGEMENT AND BOARD ASSURANCE FRAMEWORK STRATEGY

The purpose of this document is to provide guidance to all staff on the management of strategic and operational risks and the Board Assurance Framework within the organization.

Document Version	Version 1
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Status	Draft
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Document author:	Chris Darling, Board Secretary
Approved by	
Date approved:	
Review date:	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

STRATEGIC OBJECTIVE	All Objectives apply
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<u>WELL-BEING OF FUTURE GENERATIONS ACT</u>	A healthier Wales
If more than one standard applies, please list below:	

<u>DHCW QUALITY STANDARDS</u>	N/A
If more than one standard applies, please list below:	

<u>HEALTH CARE STANDARD</u>	Governance, leadership and accountability
If more than one standard applies, please list below:	
Safe Care	
Effective Care	

<u>EQUALITY IMPACT ASSESSMENT STATEMENT</u>	Date of submission: N/A
No, (detail included below as to reasoning)	Outcome: N/A
Statement: N/A	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME
Audit and Assurance Committee	11/05/2021	

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below
	Risk Management is integral to good governance and the safe management of the organisation. Should risk not be managed appropriately, there may be legal consequences.
FINANCIAL IMPLICATION/IMPACT	Yes, please see detail below
	Risk Management is integral to good governance and the safe management of the organisation. Should risk not be managed appropriately, there may be financial implications.
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

TABLE OF CONTENTS

1. DOCUMENT HISTORY	5
1.1 REVISION HISTORY	5
1.2 REVIEWERS	5
1.3 AUTHORISATION	5
1.4 DOCUMENT LOCATION	5
2. PURPOSE	6
3. INTRODUCTION AND AIMS	6
4. SCOPE	6
5. RISK MANAGEMENT ORGANISATIONAL STRUCTURE	8
6. DUTIES	10
7. RISK MANAGEMENT PROCESS	14
9. INFORMATION / SUPPORT	18
10. REFERENCES	18
12. ATTACHMENTS	19
Appendix 1 - Definitions	19
Appendix 2 – Risk Domains & Risk Matrix	21
Appendix 3 – Risk Management Process – Service to Board	27
Appendix 4 – Risk Appetite Statement	31
Appendix 5 – Strategic Objectives and Principal Risks	34

1. DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 1px solid black; width: 300px; margin: 5px auto;"/> <p>Author</p> </div>

Approver's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 1px solid black; width: 300px; margin: 5px auto;"/> <p>Approver</p> </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	

2. PURPOSE

The purpose of this document is to provide guidance to all staff on the management of strategic and operational risks and the Board Assurance Framework within the organization.

3. INTRODUCTION AND AIMS

- 3.1 Digital Health and Care Wales (DHCW) is committed to developing and implementing a Risk Management and Board Assurance Framework Strategy that will identify, analyse, evaluate and control the risks that threaten the delivery of its strategic objectives and delivering against its Annual Plan and Integrated Medium Term Plan (IMTP). The Board Assurance Framework (BAF) will be used by the Board to identify, monitor and evaluate risks which impact upon strategic objectives. It will be considered alongside other key management tools, such as workforce, performance, quality and financial reports, to give the Board a comprehensive picture of the organisational risk profile.
- 3.2 The purpose of this document is to provide guidance to all staff on the management of strategic and operational risks and the Board Assurance Framework within the organisation.
- 3.3 It aims to:
 - set out respective responsibilities for strategic and operational risk management for the Board and staff throughout the organisation;
 - set out responsibility for Board committees, in particular, the Audit and Assurance Committee; and
 - describe the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of strategic objectives.
- 3.4 The objectives of DHCW's Risk Management and Board Assurance Framework Strategy are to:
 - minimise impact of risks, adverse incidents, and complaints by effective risk identification, prioritisation, treatment and management;
 - ensure that risk management is an integral part of DHCW's culture;
 - maintain a risk management framework, which provides assurance to the Board that strategic and operational risks are being managed effectively;
 - maintain a cohesive approach to corporate governance and effectively manage risk management resources;
 - minimise avoidable financial loss;
 - ensure that DHCW meets its obligations in respect of Health and Safety and Quality and Safety;
 - Manage all potential risks DHCW are exposed to.

4. SCOPE

4.1 The Risk Management and Board Assurance Framework Strategy covers the management of Principal and Organisational risks and the process for the escalation of risks for inclusion on the Corporate Risk Register and Board Assurance Framework.

4.2 A risk can be defined as: “the chance of suffering harm caused by a hazard, loss or damage or the possibility that DHCW will not achieve an objective”.

Risk is the uncertainty surrounding events and their outcomes that may have a significant effect, either enhancing or inhibiting:

- Achievement of aims and objectives
- Operational performance
- The meeting of stakeholder expectations

4.3 A risk will always have three elements: Cause-Events-Effect. In order to ensure consistency in the description of DHCW risks the guidance in Appendix 1 will be followed. A well-written risk statement captures three main parts, and will do so by ensuring risks entered into Datix include; If, Then, Resulting In, this will ensure the three elements of a risk are captured clearly – Cause-Events-Effect.

4.4 **Principal Risks:** are significant risks that have the potential to impact upon the delivery of Strategic Objectives and are reviewed and monitored by the Management Board, Board Committees and the Board.

4.5 **Organisational Risks:** are key risks that affect individual Departments, Directorates, Services or Projects and are managed within individual Directorates and Departments, and if necessary, escalated through the risk reporting structure (See Appendix 2 and 4).

4.6 **The Board Assurance Framework (BAF)** is an integral part of the system of internal control and defines the principal risks (15 & above) which impact upon the delivery of Strategic Objectives. It also summarises the controls and assurances that are in place or plans to mitigate them. The BAF aligns principal risks, key controls and assurances on controls alongside each of DHCW’s strategic objectives.

4.7 Gaps are identified where key controls and assurances are insufficient to reduce the risk of non-delivery of objectives. This enables the development of an action plan for closing the gaps and mitigating the risks which is subsequently monitored by the Board for implementation.

4.8 Levels of assurance are applied to each of the controls and the assurance on controls as follows:

- (1) Management Reviewed Assurance
- (2) Board or Committee Reviewed Assurance
- (3) External Reviewed Assurance

- 4.9 This provides an overall assurance level on each of the Principal risks.
- 4.10 This Strategy applies to those members of staff that are directly employed by DHCW and for whom DHCW has legal responsibility. However, the culture of risk management and discussion of risk with partners and stakeholders, where appropriate should be encouraged.
- 4.11 The Risk Management and Board Assurance Framework Strategy is intended to cover all the potential risks that the organisation could be exposed to.

5. RISK MANAGEMENT ORGANISATIONAL STRUCTURE

The Board

- 5.1 Executive Directors and Independent Members share responsibility for the effective management of risk and compliance with relevant legislation. In relation to risk management, the Board is responsible for:
 - articulating the Strategic Objectives of DHCW;
 - articulating the Principal Risks of DHCW;
 - protecting the reputation of DHCW;
 - providing leadership on the management of risk;
 - approving the risk appetite for DHCW;
 - ensuring the approach to risk management is consistently applied;
 - ensuring that assurances demonstrate that risk has been identified, assessed and all reasonable steps taken to manage it effectively and appropriately;
 - reviewing the Board Assurance Framework and the organisational risks scored 15 and above at each meeting;
 - endorsing risk related disclosure documents;
 - approving the Risk Management and Board Assurance Framework Strategy on an annual basis.

Audit & Assurance Committee

- 5.2 The Audit and Assurance Committee has a specific role in relation to reviewing the effectiveness of the Risk Management and Board Assurance Framework Strategy.
- 5.3 In relation to risk management, the Audit and Assurance Committee shall review the establishment and maintenance of an effective system of internal control and risk management. In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit Opinion, External Audit Opinion and/or other appropriate independent assurance, prior to endorsement by the Board.
- the structures, processes and responsibilities for identifying and managing risks facing the organisation. This will be addressed by ensuring there is a periodical review that risk registers are in place and updated for Departments, Directorates, Services and Project areas.
- the Special Health Authority corporate risk register and the adequacy of the scrutiny of risks by assigned Committees. This will be addressed by ensuring all significant risks (i.e. those escalated to the corporate risk register scoring 15 or above) are assigned to a Board Committees for scrutiny, and ensuring that updates on actions to mitigate the risks are provided at each committee meeting.
- the Board Assurance Framework.
- the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct and accountability requirements. By identifying and assessing regulatory, legal and code of conduct issues that could have been prevented by more effective management of risk and assurance of controls in place.
- the operational effectiveness of policies and procedures, through regular review of policies and procedures.
- the effectiveness of risk identification, management, escalation and monitoring. This will be addressed by reviewing the number of risk registers in place, the frequency of updates to the risk register and the escalation of high risks to the directorate and corporate Risk Registers.

All Board Committees

5.4 All Board Committees have a role to play in ensuring effective risk management in particular they will:

- Receive and scrutinise risks and provide onwards assurance to the Board in relation to risks assigned to them to provide oversight and scrutiny.
- Committees will receive updates in terms of actions taken to mitigate the risks, and provide feedback and challenge to risk owners on the actions taken and any further action required.

Management Board

5.5 The Management Board undertake the following duties:

- Promote a culture within DHCW which encourages open and honest reporting of risk with local responsibility and accountability.
- Provide a forum for the discussion of key risk management issues within DHCW.
- Ensure appropriate actions are applied to risks DHCW wide.
- Enable risks which cannot be dealt with locally to be escalated, discussed and prioritised.
- Ensure Department, Directorate, Service and Project/Programme Risk Registers are appropriately rated and action plans agreed to control them.

- Review the risks on the Corporate Risk Register (risks 15-25 from Department, Directorate, Service and Project/Programme) to determine whether they will impact on DHCW Strategic Objectives, and if so, the risk will be added to the Board Assurance Framework (BAF) aligned to the appropriate Principal Risk.
- Review the Corporate Risk Register and Board Assurance Framework prior to its presentation to the Board and Committees as appropriate.
- Advise the Board of exceptional risks to DHCW and any financial implications of these risks.
- Review and monitor the implementation of the Risk Management and Board Assurance Framework Strategy.
- Ensure that all appropriate and relevant requirements are met to enable the Chief Executive to sign the Annual Governance Statement, outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.
- Approve documentation relevant to the implementation of the Risk Management and Board Assurance Framework Strategy.
- Provide assurance to the Board that there is an effective system of risk management across the Organisation.

Department, Directorate, Service, Project/Programme

- 5.6 The Departments, Directorates, Service (Service Management Boards), Project/Programme (Project Board) are responsible for risks within their areas of operation and providing assurance to the Management Board on the operational management and any support required in relation to the management of risk.
- 5.7 The Departments, Directorates, Service (Service Management Boards), Project/Programme (Project Board) are responsible for the moderation and calibration of risks across DHCW to avoid duplication, ensure compliance and alignment with the Risk Management and Board Assurance Framework Strategy and ensure shared learning across DHCW.
- 5.8 The Departments, Directorates, Service (Service Management Boards), Project/Programme (Project Board) will review and update existing risks, consider new risks for inclusion and escalate any extreme risks to the Director assigned as the Strategic Risk Owner for the risk being escalated.
- 5.09 Escalated risks are presented to the Management Board by the relevant Strategic Risk Owner (Director with responsibility for that risk) following discussion with the Departments, Directorates, Service (Service Management Boards), Project/Programme (Project Board).
- 5.10 DHCW's 'Risk Management Process – Service to Board' is included at Appendix 3. Further information on escalating risk on Datix can be found in the 'Risk Management Guidance for Risk Handlers' guidance.
- 5.11 The Risk Management Group will oversee the risk escalation process, and ensure close monitoring of risk management and Board Assurance Framework systems and processes.

6. DUTIES

- 6.1 The following paragraphs set out the respective risk management duties and responsibilities for individual staff members.

All Staff

- 6.2 All members of staff are accountable for maintaining risk awareness, and identifying and reporting risks as appropriate to their line manager.
- 6.3. In addition, they will ensure that they familiarise themselves and comply with all the relevant risk management strategies, policy, procedures and guidance for DHCW and attend/complete risk management training as appropriate.
- 6.4 They will:
- accept personal responsibility for maintaining a safe environment, which includes being aware of their duty under legislation to take reasonable care of their own safety and all others that may be affected by DHCW's business;
 - report all incidents/accidents and near misses;
 - comply with DHCW's incident and 'near miss' reporting procedures;
 - be responsible for attending mandatory and relevant education and training events;
 - participate in the risk management system, including the risk assessments within their area of work and the notification to their line manager of any perceived risk which may not have been assessed; and
 - be aware of DHCW's Risk Management and Board Assurance Framework and processes and the local strategy and procedures and comply with them.

Line Managers

- 6.5 The identification and management of risk requires the active engagement and involvement of staff at all levels, as staff are best placed to understand the risks relevant to their areas of responsibility and must be supported and enabled to manage these risks, within a structured risk management framework.
- 6.6 Managers at all levels of the Organisation are therefore expected to take an active lead to ensure that risk management is embedded into the way their service/team/area operates. Managers must ensure that their staff understand and implement this Strategy and supporting processes, ensuring that staff attend relevant mandatory and local training programmes;
- 6.7 Managers must be fully conversant with DHCW's approach to risk management and governance. They will support the application of this Strategy and its related processes and participate in the monitoring and auditing process.

DHCW Directors

- 6.8 DHCW Directors are accountable and responsible for ensuring that their areas of responsibility are implementing this Strategy and related procedures, policies and guidance. Each Director is accountable for the delivery of their particular area of responsibility and will therefore ensure that the systems, policies and people are in place to manage, eliminate or transfer the key risks related to the DHCW's strategic objectives.
- 6.9 DHCW Directors are responsible for the implementation of the Risk Management and Board Assurance Framework Strategy and relevant policies which support DHCW's risk management approach.
- 6.10 Specifically they will:
- Act as strategic risk owner for risks within their remit escalated to the Corporate Risk Register;
 - Use the Datix Risk Management system for recording and reviewing risk;
 - communicate to their staff DHCW's strategic objectives and ensure that Directorate, Department, Service and Project and individual objectives and risk reporting are aligned to these;
 - ensure that a forum for discussing risk and risk management is maintained within their areas which will encourage the proactive management of risk;
 - provide reports to the appropriate committee of the Board that will contribute to the monitoring and auditing of risk;
 - ensure staff attend relevant mandatory and local training programmes;
 - ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting; and
 - ensure the specific responsibilities of managers and staff in relation to risk management are identified within the job description for the post and those key objectives are reflected in the individual performance review/staff appraisal process.
 - ensure that the BAF and the risk management reporting timetable are delivered to the DHCW Board.
 - Promote a culture within the Organisation which encourages open and honest reporting of risk with local responsibility and accountability;
 - co-ordinate the risk management processes which includes risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
 - ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
 - Update Management Board on the management and mitigation of risk for their area;

- Escalate risks graded 15 and above to the Strategic Risk Owner for consideration and review at the Management Board for escalation to the Corporate Risk Register and Board Assurance Framework.

Heads of Department and Project Leads

6.11 Responsible for the implementation of the Risk Management and Board Assurance Framework Strategy and relevant policies, procedures and guidance which support DHCW's risk management approach.

6.12 Specifically they will:

- promote a culture within their area of responsibility which encourages open and honest reporting of risk with local responsibility and accountability;
- use the Datix Risk Management system for recording and reviewing risk.
- ensure a forum for discussing risk, risk management and organisational learning is maintained within their Department/Project area of responsibility and shared with the DHCW Risk Management Group;
- co-ordinate the risk management processes which includes risk assessments, incident reporting, the investigation of incidents/near misses and the management of the risk register;
- ensure there is a system for monitoring the application of risk management within their area and that risks are treated in accordance with the risk grading action guidance contained in this document;
- update Management Board on the management and mitigation of risk for their area;
- provide reports to the Management Board and appropriate Committees of the Board that will contribute to the organisational monitoring and auditing of risk;
- ensure staff attend relevant mandatory and local training programmes.
- ensure a system is maintained to facilitate feedback to staff on risk management issues and the outcome of incident reporting.

Board Secretary

6.13 The Board Secretary will:

- work closely with the Chair, Chief Executive, Chair of the Audit and Assurance Committee, other Committee Chairs and DHCW Directors to implement and maintain the Risk Management and Board Assurance Framework Strategy and related processes, ensuring that effective governance systems are in place;
- work with the Board of DHCW to develop a shared understanding of the risks to DHCW's strategic objectives;
- develop and communicate the Board's risk awareness, appetite and tolerance;
- develop and oversee the effective execution of the BAF and ensure effective processes are embedded to rigorously manage the risks therein;

- monitoring the action plans and reporting to the DHCW Board and relevant Committees.

Chief Executive

- 6.14 The Chief Executive as Accountable Officer of DHCW has overall accountability and responsibility for ensuring it meets its statutory and legal requirements and adheres to guidance issued by the Welsh Government in respect of Governance. This responsibility encompasses risk management, health and safety, finance, and organisational control and governance.
- 6.15 The Chief Executive has overall accountability and responsibility for:
- ensuring DHCW maintains an up- to-date Risk Management and Board Assurance Framework Strategy endorsed by the Board;
 - promoting a risk management culture throughout DHCW;
 - ensuring that there is a framework in place which provides assurance to DHCW in relation to the management of risk and internal control;
 - putting in place and maintaining an effective system of risk management and internal control.
- 6.16 The Welsh Government requires the Chief Executive to sign an Annual Governance Statement on behalf of the Board. This outlines how risks are identified, evaluated and controlled, together with confirmation that the effectiveness of the system of internal control has been reviewed.

Internal Audit

- 6.17 Internal Audit Services, provided by NHS Wales Shared Services Partnership will, through a risk based programme of work, provide DHCW with independent assurance in respect of the adequacy of the systems of internal control across a range of financial and business areas in accordance with the standards and good practice. They will also review the effectiveness of risk management arrangements as part of their programme of audits and reviews, reporting findings to the Audit and Assurance Committee as appropriate.

7. RISK MANAGEMENT PROCESS

DHCW is committed to developing a pro-active and systematic approach to risk management. Appendices 2 and 3 outline the risk management and risk quantification process.

Risk Assessment

- 7.1 Each member of staff (Department, Directorate, Service, Project/Programme) needs to identify risks through the completion of risk assessments and ensure that risk assessments are completed and regularly reviewed on an ongoing basis.

Corporate Risk Register (Risks Rated 15 or above and agreed by the lead Director)

- 7.2 The Corporate Risk Register is a record of all the risks identified across DHCW through the Risk Management process, their controls, score and risk treatment/mitigation. Risks scoring 15 or above will trigger a review by the lead Director for consideration of adding to the Corporate Risk Register for additional oversight and scrutiny.

Management of Local Risks (Risk Rated below 15)

- 7.3 Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between one and twelve, can be managed locally within the relevant area. These risks can typically be resolved quickly and relatively easily if the correct actions are identified, completed and become controls under business as usual. These risks are recorded locally in the local risk register within each department.
- 7.4 All local risks should be reviewed and updated monthly at a minimum. This may need to be more frequent if circumstances require.
- 7.5 If it is felt that the risk can no longer be managed locally and requires more senior input and support then it will be escalated.
- 7.6 If a risk is scored 15 and above it should be escalated as outlined in Appendix 3.

Types of Risk

- 7.7 There are two categories of risk:
- **Principal Risks:** are significant risks that have the potential to impact upon the delivery of Strategic Objectives and are reviewed and monitored by the Management Board, Board Committees and the DHCW Board. These are most likely to affect the performance and delivery of strategic objectives.
 - **Organisational Risks:** are key risks that affect individual Directorates, Departments, Services, Project/Programmes and are managed within individual Directorates, Departments, Services, Project/Programmes, and if necessary, escalated through the risk reporting structure (See Appendix 2 and 4). Organisational risks scoring 15 and above will be considered by the relevant Director, and via the Risk Management Group for escalation to the Corporate Risk Register. These are risks that, if they occur, will affect the quality, safety or delivery of services or continuity of business. They are not mutually exclusive and a risk may escalate from an organisational risk to a principal risk or be both.

Board Assurance Framework (BAF)

- 7.8 The Risk Management and BAF Milestone Plan aspires to establish a Board Assurance Report (BAR), whilst not yet established, the planned approach for the developing the Board Assurance Report is outlined in the following paragraphs.
- 7.9 The BAR will detail the principal risks faced by DHCW in meeting its strategic objectives and provides DHCW with a comprehensive method of describing the Organisation's objectives, identifying key risks to their achievement and the gaps in assurances on which DHCW relies.
- 7.10 The BAR will be developed through the following key steps:
- The Board annually agree the Strategic Objectives as part of the business planning cycle (Annual Plan/Integrated Medium Term Plan (IMTP) process).
 - The Management Board will initially identify the principal risks that may threaten the achievement of DHCW's strategic objectives; these risks will then be discussed and approved by the DHCW Board of Directors.
 - For each principal risk a Lead Director will be identified and will:
 - Give an initial (inherent) risk score, by determining the consequence and likelihood of the risk being realised;
 - Link the risk to the strategic objectives.
- 7.11 The Director Lead will then:
- Identify the key controls in place to manage the risks and achieve delivery of the strategic objective;
 - Identify the arrangements for obtaining assurance on the effectiveness of key controls across all the areas of principal risk;
 - Evaluate the assurance across all areas of principal risk, i.e. identifying sources of assurance DHCW is managing the risks to an acceptable level of tolerance;
 - Identify how / where / when those assurances will be reported;
 - Identify areas where there are gaps in controls (where DHCW is failing to implement controls or failing to make them effective);
 - Identify areas where there are gaps in assurances (where DHCW does not have the evidence to assure that the controls are effective);
 - Develop an action plan to mitigate the risk;
 - Agree a current (residual) risk rating which is determined by the consequence and likelihood of the risks.
- 7.12 Once agreed by Management Board the completed BAR will be presented to DHCW for scrutiny and approval at all regular meetings.
- 7.13 Each month the Director Lead will for each of the principle risks in the BAR for which they are responsible, review and monitor the controls and reported assurances and update

the risk score and action plans.

- 7.14 The Director Lead will review and monitor all of the BAR risks bi-monthly prior to presentation to the DHCW Board. In particular, the DHCW Board will ensure that progress is being made to reduce or eliminate the impact of the risk.
- 7.15 The Audit and Assurance Committee, as a Committee of the Board, has oversight of the processes through which the Board gains assurance in relation to the management of the BAR.

Risk Quantification and Escalation

- 7.16 The approach to quantifying risk is described in Appendix 2. Each risk is assessed and scored on the likelihood of occurrence and the severity/impact in the initial (without controls), current (with controls) and target risk score (after completion of actions). A risk scoring matrix to describe the quantification of risk is also included in Appendix 2.
- 7.17 The process of risk escalation will be monitored by the Audit and Risk Assurance Committee, through monitoring new risks hitting threshold scores and being escalated as appropriate.
- 7.18 The score of a particular risk will determine at what level decisions on acceptability of the risk should be made and where it should be reported to, as set out in the table below:

<i>Significant /High Risk</i>	Score 15 and above	Report immediately to relevant Director and escalate to the Corporate Risk Register if agreed by the relevant Director. Where a risk is considered appropriate the Director will inform the Chief Executive. Formally record on Datix.
<i>Moderate Risk</i>	Score 8-12	Report Department, Directorate, Service, Project/Programme to the relevant Tier 3 Manager and make the relevant Director aware. Formally record on Datix.
<i>Low Risk</i>	Score 4-7	Report to the relevant Manager with proposed treatment/action plans, for particular monitoring.
<i>Very Low Risk</i>	Score 1-3	Report to local manager for local action to reduce risk

Risk Appetite

- 7.19 At its simplest, risk appetite can be defined as the amount of risk that an organisation is prepared to accept in the pursuit of its strategic objectives.
- 7.20 Decisions on accepting risks may be influenced by the following:

- the likely consequences are insignificant
- a higher risk consequence is outweighed by the chance of a much larger benefit
- occurrence is rare
- the potential financial costs of minimising the risk outweighs the cost consequences of the risk itself
- reducing the risk may lead to further unacceptable risks in other ways

7.21 Therefore a risk with a high numerical value may be acceptable to the organisation, but that decision would be taken at an appropriate level.

7.22 The Board will review its risk appetite on an annual basis to ensure that progress is being made to the 'risk appetite' DHCW wishes to achieve.

7.23 The matrix has the following risk levels:

Averse	Avoidance of risk and uncertainty is a key organisational objective
Cautious	Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward
Moderate	Willing to consider all potential delivery options and choose while also providing an acceptable level of reward
Open	Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)
Hungry	Confident in setting high levels of risk appetite because controls, forward scanning and responsive systems are robust.

7.24 The DHCW Risk Appetite Statement will be developed as part of the Risk Management and BAF process and then included in this Strategy as Appendix 4.

8. INFORMATION / SUPPORT

8.1 Support and guidance is available from the Board Secretary via Chris.Darling@wales.nhs.uk.

8.2 Risk Assessment templates and training information is available via the following site on SharePoint: [Management System - All Documents \(wales.nhs.uk\)](#)

9. REFERENCES

DOCUMENT	VERSION
POL-CG-004 Risk Management Policy	V1

SOP-CS-003 - Datix Risk Management	V7
REF-NWIS-002 Risk Management Guidance for Risk Handlers	V1
TOR-NWIS-001 Risk Management Group	V4

11. ATTACHMENTS

Appendix 1 - Definitions

Assurance	Confidence gained, based on sufficient evidence, that internal controls are in place and are operating effectively, and that objectives are being achieved. Sources of assurance include; reviews, audits, inspections both internal & external.
Assurance rating	This is the rating which has been given regarding the level of assurance: (1) = Management Reviewed Assurance (2)= Board Reviewed Assurance (3)= External Reviewed Assurance
Control Measures	A control is any measure or action that modifies risk. Controls include any policy, procedure, practice, process, technology, technique, method, or device that modifies or manages risk. Risk treatments become controls, or modify existing controls, once they have been implemented.
Current Risk Rating	The risk rating whilst risk responses are in the process of being implemented. Some controls are probably in place but others required are still being actioned & will be shown as gaps in control & actions until implemented.
Initial Risk Rating	The risk rating before any controls have been put in place.
Risk Actions	Actions required to mitigate the risk. Actions should be SMART & have clear owners assigned. This will allow action progress to be tracked & monitored & issues with action completion to be visible & dealt with
Risk Appetite	At its simplest, risk appetite can be defined as the amount of risk that an organisation is prepared to accept in the pursuit of its strategic objectives.

Risk Assessment	<p>Risk assessment is a process that is made up of three separate processes: risk identification, risk analysis, and risk evaluation.</p> <p>Risk identification is a process that is used to find, recognize, and describe the risks that could affect the achievement of objectives.</p> <p>Risk analysis is a process that is used to understand the nature, sources, and causes of the risks that you have identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that exist.</p> <p>Risk evaluation is a process that is used to compare risk analysis results with risk criteria in order to determine whether or not a specified level of risk is acceptable or tolerable.</p>
Risk Description	<p>A structured statement describing the risk usually containing the following elements: sources, events, causes and consequences / impact.</p> <p>A well-written risk statement captures three main parts; If, Then, Resulting In.</p>
Risk Management	<p>Risk management refers to a coordinated set of activities and methods that is used to direct an organization and to control the many risks that can affect its ability to achieve objectives.</p> <p>The term risk management also refers to the programme that is used to manage risk. This programme includes risk management principles, a risk management framework, and a risk management process.</p>
Risk Owner	<p>Senior person best placed to keep an eye on the risk with decision making authority. This person is accountable for the Risk & should be aware of its current status.</p>
Risk Rating	<p>This is calculated by multiplying consequence x likelihood (impact x probability).</p> <p>Consequence: is the outcome of an event and has an effect on objectives.</p> <p>Likelihood: is the chance that something might happen. Likelihood can be defined, determined, or measured objectively or subjectively.</p>
Risk Treatment	<p>This is a risk modification process. It involves selecting & implementing one or more treatment options. Once a treatment has been implemented, it becomes a control or it modifies existing controls.</p> <p>Treatment options include;</p> <ul style="list-style-type: none"> Avoidance / Remove the source of the risk Reduction Transference Retain / Accept the risk <p>Also known as the four T's – Treat, Transfer, Tolerate & Terminate</p>
Strategic Risk Owner	<p>Usually the Executive Director in relation to the risk area.</p>
Target Risk Rating	<p>When action is taken to treat risks, it may eradicate the possibility of the risk occurring. However, actions are often more likely to reduce the probability of the risk occurring, leaving the residual risk. The remaining level of risk after all treatment plans have been implemented is the residual risk.</p> <p>Generally the target level is the level at which the organisation is saying it's happy to live with. All agreed controls are in place & assurance is being provided that controls are working as planned. At this point the risk should be closed unless further actions are deemed required.</p>

Appendix 2 – Risk Domains & Risk Matrix

TABLE 1	1	2	3	4	5
DOMAINS	NEGLIGIBLE	MINOR	MODERATE	MAJOR	CATASTROPHIC
Patient / Staff / Public Safety Impact on the safety – Physical and/or Psychological harm	Minimal injury requiring no/minimal intervention or treatment No time off work	Minor injury or illness, requiring minor intervention Requiring time off work for <3 days Increase in length of hospital stay by 1–3 days	Moderate injury requiring professional intervention Requiring time off work for 4–14 days Increase in length of hospital stay by 4–15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Quality Complaints & Audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint (stage 1) Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint (stage 2) complaint Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/independent review Low performance rating Critical report	Totally unacceptable level or quality of treatment/service Gross failure of patient safety if findings not acted on Inquest/ombudsman inquiry Gross failure to meet national standards

Operational: <ul style="list-style-type: none"> • Core Business • Business Objectives • Environmental Impact • Projects <p>Including systems and processes, Service /business interruption</p>	<p>Loss/interruption of >1 hour</p> <p>Minimal or no impact on the environment</p> <p>Insignificant cost increase/ schedule project slippage</p>	<p>Loss/interruption of >8 hours</p> <p>Minor impact on environment</p> <p><5 per cent over project budget Schedule slippage</p>	<p>Loss/interruption of >1 day</p> <p>Moderate impact on environment</p> <p>5–10 per cent over project budget Schedule slippage</p>	<p>Loss/interruption of >1 week</p> <p>Major impact on environment</p> <p>Non-compliance with national 10–25 per cent over project budget Schedule slippage</p> <p>Key objectives not met</p>	<p>Permanent loss of service or facility</p> <p>Catastrophic impact on environment</p> <p>Incident leading >25 per cent over project budget Schedule slippage</p> <p>Key objectives not met</p>
Workforce <p>Recruiting, retention and managing workforce</p>	<p>Short-term low staffing level that temporarily reduces service quality (< 1 day)</p>	<p>Low staffing level that reduces the service quality</p>	<p>Late delivery of key objective/ service due to lack of staff</p> <p>Unsafe staffing level or competence (>1 day)</p> <p>Low staff morale</p> <p>Poor staff attendance for mandatory/key training</p>	<p>Uncertain delivery of key objective/service due to lack of staff</p> <p>Unsafe staffing level or competence (>5 days)</p> <p>Loss of key staff</p> <p>Very low staff morale</p> <p>No staff attending mandatory/ key training</p>	<p>Non-delivery of key objective/service due to lack of staff</p> <p>Ongoing unsafe staffing levels or competence</p> <p>Loss of several key staff</p> <p>No staff attending mandatory training /key training on an ongoing basis</p>
Adverse publicity/ reputation	<p>Rumours</p> <p>Potential for public concern</p>	<p>Local media coverage – short-term reduction in public confidence</p> <p>Elements of public expectation not being met</p>	<p>Local media coverage – long-term reduction in public confidence</p>	<p>National media coverage with <3 days service well below reasonable public expectation</p>	<p>National media coverage with >3 days service well below reasonable public expectation. MP concerned (questions in the House)</p> <p>Total loss of public confidence</p>

Legal / Regulatory Statutory duty, regulatory compliance, accreditation	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation Reduced performance rating if unresolved	Single breach in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breaches in statutory duty Improvement notices Low performance rating Critical report	Multiple breaches in statutory duty Prosecution Complete systems change required Zero performance rating Severely critical report
Finance Financial Stability Risk	Unplanned financial impact under 0.1% of budget	Unplanned financial impact between 0.1% and 0.25% of budget	Unplanned financial impact between 0.25% and 0.5% of budget	Unplanned financial impact between 0.5% and 1% of budget	Unplanned financial impact > 1% of budget

TABLE 2 - Likelihood Score (L) - What is the likelihood of the consequence occurring?					
Likelihood Score	1	2	3	4	5

Descriptor	Rare	Unlikely	Possible	Likely	Almost certain
Frequency How often might it/ does it happen	This will probably never happen / recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen / recur but it is not a persisting issue	Will undoubtedly happen / recur, possibly frequently

Table 3 - Risk Scoring = Consequence x Likelihood (C x L)					
Consequence	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Moderate	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Negligible	1	2	3	4	5

Consequence / severity scores (C)

Using table 1 choose the most appropriate domain for the identified risk from the left hand side of the table. Then work along the columns in same row with the examples of descriptors to assist in identifying a consequence / severity score, on the scale of 1 to 5, which is the number given at the top of the column.

A single risk area may have multiple potential consequences, and these may require separate assessment. It is also important to consider from whose perspective the risk is being assessed (organisation, member of staff, patient) because this may affect the assessment of the risk itself, its consequences and the subsequent action taken.

Likelihood score (L)

Using table 2 assess the likelihood of the consequence occurring, which is also given a score of 1 to 5, the higher the number the more likely it is the consequence will occur.

Risk score

Using table 3, calculate the risk score by multiplying the consequence by the likelihood:

$$C \text{ (consequence)} \times L \text{ (likelihood)} = R \text{ (risk score)}$$

Identify the level at which the risk will be managed in DHCW, assign priorities for remedial action, and determine whether risks are to be accepted on the basis of the colour bandings and risk ratings, and the organisation's risk management system.

TABLE 4 – RISK RATING INDEX		
SCORE	Grade	Timescales for action
1 – 3 Green	Very low risk	Quick, easy measures implemented immediately and further action planned for when resources permit. Review when appropriate.
4 – 6 Yellow	Low risk	Actions implemented as soon as possible but no later than a year. Review when appropriate.

8 – 12 Amber	Moderate risk	Actions implemented as soon as possible and no later than six months. Review no later than six months.
15 – 25 Red	High risk	Requires urgent action. Review no later than three months.

Appendix 3 – Risk Management Process – Service to Board

TASK / ACTIVITY		RISK RATING	RESPONSIBILITY	RISK REGISTER	ESCALATION
1.	Risk Assessment <ul style="list-style-type: none"> Identify Operation and Strategic risks through the completion of risk assessment and for ensuring that risk assessments are completed on an ongoing basis. Training is available for Risk Assessments and for the Datix System		Each: <ul style="list-style-type: none"> All staff Department Directorate Service Project/Programme Director Lead 	N/A	No
2.	Risk Register <ul style="list-style-type: none"> Use the Datix Risk Management System to record all risk identified through the Risk Management Process, their Controls, score and risk treatment/mitigation. Please use the Risk Matrix set out in the Risk Management and BAF Strategy – Appendix 2. 		Each: <ul style="list-style-type: none"> All staff Department Directorate Service Project/Programme Director Lead 	N/A	No
3.	Department, Directorate, Service, Project Risks <ul style="list-style-type: none"> Risks Identified at a Department, Directorate, Service, Project Level 	Scored Between 1-12	<ul style="list-style-type: none"> Manager Department Directorate 	Service Group Risk Register	NO If it is scored below 12 and can be managed locally at Department, Directorate,

should be recorded by a relevant Manager on a Risk Register.

- Reviewed at least bi-monthly at the relevant Directors meeting.
- Any risks identified and evaluated as having a low/moderate rating, i.e. a score of between 1 and 8, can be managed locally within the relevant area.
- All local risks should be reviewed and updated at least bi-monthly at a minimum and more frequently if circumstances required.

- Service
- Project/Programme
- Director Lead

**Held and Managed
at Department,
Directorate,
Service, Project
Level**

Service, Project Level

YES

1) If it is felt that the risk can **no longer be managed at Department, Directorate, Project Service level** and requires more Senior input and support then it will be first escalated up through the **Tier 3 Manager**

And

2) If the risk is scored at **12 or above** it should be escalated to the **Director**

2) If the risk is scored at **15 or above** it should be escalated to the lead Director for consideration of adding to the **CORPORATE RISK REGISTER**

4. **Corporate Risk Register**

- The DHCW Directors will on a monthly basis identify all new and current risks scored at 15 or above on the Department, Directorate, Service, Project risk registers. These risks will be considered by the lead Director and approved for including on the Corporate risk register, which will be reviewed at at the Risk Management Group and Management Board.

Risks
scored at
15 or above

Director Leads

Corporate
Risk Register

If the risk is scored at **15 or above** it should be escalated to the lead Director for consideration of adding to the **CORPORATE RISK REGISTER**

If a risk approved to go onto the Corporate Risk Register, once mitigated to a score below 12 it should be moved back to a local risk register for ongoing oversight.

- Updated monthly at Management Board.

5.	Board Assurance Report Where an organisational risk has significant implications for the delivery of Strategic Objectives consideration will be given by Management Board as to whether a related strategic risk should be recorded on the Board Assurance Framework Report.	Implications for Strategic Objectives	Director Leads	Board Assurance Framework / Report	Escalation to BAR Where there are implications for Strategic Objectives
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Appendix 4 – Risk Appetite Statement

DIGITAL HEALTH AND CARE WALES SPECIAL HEALTH AUTHORITY
Risk Appetite Statement

Appendix 5 – Strategic Objectives and Principal Risks

Strategic Objectives	Mobilising digital transformation and ensuring high quality health and care data	Expanding the content, availability and functionality of the Digital Health and Care Record	Delivering High Quality Digital Services	Driving value from data for better outcomes	Development of the new Digital Organisation
Threats to the Strategic Objectives					

Principal Risks					
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RISK MANAGEMENT & BAF MILESTONE PLAN

	TASK	TIMELINE	STATUS UPDATE
DHCW Approach to Risk Management and Board Assurance Framework	1. Develop Risk Management and Board Assurance Framework Strategy, to be considered via the Risk Management Group, Audit and Assurance Committee, Management Board, DHCW Board.	May 2021	
	2. Write and ask that new risks are articulated with; IF (this happens - cause) THEN (event) RESULTING IN (impact will be – effect). Ask that high risks and those on the corporate risk register are re-worded to use: IF, THEN, RESULTING IN.	May – July 2021	
	3. Arrange time on the Risk Group agenda to: <ul style="list-style-type: none"> Review the draft Risk Management and BAF Strategy Discuss/confirm proposed process to include triggers and hierarchy, how risks get into the corporate risk register and Principal risks onto the BAF (informed by the Annual Plan/IMTP) The role of Management Board in owning the corporate risk register and initial identification of principle risks. The role of the DHCW Board in overseeing the Principal risks and BAR Review risk scores on risk registers 	May – June 2021	
	4. The identification of principle risks to the organisation are considered at the Management Board (and the DHCW Risk Group) in June 2021.	17 June 2021	
	5. Principle risks to DHCW identified and discussed at Management Board in June, are presented for discussion at the June/July Board Development session. <i>NB: DHCW Annual Plan to include Strategic Objectives to be reviewed/discussed at the Board Development Session on 29.04.21</i>	1 July 2021	
	6. Assurance and controls mapping exercise undertaken by Directorates based on the principle risks identified and agreed.	1 July – end of August 2021	
	7. Principle risks presented to DHCW Board at the July Board meeting, and first draft Board Assurance Report (recognising some of the assurance and controls mapping work will not have concluded by 27 July 2021).	27 July 2021	
	8. Risk Management training to be provided to relevant DHCW staff / Directorates to cover: <ul style="list-style-type: none"> The basics of risk management The process for escalating risk The triggers for escalating risk How risk will be discussed and reviewed at the Management Board 	July 2021 – November 2021	
	9. Board Development session to consider and agree the DHCW Board risk appetite.	2 September 2021	
	10. DHCW risk appetite statement to be presented to Board in September 2021.	30 September 2021	
	11. Board Assurance Report to Board to be updated to include DHCW risk appetite statement, and statement to be added to Risk Management and BAF Strategy.	25 November 2021	
	12. DHCW objectives agreed via the IMTP process for 2022/23 – 2024/25.	March 2022	
	13. Principle risks considered and agreed against the DHCW plan for 2022/23	March – May 2022	

DIGITAL HEALTH AND CARE WALES

Model Standing Orders including Standing Financial Instructions

Agenda Item	5.2
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Name of Meeting	Audit and Assurance Committee
Date of Meeting	11 May 2021

Public or Private	Public
IF PRIVATE: please indicate reason	N/A

Executive Sponsor	Chris Darling, Board Secretary Claire Osmundsen-Little, Executive Director of Finance
Prepared By	Chris Darling, Board Secretary
Presented By	Chris Darling, Board Secretary Claire Osmundsen-Little, Executive Director of Finance

Purpose of the Report	For Noting
Recommendation	
<p>The Committee is being asked to:</p> <p>Note the DHCW Standing Orders (5.2i) which include the Standing Financial Instructions (5.2ii).</p>	

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Acronyms			
DHCW	Digital Health and Care Wales	SO	Standing Orders
NWSSP	NHS Wales Shared Services Partnership	SFI	Standing Financial Instructions

1 SITUATION/BACKGROUND

- 1.1 Digital Health and Care Wales (DHCW) or lechyd a Gofal Digidol Cymru became operational on 1 April 2021. Digital Health and Care Wales (Membership and Procedures) Regulations 2020 provides that Digital Health and Care Wales (DHCW) must make standing orders for the regulation of its proceedings and business, including provision for the suspension of all or any of the standing orders.

2 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The DHCW Board have considered and approved adoption of the Standing Orders (Appendix 1) for the regulation of their proceedings and business at their inaugural meeting on 1 April 2021. They are designed to translate the statutory requirements set out in legislation into day to day operating practice. The Standing Orders include the Scheme of Decisions reserved to the Board; a Scheme of Delegations to officers and others; and Standing Financial Instructions (Appendix 2). The SOs provide the regulatory framework for the business conduct of DHCW.
- 2.2 DHCW Standing Orders have been developed taking into account recommendations of the Special Health Authority Transition Finance and Governance Workstream, a sub-group of the Special Health Authority Transition Programme Board, with membership representing Welsh Government, Board Secretaries and Directors of Finance, which has recently reviewed the NHS Wales Model Reservation of Powers and Scheme of Delegation.
- 2.3 In addition, the Model Standing Orders, Reservation and Delegation of Powers and Model Standing Financial Instructions have been informed, where appropriate, by the model documents issued to Health Education and Improvement Wales (the only other Welsh Special Health Authority), Local Health Boards (LHBs) and Trusts.
- 2.4 Draft versions of the DHCW Standing Orders were shared for comment with colleagues from DHCW, members of the DHCW Establishment Finance and Governance Workstream, Audit Wales and the Director of Audit and Assurance Services, NWSSP.
- 2.5 Whilst DHCW has the authority to amend the Model Standing Orders any amendment or variation must not contravene Directions issued by Welsh Ministers or statutory

requirements. The following provisions cannot be varied without the consent of Welsh Ministers:

- Section A – Introduction – The role of the Board Secretary
- Non-officer Members – Paragraph 1.1.4
- Associate Members – May include the Chief Digital Officer for NHS Wales – Paragraph 1.1.7
- Tenure of Board Members – Paragraph 1.3
- Committees Established by DHCW – Paragraph 3.4.1
- Advisory Groups – as a minimum to include the Local Partnership Forum
- Arrangements relating to meetings, with particular emphasis on timescales and the quorum
- Matters reserved for the Board where the full Board is required to retain responsibility or is in accordance with statutory requirements.
- Removal of requirements of the Committee model terms of reference, although these can be added to.

3 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 All DHCW Special Health Authority members and officers must be made aware of these SOs and, where appropriate, should be familiar with their detailed content. The approved Standing Orders have been uploaded to the DHCW Internet site and DHCW SharePoint site.

4 RECOMMENDATION

The Committee is being asked to:

Note the DHCW Standing Orders (5.2i) which include the Standing Financial Instructions (5.2ii), approved by the DHCW Board on 1 April 2021.

5 IMPACT ASSESSMENT

STRATEGIC OBJECTIVE	All Objectives apply
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CORPORATE RISK (ref if appropriate)	
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WELL-BEING OF FUTURE GENERATIONS ACT	A healthier Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	N/A
If more than one standard applies, please list below:	

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HEALTH CARE STANDARD	Effective Care
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission: March 2021
Yes, applicable	Outcome: Positive
Statement: The impact of the Model SOs has been assessed as positive.	

APPROVAL/SCRUTINY ROUTE:		
Person/Committee/Group who have received or considered this paper prior to this meeting		
COMMITTEE OR GROUP	DATE	OUTCOME
Establishment of Digital Health and Care Wales Programme Board	25/02/2021	Approved subject to minor amendments
DHCW Board	01/04/2021	Approved SOs and SFIs

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report. The SOs are a key foundation of DHCW's governance and accountability framework. A robust governance and accountability framework is more likely to impact favourably on the safety and experience of patients and staff.
LEGAL IMPLICATIONS/IMPACT	Yes, please see detail below The SOs are designed to translate the statutory requirements for DHCW set out in legislation into day to day operating practice.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

Model Standing Orders

Reservation and Delegation of Powers

Digital Health and Care Wales

Executive Sponsor & Function:

Board Secretary

Document Author:

Chris Darling

Approved by:

DHCW Board

Approval Date:

TBC

Date of Equality Impact Assessment:

22 March 2021

Equality Impact Assessment Outcome:

Positive Outcome

Review Date:

Annual Review required by DHCW – 1 April
2022

Version: 1

Foreword

The Digital Health and Care Wales (Membership and Procedures) Regulations 2020 provides that Digital Health and Care Wales (DHCW) or Iechyd a Gofal Digidol Cymru must make standing orders for the regulation of its proceedings and business.

The DHCW Board must consider and agree to adopt the Standing Orders (SOs) for the regulation of their proceedings and business. They are designed to translate the statutory requirements set out in legislation into day to day operating practice, and, together with the adoption of a Scheme of Decisions reserved to the Board; a Scheme of Delegations to officers and others; and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of DHCW.

These documents form the basis upon which DHCW's governance and accountability framework is developed and, together with the adoption of the DHCW's Values and Standards of Behaviour Framework, is designed to ensure the achievement of the standards of good governance set for health organisations in Wales.

All DHCW Board members and officers must be made aware of these Standing Orders and, where appropriate, should be familiar with their detailed content. The Board Secretary will be able to provide further advice and guidance on any aspect of the Standing Orders or the wider governance arrangements within DHCW.

Further information on governance in the NHS in Wales may be accessed at <https://nwssp.nhs.wales/all-wales-programmes/governance-e-manual/>

Contents

□ Foreword	2
□ Section A – Introduction	6
□ Statutory framework	6
□ NHS framework	7
□ Applying Standing Orders	8
□ Variation and amendment of Standing Orders	8
□ Interpretation	8
□ The role of the Board Secretary	9
□ Section B – Standing Orders	10
□ 1. DIGITAL HEALTH AND CARE WALES	10
□ 1.1 Membership of Digital Health and Care Wales Board	10
○ <i>Officer Members [to be known as Executive Directors]</i>	10
○ <i>Non Officer Members [to be known as Independent Members]</i>	11
○ <i>Associate Members</i>	11
○ <i>Use of the term ‘Independent Members’</i>	11
□ 1.2 Joint Post Holders	11
□ 1.3 Tenure of Board members	12
□ 1.4 The Role of the DHCW Board and responsibilities of individual members	12
○ <i>Role</i>	12
○ <i>Responsibilities</i>	13
□ 2. RESERVATION AND DELEGATION OF DHCW FUNCTIONS	14
□ 2.1 Chair’s action on urgent matters	15
□ 2.2 Delegation of Board functions	15
□ 2.3 Delegation to officers	15
□ 3. COMMITTEES	16
□ 3.1 DHCW Committees	16
○ <i>Use of the term ‘Committee’</i>	16
□ 3.2 Joint-Committees	16
○ <i>Joint Committee Standing Orders, terms of reference and operating arrangements</i>	17
□ 3.3 Sub-Committees	17
□ 3.4 Committees established by DHCW	17
□ 3.5 Other Committees	18
□ 3.6 Confidentiality	18
□ 3.7 Reporting activity to the Board	19
□ 4. NHS WALES SHARED SERVICES PARTNERSHIP	19
□ 5. WORKING IN PARTNERSHIP	19
□ 6. ADVISORY GROUP(S)	20

<input type="checkbox"/> 7. MEETINGS	23
<input type="checkbox"/> 7.1 Putting Citizens first	23
<input type="checkbox"/> 7.2 Annual Plan of Board Business	24
<input type="checkbox"/> <i>Annual General Meeting (AGM)</i>	24
<input type="checkbox"/> 7.3 Calling Meetings	25
<input type="checkbox"/> 7.4 Preparing for Meetings	25
<input type="checkbox"/> <i>Setting the agenda</i>	25
<input type="checkbox"/> <i>Notifying and equipping Board members</i>	25
<input type="checkbox"/> <i>Notifying the public and others</i>	26
<input type="checkbox"/> 7.5 Conducting Board Meetings	26
<input type="checkbox"/> <i>Admission of the public, the press and other observers</i>	26
<input type="checkbox"/> <i>Addressing the Board, its Committees and Advisory Groups</i>	27
<input type="checkbox"/> <i>Chairing Board Meetings</i>	27
<input type="checkbox"/> <i>Quorum</i>	28
<input type="checkbox"/> <i>Dealing with motions</i>	28
<input type="checkbox"/> <i>Voting</i>	29
<input type="checkbox"/> 7.6 Record of Proceedings	30
<input type="checkbox"/> 7.7 Confidentiality	30
<input type="checkbox"/> 8. VALUES AND STANDARDS OF BEHAVIOUR	30
<input type="checkbox"/> 8.1 Declaring and recording Board members' interests	31
<input type="checkbox"/> 8.2 Dealing with Members' interests during Board meetings	32
<input type="checkbox"/> 8.3 Dealing with officers' interests	33
<input type="checkbox"/> 8.4 Reviewing how Interests are handled	33
<input type="checkbox"/> 8.5 Dealing with offers of gifts and hospitality	33
<input type="checkbox"/> 8.6 Sponsorship	35
<input type="checkbox"/> 8.7 Register of Gifts and Hospitality	35
<input type="checkbox"/> 9. SIGNING AND SEALING DOCUMENTS	36
<input type="checkbox"/> 9.1 Register of Sealing	36
<input type="checkbox"/> 9.2 Signature of Documents	36
<input type="checkbox"/> 9.3 Custody of Seal	36
<input type="checkbox"/> 10. GAINING ASSURANCE ON THE CONDUCT OF DHCW BUSINESS	37
<input type="checkbox"/> 10.1 The role of Internal Audit in providing independent internal assurance	37
<input type="checkbox"/> 10.2 Reviewing the performance of the Board, its Committees and Advisory Groups	38
<input type="checkbox"/> 10.3 External Assurance	38
<input type="checkbox"/> 11. DEMONSTRATING ACCOUNTABILITY	38
<input type="checkbox"/> 12. REVIEW OF STANDING ORDERS	39
<input type="checkbox"/> Schedule 1	40
<input type="checkbox"/> Schedule 2	55
<input type="checkbox"/> Key Guidance, Instructions and Other Related Documents	55
<input type="checkbox"/> DHCW Framework	55
<input type="checkbox"/> NHS Wales framework	55

□	Schedule 3	56
○	Board Committee Arrangements.....	56
○	Standard Terms of Reference and Operating Arrangements for all Committees of the Board	58
○	Terms of Reference and Operating Arrangements – Audit Committee ..	63
○	Terms of Reference and Operating Arrangements – Remuneration and Terms of Service Committee.....	70
□	Schedule 4	73
○	Advisory Groups	73
○	Terms of Reference and Operating Arrangements.....	73
○	Local Partnership Forum Advisory Group	74
○	Terms of Reference and Operating Arrangements.....	74
□	Appendix 1	79
□	Appendix 2	80
□	Appendix 3	81

Section A – Introduction

Statutory framework

- i) Digital Health and Care Wales (DHCW) is a Special Health Authority (SHA) that was established on 30 December 2020 and became operational on the 1 April 2021, under The Digital Health and Care Wales (Establishment and Membership) Order 2020 (SI No. 2020/1451 (W. 313)) “the Establishment Order”.
- ii) The principal place of business of DHCW is Ty Glan-yr-Afon, 21 Cowbridge Road East, Cardiff, CF11 9AD.
- iii) All business shall be conducted in the name of Digital Health and Care Wales.
- iv) DHCW is a corporate body and its functions must be carried out in accordance with its statutory powers and duties. DHCW’s functions are set out in the Establishment Order and in Directions issued by Welsh Ministers.
- v) In addition to Directions the Welsh Ministers will issue an annual remit letter and may from time to time issue guidance which DHCW must take into account when exercising any function.
- vi) Under powers set out in sections 25(1)(b), 25(2 and 203(9) and (10) of, and paragraphs 3(3) and (4), 5 and 13 of Schedule 5 to the NHS (Wales) Act 2006, the Welsh Ministers have made **the Digital Health and Care Wales (Membership and Procedure) Regulations 2020 (S.I. 2020/1469 (W.315))** (“the Membership and Procedure Regulations”) which make provision concerning the membership and procedures of DHCW.
- vii) In carrying out its duties it will co-operate with others.
- viii) Section 72 of the NHS Act 2006 places a duty on NHS bodies, including an SHA to co-operate with each other in exercising their functions.
- ix) Section 82 of the NHS Act 2006 places a duty on NHS bodies, including an SHA, and local authorities to co-operate with one another in order to secure and advance the health and welfare of the people of England and Wales. The Welsh Language (Wales) Measure 2011 makes provision with regards to the development of standards relating to the Welsh language. The Welsh Language Standards (No. 7) Regulations 2018 for the health sector do not currently apply to DHCW. They will apply at a future date but in the interim DHCW will develop a Welsh Language policy/scheme to deliver commitments relating to Welsh language.
- x) As a SHA, DHCW is also bound by any other statutes and legal provisions which govern the way that NHS bodies do business. The powers of NHS bodies established under statute shall be exercised by NHS bodies meeting in public session, except as otherwise provided by these SOs.

NHS framework

- xi) In addition to the statutory requirements set out above, NHS bodies including SHAs must carry out all business in a manner that enables them to contribute fully to the achievement of the Welsh Government's vision for the NHS in Wales and its standards for public service delivery. The governance standards set for the NHS in Wales are based upon the Welsh Government's Citizen Centred Governance principles. These principles provide the framework for good governance and embody the values and standards of behaviour that is expected at all levels of the service, locally and nationally.
- xii) Adoption of the principles will better equip NHS bodies to take a balanced, holistic view of their organisations and their capacity to deliver high quality, safe health and care services for all its citizens within the NHS framework set nationally.
- xiii) The overarching NHS governance and accountability framework incorporates these SOs; the Schedules of Reservation and Delegation of Powers; SFIs together with a range of other frameworks designed to cover specific aspects. These include the NHS Values and Standards of Behaviour Framework; the *'Doing Well, Doing Better: Standards for Health Services in Wales'* (formally the Healthcare Standards) Framework, the NHS Risk and Assurance Framework, and the NHS planning and performance management systems.
- xiv) The Welsh Ministers, reflecting their constitutional obligations and legal duties under the **Well-being of Future Generations (Wales) Act 2015**, have stated that sustainable development should be the central organising principle for the public sector and a core objective for the restructured NHS in all it does.
- xv) DHCW is not considered a public body under the Act but is committed to achieving the Well-being Goals and the sustainable development principle
- xvi) Full, up to date details of the other requirements that fall within the NHS framework – as well as further information on the Welsh Government's Citizen Centred Governance principles - are provided on the NHS Wales Governance e-manual which can be accessed at <https://nwssp.nhs.wales/all-wales-programmes/governance-e-manual/>. Directions or guidance on specific aspects of business are also issued electronically, usually under cover of a Welsh Health Circular.
- xvii) DHCW will from time to time agree and approve policy statements which apply to the Board members and/all or specific groups of staff employed by DHCW. The decisions to approve these policies will be recorded in the appropriate Board minute and, where appropriate will be considered to be an integral part of DHCW's SOs and SFIs. Details of the key policy statements will be included in Schedule 2.
- xviii) DHCW shall ensure that an official is designated to undertake the role of the Board Secretary (the role of which is set out in paragraph xxv below).

Applying Standing Orders

- xix) The SOs of DHCW (together with SFIs and the Values and Standards of Behaviour Framework), will, as far as they are applicable, also apply to meetings of any formal Committees established by DHCW including any Advisory Groups, sub-Committees, joint-Committees and joint sub-Committees. These SOs may be amended or adapted for the Committees as appropriate, with the approval of the Board. Further detail on the Committees may be found in Schedule 3 of these SOs.
- xx) Full details of any non-compliance with these SOs, including an explanation of the reasons and circumstances must be reported in the first instance to the Board Secretary, who will ask the Audit Committee to formally consider the matter and make proposals to the Board on any action to be taken. All Board members and DHCW officers have a duty to report any non-compliance to the Board Secretary as soon as they are aware of any circumstance that has not previously been reported.
- xxi) **Ultimately, failure to comply with SOs is a disciplinary matter that could result in an individual's dismissal from employment or removal from the Board.**

Variation and amendment of Standing Orders

- xxii) Although these SOs are subject to regular, annual review by DHCW, there may, exceptionally, be an occasion where it is necessary to vary or amend the SOs during the year. In these circumstances, the Board Secretary shall advise the Board of the implications of any decision to vary or amend SOs, and such a decision may only be made by the Board if:
 - The variation or amendment is in accordance with regulation 18 of the Membership and Procedure Regulations and does not contravene a statutory provision or direction made by the Welsh Ministers;
 - The proposed variation or amendment has been considered and approved by the Audit Committee and is the subject of a formal report to the Board; and
 - A formal notice of motion under Standing Order 7.5.14 has been given.

Interpretation

- xxiii) During any Board meeting where there is doubt as to the applicability or interpretation of the SOs, the Chair of DHCW shall have the final say, provided that his or her decision does not conflict with rights, liabilities or duties as prescribed by law. In doing so, the Chair shall take appropriate advice from the Board Secretary and, where appropriate the Chief Executive or the Director responsible for finance (in the case of SFIs).
- xxiv) The terms and provisions contained within these SOs aim to reflect those covered within all applicable legislation. The legislation takes precedence over these SOs when interpreting any term or provision covered by legislation.

The role of the Board Secretary

- xxv) The role of the Board Secretary is crucial to the ongoing development and maintenance of a strong governance framework within DHCW, and is a key source of advice and support to the DHCW Chair and other Board members. Independent of the Board, the Board Secretary acts as the guardian of good governance within DHCW. The Board Secretary is responsible for:
- Providing advice to the Board as a whole and to individual Board members on all aspects of governance;
 - Facilitating the effective conduct of DHCW business through meetings of the Board, its Advisory Groups and Committees;
 - Ensuring that Board members have the right information to enable them to make informed decisions and fulfil their responsibilities in accordance with the provisions of these SOs;
 - Ensuring that in all its dealings, the Board acts fairly, with integrity, and without prejudice or discrimination;
 - Contributing to the development of an organisational culture that embodies public services values and standards of behaviour; and
 - Monitoring DHCW's compliance with the law, SOs and the governance and accountability framework set by the Welsh Ministers.
- xxvi) As advisor to the Board, the *Board Secretary's* role does not affect the specific responsibilities of Board members for governing the organisation. The Board Secretary is directly accountable for the conduct of their role to the Chair in respect of matters relating to responsibilities of the Board, its Committees and Advisory Groups, and reports on a day-to-day basis to the Chief Executive with regard to the wider governance of the organisation and their personal responsibilities.
- xxvii) Further details on the role of the Board Secretary within DHCW, including details on how to contact them, are available at on the DHCW website: <https://dhcw.nhs.wales>. Direct contact can be made by emailing: Chris.Darling@wales.nhs.uk

Section B – Standing Orders

1. DIGITAL HEALTH AND CARE WALES

1.0.1 DHCW's principal role is to exercise such functions as the Welsh Ministers may direct in connection with:

- the provision, design, management, development and delivery of digital platforms, systems and services;
- the collection, analysis, use and dissemination of health service data;
- the provision of advice and guidance to the Welsh Ministers about improving digital platforms, systems and services;
- supporting bodies and persons identified in directions given by the Welsh Ministers to DHCW in relation to matters relevant to digital platforms, systems and services; and
- any other matters so as to secure the provision or promotion of services under the **NHS (Wales) Act 2006**.

1.0.2 DHCW was established by **the Digital Health and Care Wales (Establishment and Membership) Order 2020 (SI No. 2020/1451 (W. 313))**. DHCW must ensure that all its activities are in exercise of those functions or other statutory functions that are conferred on it through directions issued by the Welsh Ministers.

1.0.3 To fulfil this role, DHCW will work with all its partners and stakeholders in the best interests of the population of Wales.

1.1 Membership of Digital Health and Care Wales Board

1.1.1 The membership of the DHCW Board shall be no more than 15 members comprising the Chair, Vice-Chair and non-officer members (appointed by the Minister for Health and Social Services), Associate Members, the Chief Executive and officer members, all appointed in accordance with the Membership and Procedure Regulations.

1.1.2 For the purposes of these SOs, the members of the DHCW Board shall collectively be known as “the Board” or “Board members”; the officer, non-officer members (which will include the Chair and Vice-Chair) shall be referred to as Executive Directors and Independent Members respectively; and the Chief Officer, Finance Officer and Clinical Officer shall respectively be known as the Chief Executive, the Director of Finance and the Medical Director. Officer and non-officer members shall have full voting rights Associate Members who do not have voting rights.

Officer Members [to be known as Executive Directors]

1.1.3 A total of 5 (including the Chief Executive, Director of Finance, and Medical Director, appointed in accordance with the Membership and Procedure Regulations. Executive Directors may have other responsibilities as

determined by the Board and set out in the scheme of delegation to officers.

Non Officer Members [to be known as Independent Members]

- 1.1.4 A total of 7 (including the Chair and Vice-Chair), appointed by the Minister for Health and Social Services in accordance with the Membership and Procedure Regulations.
- 1.1.5 An addition to the eligibility, disqualification, suspension and removal provisions contained within Part 4 of the Membership and Procedure Regulations, an individual shall not normally serve concurrently as a non-officer member on the Board of more than one NHS body in Wales.

Associate Members

- 1.1.6 A total of up to 3 Associate Members may be appointed to the Board. They will attend Board meetings on an ex-officio basis, but will not have any voting rights.
- 1.1.7 The Welsh Ministers, or DHCW acting with the consent of the Welsh Ministers, may appoint up to 2 Associate Members. They may include the Chief Digital Officer for NHS Wales.
- 1.1.8 The non-officer members must appoint a Trade Union Associate Member where one or more trade unions are recognised by DHCW. The arrangements for appointment of the Trade Union Associate Member must be in accordance with Regulation 4 of the Membership and Procedure Regulations.

Use of the term 'Independent Members'

- 1.1.9 For the purposes of these SOs, use of the term 'Independent Members' refers to the following voting members of the Board:

- Chair
- Vice Chair (if appointed)
- Non Officer Members

unless otherwise stated.

1.2 Joint Post Holders

- 1.2.1 Where a Board position is shared between more than one person because of their being appointed jointly to a post:
- i) Either or both persons may attend and take part in Board meetings;
 - ii) If both are present at a meeting they shall cast one vote if they agree;
 - iii) In the case of disagreement no vote shall be cast; and
 - iv) The presence of both or one person will count as one person in relation to the quorum.

1.3 Tenure of Board members

- 1.3.1 Independent Members shall be appointed for a period specified by the Welsh Ministers, but for no longer than 4 years in any one term. These members can be reappointed but may not serve a total period of more than 8 years. Time served need not be consecutive and will still be counted towards the total period even where there is a break in the term.
- 1.3.2 Any Associate Member appointed to the Board by Welsh Ministers under 1.1.6 will be appointed in accordance with the terms and conditions of appointment. They may be re-appointed as an Associate Member subject to any provisions to the contrary in their terms of appointments.
- 1.3.3 Any Associate Member appointed by the Board with the consent of Welsh Ministers may be appointed in accordance with terms and conditions approved by the Welsh Ministers. This would normally be for a period of up to one year. They may be re-appointed but they would normally not hold office as an Associate Member appointed by the Board with the consent of Welsh Ministers for more than four years. This is to recognise the need to keep this role under review to ensure it remains necessary or expedient for the performance of DHCW's functions. Time served includes time as an Independent Member (if relevant) which need not be consecutive and will still be counted towards the total period even where there is a break in the term. They may therefore, in accordance with the provisions contained within these Standing Orders, hold office for a maximum of 8 years when all roles are combined.
- 1.3.4 The Trade Union Associate Member if appointed, may be appointed for a period of office not exceeding 4 years. Subject to the arrangements agreed by the non-officer members for seeking a nomination, they may be eligible for reappointment.
- 1.3.5 Executive Directors' tenure of office as Board members will be determined by their contract of appointment.
- 1.3.6 All Board members' tenure of appointment will cease in the event that they no longer meet any of the eligibility requirements, so far as they are applicable, as specified in Part 4 of the Membership and Procedure Regulations. Any member must inform the Chair as soon as is reasonably practicable to do so in respect of any issue which may impact on their eligibility to hold office. The Chair will advise the Minister in writing of any such cases immediately.
- 1.3.7 DHCW will require Board members to confirm in writing their continued eligibility on an annual basis.

1.4 The Role of the DHCW Board and responsibilities of individual members

Role

- 1.4.1 The principal role of DHCW is set out in SO 1.0.1. The Board's main role is to

add value to the organisation through the exercise of strong leadership and control, including:

- Setting the organisation's strategic direction;
- Establishing and upholding the organisation's governance and accountability framework, including its values and standards of behaviour; and
- Ensuring delivery of the organisation's aims and objectives through effective challenge and scrutiny of DHCW's performance across all areas of activity.

Responsibilities

- 1.4.2 The Board will function as a corporate decision-making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board.
- 1.4.3 Independent Members appointed to the Board must act in a balanced manner, ensuring that any opinion expressed is objective and based upon the best interests of the health and care service in Wales.
- 1.4.4 DHCW shall issue an indemnity to any Chair and Independent Member in the following terms: "A Board [or Committee] member, who has acted honestly and in good faith, will not have to meet out of their personal resources any personal liability which is incurred in the execution of their Board function. Such cover excludes the reckless or those who have acted in bad faith".
- 1.4.5 Associate Members, whilst not sharing corporate responsibility for the decisions of the Board, are nevertheless required to act in a corporate manner at all times, as are their fellow Board members who have voting rights.
- 1.4.6 All Board members must comply with their terms of appointment. They must equip themselves to fulfil the breadth of their responsibilities by participating in appropriate personal and organisational development programmes, engaging fully in Board activities and promoting DHCW within the communities it serves.
- 1.4.7 **The Chair** – The Chair is responsible for the effective operation of the Board, chairing Board meetings when present and ensuring that all Board business is conducted in accordance with these SOs. The Chair may have certain specific powers delegated by the Board and set out in the Scheme of Delegation.
- 1.4.8 The Chair shall work in close harmony with the Chief Executive and, supported by the Board Secretary, shall ensure that key and appropriate issues are discussed by the Board in a timely manner with all the necessary information and advice being made available to the Board to inform the debate and ultimate resolutions.
- 1.4.9 **The Vice-Chair** – The Vice-Chair shall deputise for the Chair in their absence

if they are unable to perform their duties, or any reason, and will do so until either the existing chair resumes their duties or a new chair is appointed.

1.4.10 In addition to their corporate role across the breadth of the Board's responsibilities, the Vice-Chair has a specific brief to provide strong, effective and visible leadership, across digital systems and services within primary, community, mental health and learning disability services. This will be discharged internally through the Board and its Committees and externally through their connections with a wide range of stakeholders and partners within the wider community.

1.4.11 **Chief Executive** – The Chief Executive is responsible for the overall performance of the executive functions of DHCW. They are the appointed Accountable Officer for DHCW and shall be responsible for meeting all the responsibilities of that role, as set out in their Accountable Officer Memorandum.

1.4.12 **Lead roles for Board members** – The Chair will ensure that individual Board members are designated as lead roles or “champions” as required by the Welsh Ministers or as set out in any statutory or other guidance. Any such role must be clearly defined and must operate in accordance with the requirements set by DHCW, the Welsh Ministers or others. In particular, no operational responsibilities will be placed upon any Independent Member fulfilling such a role. The identification of a Board member in this way shall not make them more vulnerable to individual criticism, nor does it remove the corporate responsibility of the other Board members for that particular aspect of Board business.

2. RESERVATION AND DELEGATION OF DHCW FUNCTIONS

2.0.1 Subject to any directions that may be given by the Welsh Ministers, the Board shall make arrangements for certain functions to be carried out on its behalf so that the day to day business of DHCW may be carried out effectively and in a manner that secures the achievement of its aims and objectives. In doing so, the Board must set out clearly the terms and conditions upon which any delegation is being made.

2.0.2 The Board's determination of those matters that it will retain, and those that will be delegated to others shall be set out in a:

- i) Schedule of matters reserved to the Board;
- ii) Scheme of delegation to committees and others; and
- iii) Scheme of delegation to officers.

all of which must be formally adopted by the Board in full session and form part of these SOs.

2.0.3 DHCW retains full responsibility for any functions delegated to others to carry out on its behalf. Where DHCW has a joint duty, it remains fully responsible for its part, and shall agree through the determination of a written Partnership

Agreement the governance and assurance arrangements for the partnership, setting out respective responsibilities, ways of working, accountabilities and sources of assurance of the partner organisations.

2.1 Chair's action on urgent matters

- 2.1.1 There may, occasionally, be circumstances where decisions which would normally be made by the Board need to be taken between scheduled meetings, and it is not practicable to call a meeting of the Board. In these circumstances, the Chair and the Chief Executive, supported by the Board Secretary as appropriate, may deal with the matter on behalf of the Board - after first consulting with at least two other Independent Members. The Board Secretary must ensure that any such action is formally recorded and reported to the next meeting of the Board for consideration and ratification.
- 2.1.2 Chair's action may not be taken where either the Chair or the Chief Executive has a personal or business interest in an urgent matter requiring decision. In this circumstance, the Vice-Chair or the Executive Director acting on behalf of the Chief Executive will take a decision on the urgent matter, as appropriate.

2.2 Delegation of Board functions

- 2.2.1 The Board shall agree the delegation of any of their functions except for those set out within the 'Schedule of Matters reserved to the Board' to Committees and others, setting any conditions and restrictions it considers necessary and following any directions or regulations given by the Welsh Ministers. These functions may be carried out:
 - i) By a Committee, sub-Committee or officer of DHCW; or
 - ii) Jointly with one or more Special Health Authorities through a joint-Committee or joint sub-Committee
- 2.2.2 The Board shall agree and formally approve the delegation of specific executive powers to be exercised by Committees, sub-Committees joint-Committees and joint sub-Committees which it has formally constituted.
- 2.2.3 Any arrangements put in place by the Board for certain functions to be carried out on its behalf does not affect the Board's responsibility for, or its ability to, exercise a delegated function.

2.3 Delegation to officers

- 2.3.1 The Board may delegate certain functions to the Chief Executive. For these aspects, the Chief Executive, when compiling the Scheme of Delegation to Officers, shall set out proposals for those functions they will perform personally and shall nominate other officers to undertake the remaining functions. The Chief Executive will still be accountable to the Board for all functions delegated to them irrespective of any further delegation to other officers.
- 2.3.2 This must be considered and approved by the Board (subject to any

amendment agreed during the discussion). The Chief Executive may periodically propose amendment to the Scheme of Delegation to Officers and any such amendments must also be considered and approved by the Board.

- 2.3.3 Individual Executive Directors are in turn responsible for delegation within their own directorates/departments in accordance with the framework established by the Chief Executive and agreed by the Board.

3. COMMITTEES

3.1 DHCW Committees

- 3.1.1 The Board may, and where directed by the Welsh Ministers must, appoint Committees of DHCW either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by Committees. The Board shall, wherever possible, require its Committees to hold meetings in public unless there are specific, valid reasons for not doing so.

Use of the term 'Committee'

- 3.1.2 For the purposes of these SOs, use of the term 'Committee' incorporates the following:

- Board Committee
- Joint-Committee
- sub-Committee
- joint sub-Committee

3.2 Joint-Committees

- 3.2.1 The Board may, and where directed by the Welsh Ministers must, together with one or more Special Health Authority¹ appoint joint-Committees or joint sub-Committees. These may consist wholly or partly of DHCW members or Board members of other Special Health Authorities or of persons who are not DHCW Board members or Board members of Special Health Authorities. Any such appointments must be made in accordance with the Board's defined requirements on membership (including definition of member roles, powers and terms and conditions of appointment) and any directions given by the Welsh Ministers.
- 3.2.2 The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out by others on its behalf.

¹ In accordance with Part 2, Chapter 3, Section 25 of the NHS (Wales) Act 2006 any Special Health Authority which DHCW wishes to form a joint-Committee with must have had provision made within their Regulations

The Board shall wherever possible determine, in agreement with its partners, that its joint-Committees hold meetings in public unless there are specific, valid reasons for not doing so.

Joint Committee Standing Orders, terms of reference and operating arrangements

3.2.3 The Board shall formally approve SOs or terms of reference and operating arrangements for each joint-Committee established. These must establish its governance and ways of working, setting out, as a minimum:

- The scope of its work (including its purpose and any delegated powers and authority);
- Membership (including member appointment and removal; role, responsibilities and accountability; and terms and conditions of office) and quorum;
- Meeting arrangements;
- Communications;
- Relationships and accountabilities with others (including the SHA Board, its Committees and Advisory Groups);
- Any budget, financial and accounting responsibility;
- Secretariat and other support;
- Training, development and performance; and
- Reporting and assurance arrangements.

3.2.4 In doing so, the Board shall specify which aspects of these SOs are not applicable to the operation of the joint-Committee, keeping any such aspects to the minimum necessary.

3.3 Sub-Committees

3.3.1 A Committee appointed by the Board may establish a sub-Committee to assist it in the conduct of its business provided that the Board approves such action. Where the Board has authorised a Committee to establish sub-Committees they cannot delegate any executive powers to the sub-Committee unless authorised to do so by the Board.

3.4 Committees established by DHCW

3.4.1 The Board shall establish a Committee structure that it determines best meets its own needs, taking account of any regulatory or Welsh Government requirements. As a minimum, it must establish Committees which covers the following aspect of Board business:

- Audit;
- Remuneration and Terms of Service; and
- Oversight and scrutiny of quality, safety, information governance, data quality, security and risk.

3.4.2 In designing its Committee structure and operating arrangements, the Board shall take full account of the need to:

- Embed corporate standards, priorities and requirements, e.g., equality and human rights across all areas of activity; and
- Maximise cohesion and integration across all aspects of governance and assurance.

3.4.3 Each Committee established by or on behalf of the Board must have its own SOs or detailed terms of reference and operating arrangements, which must be formally approved by the Board. These must establish its governance and ways of working, setting out, as a minimum:

- The scope of its work (including its purpose and any delegated powers and authority);
- Membership and quorum;
- Meeting arrangements;
- Relationships and accountabilities with others (including the Board its Committees and Advisory Groups)
- Any budget and financial responsibility, where appropriate;
- Secretariat and other support;
- Training, development and performance; and
- Reporting and assurance arrangements.

3.4.4 In doing so, the Board shall specify which aspects of these SOs are not applicable to the operation of the Committee, keeping any such aspects to the minimum necessary. Detailed terms of reference and operating arrangements for the Committees established by the Board are set out in Schedule 3.

3.4.5 The membership of any such Committees - including the designation of Chair; definition of member roles and powers and terms and conditions of appointment (including remuneration and reimbursement) - will usually be determined by the Board, based on the recommendation of DHCW Chair, and subject to any specific requirements, directions or regulations made by the Welsh Ministers. Depending on the Committee's defined role and remit, membership may be drawn from the DHCW Board, its staff (subject to the conditions set in Standing Order 3.4.6) or others not employed by DHCW.

3.4.6 Executive Directors or other DHCW officers shall not normally be appointed as Committee Chairs, nor should they be appointed to serve as members on any Committee set up to review the exercise of functions delegated to officers. Designated DHCW officers shall, however, be in attendance at such Committees, as appropriate.

3.5 Other Committees

3.5.1 The Board may also establish other Committees to help DHCW conduct its business.

3.6 Confidentiality

3.6.1 Committee members and attendees must not disclose any matter dealt with

by or brought before a Committee in confidence without the permission of the Committee's Chair.

3.7 Reporting activity to the Board

- 3.7.1 The Board must ensure that the Chairs of all Committees operating on its behalf report formally, regularly and on a timely basis to the Board on their activities. Committee Chairs' shall bring to the Boards specific attention any significant matters under consideration and report on the totality of its activities through the production of minutes or other written reports.

4. NHS WALES SHARED SERVICES PARTNERSHIP

- 4.0.1 From 1 June 2012 the function of managing and providing Shared Services to the health service in Wales was given to Velindre NHS Trust. The Trust's Establishment Order has been amended to reflect the fact that the Shared Services function has been conferred on it.
- 4.0.2 The **Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012** (S.I. 2012/1261 (W.156)) ("the Shared Services Regulations") require the Trust to establish a Shared Services Committee (known for operational purposes as the Shared Services Partnership Committee) which will be responsible for exercising the Trust's Shared Services functions. The Shared Services Regulations (as amended) prescribe the membership of the Shared Services Committee in order to ensure that all Local Health Boards, Trusts and SHAs in Wales have a member on the Shared Services Committee and that the views of all the NHS organisations in Wales are taken into account when making decisions in respect of Shared Services activities.
- 4.0.3 The Director of Shared Services will be designated as Accountable Officer for Shared Services.
- 4.0.4 These arrangements necessitate putting in place a Memorandum of Co-operation and a Hosting Agreement between all LHBs, Trusts and SHAs setting out the obligations of NHS bodies to participate in the Shared Services Committee and to take collective responsibility for setting the policy and delivery of the Shared Services to the health service in Wales. Responsibility for the exercise of the Shared Services functions will not rest with the Board of Velindre NHS Trust but will be a shared responsibility of all NHS bodies in Wales.
- 4.0.5 The Shared Services Committee is to be known as the Shared Services Partnership Committee for operational purposes.

5. WORKING IN PARTNERSHIP

- 5.0.1 DHCW shall work constructively in partnership with others to plan and secure the provision and delivery of digital health and care services as described

within paragraph 1.0.1, in accordance with its statutory duties and any specific requirements or directions made by the Welsh Ministers.

- 5.0.2 The Chair shall ensure that the Board has identified all its key partners and other stakeholders and established clear mechanisms for engaging with and involving them in the work of DHCW.
- 5.0.3 The Board shall keep under review its partnership arrangements to ensure continued clarity around purpose, desired outcomes and partner responsibilities. It must ensure timely action to change, adapt or end partnerships where they no longer serve a useful purpose, in accordance with its statutory duties; any specific requirements or directions made by the Welsh Ministers; and the agreed terms and conditions for the partnership.

6. ADVISORY GROUP(S)

- 6.0.1 DHCW may and where directed by Welsh Ministers, must appoint Advisory Group(s) to the SHA to provide advice to the Board in the exercise of its functions.
- 6.0.2 Details of the SHA's Advisory Group(s), their membership and terms of reference are set out in Schedule 4.
- 6.0.3 The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out by others to advise it in the conduct of its business. The Board shall, wherever possible require its Advisory Group(s) to hold meetings in public unless there are specific, valid reasons for not doing so.

6.1 Advisory Group(s) established by DHCW

- 6.1.1 DHCW shall establish the following Advisory Group(s):
 - Local Partnership Forum

6.2 Terms of reference and operating arrangements

- 6.2.1 The Board must formally approve terms of reference and operating arrangements in respect of any Advisory Group it has established. These must establish its governance and ways of working, setting out, as a minimum:
 - The scope of its work (including its purpose and any delegated powers and authority);
 - Membership (including member appointment and removal, role, responsibilities and accountabilities, and terms and conditions of office) and quorum;
 - Meeting arrangements;
 - Communications;

- Relationships with others (including the Board, its Committees and Advisory Groups) as well as other relevant local and national groups;
- Any budget and financial responsibility (where appropriate);
- Secretariat and other support;
- Training, development and performance; and
- Reporting and assurance arrangements.

6.2.3 In doing so, the Board shall specify which of these SOs are not applicable to the operation of the Advisory Group, keeping any such aspects to the minimum necessary. The detailed terms of reference and operating arrangements for the SHA's Advisory Groups are set out in Schedule 4.

6.2.4 The Board may determine that any Advisory Group it has set up should be supported by sub-groups to assist it in the conduct of its work, or the Advisory Group may itself determine such arrangements, provided that the Board approves such action.

6.3 Support to Advisory Group(s)

6.3.1 The Board Secretary, on behalf of the Chair, will ensure that Advisory Group(s) are properly equipped to carry out their role by:

- Co-ordinating and facilitating appropriate induction and organisational development activity;
- Ensuring the provision of governance advice and support to the Advisory Group Chair on the conduct of its business and its relationship with the DHCW Board and others;
- Ensuring the provision of secretariat support for Advisory Group meetings (for specific arrangements relating to Local Partnership Forum see 6.7 and Schedule 4);
- Ensuring that the Advisory Group receives the information it needs on a timely basis;
- Ensuring strong links to communities/groups/professionals as appropriate; and
- Facilitating effective reporting to the Board

6.4 Confidentiality

6.4.1 Advisory Group members and attendees must not disclose any matter dealt with by or brought before a Group in confidence without the permission of the Advisory Group Chair.

6.5 Advice and feedback

6.5.1 DHCW may specifically request advice and feedback from the Advisory Group(s) on any aspect of its business and they may also offer advice and feedback even if not specifically requested by the organisation. The Group(s) may provide advice to the Board:

- In written advice;
- In any other form specified by the Board

6.6 Reporting activity

- 6.6.1 The Board shall ensure that the Chairs of all Advisory Groups report formally, regularly and on a timely basis to the Board on their activities. Advisory Group Chairs shall bring to the Board's specific attention any significant matters under consideration and report on the totality of its activities through the production of minutes or other written reports.
- 6.6.2 Each Advisory Group shall also submit an annual report to the Board through the Chair within 6 weeks of the end of the reporting year setting out its activities during the year and detailing the results of a review of its performance and that of any sub-groups it has established.
- 6.6.3 Each Advisory Group shall report regularly on its activities to those whose interests they represent.

6.7 The Local Partnership Forum (LPF)

Role

- 6.7.1 The LPF's role is to provide a formal mechanism where DHCW, as employer, and trade unions/professional bodies representing DHCW employees (hereafter referred to as staff organisations) work together to improve digital health and care services for the citizens served by DHCW - achieved through a regular and timely process of consultation, negotiation and communication. In doing so, the LPF must effectively represent the views and interests of the DHCW workforce.
- 6.7.2 It is the forum where the organisation and staff organisations will engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues; and inform thinking around national priorities on digital health and care matters.

6.8 Relationship with the Board and others

- 6.8.1 The LPF's main link with the Board is through the Executive members of the LPF.
- 6.8.2 The Board may determine that designated Board members or DHCW staff shall be in attendance at LPF meetings. The LPF's Chair may also request the attendance of Board members or DHCW staff, subject to the agreement of the DHCW Chair.
- 6.8.3 The Board shall determine the arrangements for any joint meetings between the Board and the LPF's staff representative members.
- 6.8.4 The Board's Chair shall put in place arrangements to meet with the LPF's Joint Chairs on a regular basis to discuss the LPF's activities and operation.
- 6.8.5 The LPF shall ensure effective links and relationships with other groups/fora at a local and, where appropriate, national level.

Refer to Schedule 4 for detailed Terms of Reference and Operating Arrangements.

7. MEETINGS

7.1 Putting Citizens first

- 7.1.1 DHCW's business will be carried out openly and transparently in a manner that encourages the active engagement of its citizens, community partners and other stakeholders. DHCW, through the planning and conduct of meetings held in public, shall facilitate this in a number of ways, including:
- Active communication of forthcoming business and activities;
 - The selection of accessible, suitable venues for meetings when these are not held via electronic means;

- The availability of papers in English and Welsh languages and in accessible formats, such as Braille, large print, easy read (where requested and required) and in electronic formats; Requesting that attendees notify DHCW of any access needs sufficiently in advance of a proposed meeting, and responding appropriately, e.g., arranging British Sign Language (BSL) interpretation at meetings; and
- Where appropriate, ensuring suitable translation arrangements are in place to enable the conduct of meetings in either English or Welsh.

In accordance with legislative requirements, e.g., Disability Discrimination Act, as well as its Communication Strategy and Welsh language requirements.

- 7.1.2 The Chair will ensure that, in determining the matters to be considered by the Board, full account is taken of the views of partners and stakeholder and interests of the communities served by DHCW.

7.2 Annual Plan of Board Business

- 7.2.1 The Board Secretary, on behalf of the Chair, shall produce an Annual Plan of Board business. This plan will include proposals on meeting dates, venues and coverage of business activity during the year, taking account that ordinary meetings of the Board will be held at regular intervals and as a minimum six times a year. The Plan shall also set out any standing items that will appear on every Board agenda.
- 7.2.2 The plan shall set out the arrangements in place to enable DHCW to meet its obligations whilst also allowing Board members to contribute in either English or Welsh languages, where appropriate.
- 7.2.3 The plan shall also incorporate formal Board meetings, regular Board Development sessions and, where appropriate, the planned activities of the Board's Committees and Advisory Groups.
- 7.2.4 During the first year of establishment the Board shall agree the plan of business for the forthcoming year as close to 1 April 2021 as possible. This first plan will be kept under review and will be amended as necessary. For subsequent years the Board shall agree the plan for the forthcoming year by the end of March. The annual plan of board business will be published on the organisations website.

Annual General Meeting (AGM)

- 7.2.5 DHCW must hold an AGM in public no later than the 31 July each year. The first AGM will be scheduled to take place on or before 31 July 2022. At least 10 calendar days prior to the meeting a public notice of the intention to hold the meeting, the time and place of the meeting, and the agenda shall be displayed bilingually (in English and Welsh) on the SHA's website.

The notice shall state that:

- Electronic or paper copies of the Annual Report and Accounts of the

- SHA are available, on request, prior to the meeting; and
- State how copies can be obtained, in what language and in what format, e.g. as Braille, large print, easy read etc.

7.2.6 The AGM must include presentation of the Annual Report and audited accounts, together with (where applicable), an audited abridged version of the annual accounts and, may also include presentation of other reports of interest to citizens and others.

7.2.7 A record of the meeting shall be submitted to the next ordinary meeting of the Board for agreement.

7.3 Calling Meetings

7.3.1 In addition to the planned meetings agreed by the Board, the Chair may call a meeting of the Board at any time. Individual Board members may also request that the Chair call a meeting provided that at least one third of the whole number of Board members, support such a request.

7.3.2 If the Chair does not call a meeting within seven days after receiving such a request from Board members, then those Board members may themselves call a meeting.

7.4 Preparing for Meetings

Setting the agenda

7.4.1 The Chair, in consultation with the Chief Executive and Board Secretary, will set the Agenda. In doing so, they will take account of the planned activity set in the annual cycle of Board business; any standing items agreed by the Board; any applicable items received from the Board's Committees; and the priorities facing DHCW. The Chair must ensure that all relevant matters are brought before the Board on a timely basis.

7.4.2 Any Board member may request that a matter is placed on the Agenda by writing to the Chair, copied to the Board Secretary, at least 12 calendar days before the meeting. The request must set out whether the item of business is proposed to be transacted in public and shall include appropriate supporting information. The Chair may, at their discretion, include items on the agenda that have been requested after the 12 day notice period if this would be beneficial to the conduct of board business.

Notifying and equipping Board members

7.4.3 Board members shall be sent an Agenda and a complete set of supporting papers at least 7 calendar days before a formal Board meeting. This information may be provided to Board members electronically or in paper form, in an accessible format, to the address provided, and in accordance with their stated preference. Supporting papers may, exceptionally, be provided, after this time provided that the Chair is satisfied that the Board's ability to consider the issues contained within the paper would not be impaired.

- 7.4.4 No papers will be included for consideration and decision by the Board unless the Chair is satisfied (subject to advice from the Board Secretary, as appropriate) that the information contained within it is sufficient to enable the Board to take a reasonable decision. It will include evidence that appropriate impact assessments have been undertaken and take into consideration. Impact assessments shall be undertaken on all new or revised policies, strategies, guidance and or practice to be considered by the Board, and the outcome of the assessment shall accompany the report to the Board to enable the Board to make an informed decision.
- 7.4.5 In the event that at least half of the Board members do not receive the Agenda and papers for the meeting as set out above, the Chair must consider whether or not the Board would still be capable of fulfilling its role and meeting its responsibilities through the conduct of the meeting. Where the Chair determines that the meeting should go ahead, their decision, and the reason for it, shall be recorded in the minutes.
- 7.4.6 In the case of a meeting called by Board members, notice of that meeting must be signed by those members and the business conducted will be limited to that set out in the notice.

Notifying the public and others

- 7.4.7 Except for meetings called in accordance with Standing Order 7.3, at least 7 days before each meeting of the Board a public notice of the time and place of the meeting, and the public part of the agenda, shall be displayed bilingually (in English and Welsh):
- On the DHCW website, together with the papers supporting the public part of the Agenda; as well as
 - Through other methods of communication as set out in DHCW's communication strategy.
- 7.4.8 When providing notification of the forthcoming meeting, DHCW shall set out when and how the Agenda and the papers supporting the public part of the Agenda may be accessed, in what language and in what format, e.g., as Braille, large print, easy read, etc.

7.5 Conducting Board Meetings

Admission of the public, the press and other observers

- 7.5.1 DHCW shall encourage attendance at its formal Board meetings by the public and members of the press as well as officers or representatives from organisations who have an interest in DHCW business. The venue for such meetings (when meetings are not held via electronic means) shall be appropriate to facilitate easy access for attendees and translation services; and appropriate facilities wherever practicable to maximise accessibility.
- 7.5.2 The Board and its Committees shall conduct as much of its formal business in public as possible. There may be circumstances where it would not be in the

public interest to discuss a matter in public, e.g., business that relates to a confidential matter. In such cases the Chair (advised by the Board Secretary where appropriate) shall schedule these issues accordingly and require that any observers withdraw from the meeting. In doing so, the Board shall resolve:

That representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960 (c.67).

- 7.5.3 In the circumstances, when the Board is not meeting in public session it shall operate in private session, formally reporting any decisions taken to the next meeting of the Board in public session. Wherever possible, that reporting shall take place at the end of a private session, by reconvening a Board meeting held in public session.
- 7.5.4 The Board Secretary, on behalf of the Chair, shall keep under review the nature and volume of business conducted in private session to ensure such arrangements are adopted only when absolutely necessary.
- 7.5.5 In encouraging entry to formal Board Meetings from members of the public and others, the Board shall make clear that attendees are welcomed as observers. The Chair shall take all necessary steps to ensure that the Board's business is conducted without interruption and disruption. In exceptional circumstances, this may include a requirement that observers leave the meeting.

Addressing the Board, its Committees and Advisory Groups

- 7.5.6 The Board will decide what arrangements and terms and conditions it feels are appropriate in extending an invitation to observers to attend and address any meetings of the Board, its Committees and Advisory Groups, and may change, alter or vary these terms and conditions as it considers appropriate. In doing so, the Board will take account of its responsibility to actively encourage the engagement and, where appropriate, involvement of citizens and stakeholders in its work and to demonstrate openness and transparency in the conduct of business.

Chairing Board Meetings

- 7.5.7 The Chair of DHCW will preside at any meeting of the Board unless they are and unable to perform their duties (including any temporary absence or disqualification from participation on the grounds of a conflict of interest). In these circumstances the Vice Chair shall preside. If both the Chair and Vice-Chair are absent or disqualified, the Independent Members present shall elect one of the Independent Members to preside.
- 7.5.8 The Chair must ensure that the meeting is handled in a manner that enables the Board to reach effective decisions on the matters before it. This includes ensuring that Board members' contributions are timely and relevant and move

business along at an appropriate pace. In doing so, the Board must have access to appropriate advice on the conduct of the meeting through the attendance of the nominated Board Secretary. The Chair has the final say on any matter relating to the conduct of Board business.

Quorum

- 7.5.9 At least six Board members, at least two of whom are Executive Directors and four are Independent Members, must be present to allow any formal business to take place at a Board meeting.
- 7.5.10 If the Chief Executive or an Executive Director is unable to attend a Board meeting, then a nominated deputy may attend in their absence and may participate in the meeting, provided that the Chair has agreed the nomination before the meeting. However, Board members' voting rights cannot be delegated so the nominated deputy may not vote or be counted towards the quorum. If a deputy is already a Board member in their own right, e.g., a person deputising for the Chief Executive will usually be an Executive Director, they will be able to exercise their own vote in the usual way but they will not have any additional voting rights.
- 7.5.11 The quorum must be maintained during a meeting to allow formal business to be conducted, i.e., any decisions to be made. Any Board member disqualified through conflict of interest from participating in the discussion on any matter and/or from voting on any resolution will no longer count towards the quorum. If this results in the quorum not being met that particular matter or resolution cannot be considered further at that meeting, and must be noted in the minutes.

Dealing with motions

- 7.5.12 In the normal course of Board business items included on the agenda are subject to discussion and decisions based on consensus. Considering a motion is therefore not a routine matter and may be regarded as exceptional, e.g. where an aspect of delivery is a cause for particular concern, a Board member may put forward a motion proposing that a formal review of that service area is undertaken by a Committee of the Board. The Board Secretary will advise the Chair on the formal process for dealing with motions. No motion or amendment to a motion will be considered by the Board unless moved by a Board member and seconded by another Board member (including the Chair).
- 7.5.13 **Proposing a formal notice of motion** – Any Board member wishing to propose a motion must notify the Chair in writing of the proposed motion at least 12 days before a planned meeting. Exceptionally, an emergency motion may be proposed up to one hour before the fixed start of the meeting, provided that the reasons for the urgency are clearly set out. Where sufficient notice has been provided, and the Chair has determined that the proposed motion is relevant to the Board's business, the matter shall be included on the Agenda, or, where an emergency motion has been proposed, the Chair shall declare the motion at the start of the meeting as an additional item to be included on the agenda.

7.5.14 The Chair also has the discretion to accept a motion proposed during a meeting provided that the matter is considered of sufficient importance and its inclusion would not adversely affect the conduct of Board business.

7.5.15 **Amendments** - Any Board member may propose an amendment to the motion at any time before or during a meeting and this proposal must be considered by the Board alongside the motion.

7.5.16 If there are a number of proposed amendments to the motion, each amendment will be considered in turn, and if passed, the amended motion becomes the basis on which the further amendments are considered, i.e., the substantive motion.

7.5.17 **Motions under discussion** – When a motion is under discussion, any Board member may propose that:

- The motion be amended;
- The meeting should be adjourned;
- The discussion should be adjourned and the meeting proceed to the next item of business;
- A Board member may not be heard further;
- The Board decides upon the motion before them;
- An ad hoc Committee should be appointed to deal with a specific item of business; or
- The public, including the press, should be excluded.

7.5.18 **Rights of reply to motions** – The mover of a motion (including an amendment) shall have a right of reply at the close of any debate on the motion or the amendment immediately prior to a vote on the proposal.

7.5.19 **Withdrawal of motion or amendments** – A motion or an amendment to a motion, once moved and seconded, may be withdrawn by the proposer with the agreement of the seconder and the Chair.

7.5.20 **Motion to rescind a resolution** – The Board may not consider a motion to amend or rescind any resolution (or the general substance of any resolution) which has been passed within the preceding six months unless the motion is supported by the (simple) majority of Board members.

7.5.21 A motion that has been decided upon by the Board cannot be proposed again within six months except by the Chair, unless the motion relates to the receipt of a report or the recommendations of a Committee/Chief Executive to which a matter has been referred.

Voting

7.5.22 The Chair will determine whether Board members' decisions should be expressed orally, through a show of hands, by secret ballot or by recorded vote. The Chair must require a secret ballot or recorded vote if the majority of voting Board members request it. Where voting on any question is

conducted, a record of the vote shall be maintained. In the case of a secret ballot the decision shall record the number voting for, against or abstaining. Where a recorded vote has been used the Minutes shall record the name of the individual and the way in which they voted. Associate Members may not vote in any meetings or proceedings of the Board.

7.5.23 In determining every question at a meeting the Board members must take account, where relevant, of the views expressed and representations made by individuals and organisations who represent the interests of stakeholders.

7.5.24 The Board will make decisions based on a simple majority view held by the Board members present. In the event of a split decision, i.e., no majority view being expressed, the Chair shall have a second and casting vote.

7.5.25 In no circumstances may an absent Board member or nominated deputy vote by proxy. Absence is defined as being absent at the time of the vote.

7.6 Record of Proceedings

7.6.1 A record of the proceedings of formal Board meetings (and any other meetings of the board where the Board members determine) shall be drawn up as 'minutes'. These minutes shall include a record of Board member attendance (including the Chair) together with apologies for absence, and shall be submitted for agreement at the next meeting of the Board, where any discussion shall be limited to matters of accuracy. Any agreed amendment to the minutes must be formally recorded.

7.6.2 Agreed minutes shall be circulated in accordance with Board members' wishes, and, where providing a record of a formal Board meeting shall be made available to the public both on DHCW's website and in hard copy or other accessible format on request, in accordance with any legislative requirements, e.g., Data Protection Act 2018, General Data Protection Regulations, DHCW's Communication Strategy and Welsh language requirements.

7.7 Confidentiality

7.7.1 All Board members (including Associate Members), together with members of any Committee or Advisory Group established by or on behalf of the Board and DHCW officials must respect the confidentiality of all matters considered by the Board in private session or set out in documents which are not publicly available. Disclosure of any such matters may only be made with the express permission of the Chair of the Board or relevant Committee, as appropriate, and in accordance with any other requirements set out elsewhere, e.g., in contracts of employment, within the Values and Standards of Behaviour framework or legislation such as the Freedom of Information Act 2000, etc.

8. VALUES AND STANDARDS OF BEHAVIOUR

8.0.1 The Board must adopt a set of values and standards of behaviour for DHCW

that meets the requirements of the NHS Wales Values and Standards of Behaviour framework. These values and standards of behaviour will apply to all those conducting business by or on behalf of DHCW, including Board members, DHCW officers and others, as appropriate. The framework adopted by the Board will form part of these SOs.

8.1 Declaring and recording Board members' interests

8.1.1 Declaration of interests – It is a requirement that all Board members must declare any personal or business interests they may have which may affect, or be perceived to affect the conduct of their role as a Board member. This includes any interests that may influence or be perceived to influence their judgement in the course of conducting the Board's business. Board members must be familiar with the Values and Standards of Behaviour Framework and their statutory duties under the Membership and Procedure Regulations. Board members must notify the Chair and Board Secretary of any such interests at the time of their appointment, and any further interests as they arise throughout their tenure as Board members.

8.1.2 Board members must also declare any interests held by family members or persons or bodies with which they are connected. The Board Secretary will provide advice to the Chair and the Board on what should be considered as an 'interest', taking account of the regulatory requirements and any further guidance, e.g., the Values and Standards of Behaviour framework. If individual Board members are in any doubt about what may be considered as an interest, they should seek advice from the Board Secretary. However, the onus regarding declaration will reside with the individual Board member.

8.1.3 Register of interests – The Chief Executive, through the Board Secretary will ensure that a Register of Interests is established and maintained as a formal record of interests declared by all Board members. The register will include details of all Directorships and other relevant and material interests which have been declared by Board members.

8.1.4 The register will be held by the Board Secretary, and will be updated during the year, as appropriate, to record any new interests, or changes to the interests declared by Board members. The Board Secretary will also arrange an annual review of the Register, through which Board members will be required to confirm the accuracy and completeness of the register relating to their own interests.

8.1.5 In line with the Board's commitment to openness and transparency, the Board Secretary must take reasonable steps to ensure that the citizens served by DHCW are made aware of, and have access to view DHCW's Register of Interests. This may include publication on the DHCW website.

8.1.6 Publication of declared interests in Annual Report – Board members' declared directorships of companies or positions in other organisations likely or possibly seeking to do business with the NHS shall be published in DHCW's Annual Report.

8.2 Dealing with Members' interests during Board meetings

- 8.2.1 The Chair, advised by the Board Secretary, must ensure that the Board's decisions on all matters brought before it are taken in an open, balanced, objective and unbiased manner. In turn, individual Board members must demonstrate, through their actions, that their contribution to the Board's decision making is based upon the best interests of DHCW and the NHS in Wales.
- 8.2.2 Where individual Board members identify an interest in relation to any aspect of Board business set out in the Board's meeting agenda, that member must declare an interest at the start of the Board meeting. Board members should seek advice from the Chair, through the Board Secretary before the start of the Board meeting if they are in any doubt as to whether they should declare an interest at the meeting. All declarations of interest made at a meeting must be recorded in the Board minutes.
- 8.2.3 It is the responsibility of the Chair, on behalf of the Board, to determine the action to be taken in response to a declaration of interest, taking account of any regulatory requirements or directions made by the Welsh Ministers. The range of possible actions may include determination that:
- i) The declaration is formally noted and recorded, but that the Board member should participate fully in the Board's discussion and decision, including voting. This may be appropriate, for example where the Board is considering matters of strategy relating to a particular aspect of health and care and an Independent Member is a health and care professional whose profession may be affected by that strategy determined by the Board;
 - ii) The declaration is formally noted and recorded, and the Board member participates fully in the Board's discussion, but takes no part in the Board's decision;
 - iii) The declaration is formally noted and recorded, and the Board member takes no part in the Board discussion or decision;
 - iv) The declaration is formally noted and recorded, and the Board member is excluded for that part of the meeting when the matter is being discussed. A Board member must be excluded, where that member has a direct or indirect financial interest in a matter being considered by the Board.
- 8.2.4 In extreme cases, it may be necessary for the member to reflect on whether their position as a Board member is compatible with an identified conflict of interest.
- 8.2.5 Where the Chair is the individual declaring an interest, any decision on the action to be taken shall be made by the Vice Chair, on behalf of the Board.
- 8.2.6 In all cases the decision of the Chair (or the Vice Chair in the case of an interest declared by the Chair) is binding on all Board members. The Chair should take advice from the Board Secretary when determining the action to

take in response to declared interests; taking care to ensure their exercise of judgement is consistently applied.

8.2.7 *Members with pecuniary (financial) interests* – Where a Board member, or any person they are connected with² has any direct or indirect pecuniary interest in any matter being considered by the Board, including a contract or proposed contract, that member must at the meeting and as soon as practicable after its commencement, disclose the interest and must not take part in the consideration or discussion of that matter or vote on any question related to it. The Board may determine that the Board member concerned shall be excluded from that part of the meeting.

8.2.8 The Values and Behaviour Framework defines ‘direct’ and ‘indirect’ pecuniary interests and these definitions always apply when determining whether a member has an interest. These SOs must be interpreted in accordance with these definitions.

8.2.9 *Members with Professional Interests* - During the conduct of a Board meeting, an individual Board member may establish a clear conflict of interest between their role as a DHCW Board member and that of their professional role outside of the Board. In any such circumstance, the Board shall take action that is proportionate to the nature of the conflict, taking account of the advice provided by the Board Secretary.

8.3 Dealing with officers’ interests

8.3.1 The Board must ensure that the Board Secretary, on behalf of the Chief Executive, establishes and maintains a system for the declaration, recording and handling of DHCW officers’ interests in accordance with the Values and Standards of Behaviour Framework.

8.4 Reviewing how Interests are handled

8.4.1 The Audit Committee will review and report to the Board upon the adequacy of the arrangements for declaring, registering and handling interests at least annually.

8.5 Dealing with offers of gifts³ and hospitality

8.5.1 The Values and Standards of Behaviour Framework adopted by the Board prohibits Board members and DHCW officers from receiving gifts, hospitality or benefits in kind from a third party which may reasonably give rise to suspicion of conflict between their official duty and their private interest, or may reasonably be seen to compromise their personal integrity in any way.

² In the case of persons who are married to each other or in a civil partnership with each other or who are living together as if married or civil partners, the interest of one person shall, if known to the other, be deemed for the purpose of this Standing Order to be also an interest of the other.

³ The term gift refers also to any reward or benefit.

8.5.2 Gifts, benefits or hospitality must never be solicited. Any Board member or DHCW officer who is offered a gift, benefit or hospitality which may or may be seen to compromise their position must refuse to accept it. This may in certain circumstances also include a gift, benefit or hospitality offered to a family member of a Board member or DHCW officer. Failure to observe this requirement may result in disciplinary and/or legal action.

8.5.3 In determining whether any offer of a gift or hospitality should be accepted, an individual must make an active assessment of the circumstances within which the offer is being made, seeking advice from the Board Secretary as appropriate. In assessing whether an offer should be accepted, individuals must take into account:

- **Relationship:** Contacts which are made for the purpose of information gathering are generally less likely to cause problems than those which could result in a contractual relationship, in which case accepting a gift or hospitality could cause embarrassment or be seen as giving rise to an obligation;
- **Legitimate Interest:** Regard should be paid to the reason for the contact on both sides and whether it is a contact that is likely to benefit DHCW;
- **Value:** Gifts and benefits of a trivial or inexpensive seasonal nature e.g., diaries/calendars, are more likely to be acceptable and can be distinguished from more substantial offers. Similarly, hospitality in the form of a working lunch would not be treated in the same way as more expensive social functions, travel or accommodation (although in some circumstances these may also be accepted);
- **Frequency:** Acceptance of frequent or regular invitations particularly from the same source would breach the required standards of conduct. Isolated acceptance of, for example, meals, tickets to public, and sport, cultural or social events would only be acceptable if attendance is justifiable in that it benefits DHCW ; and
- **Reputation:** If the body concerned is known to be under investigation by or has been publicly criticised by a public body, regulators or inspectors, acceptance of a gift or hospitality might be seen as supporting the body or affecting in some way the investigation or negotiations and it should always be declined.

8.5.4 A distinction may be drawn between items offered as hospitality and items offered in substitution for fees for broadcasts, speeches, lectures or other work done. There may be circumstances where the latter may be accepted if they can be used for official purposes.

8.6 Sponsorship

- 8.6.1 In addition to gifts and hospitality individuals and the organisation may also receive sponsorship. Sponsorship is an offer of funding to an individual, department or the organisation as whole from an external source whether in cash, goods, services or benefits. It could include an offer to sponsor a research or operational post, training, attendance at a conference, costs associated with meetings, conferences or working visit. The sponsorship may cover some or all of the costs.
- 8.6.2 All sponsorship must be approved prior to acceptance in accordance with the Values and Behaviour Framework and relevant procedures. A record of all sponsorship accepted or declined will also be maintained.

8.7 Register of Gifts and Hospitality

- 8.7.1 The Board Secretary, on behalf of the Chair, will maintain a register of Gifts, Hospitality and Sponsorship to record offers of gifts, hospitality and sponsorship made to Board members. Executive Directors will adopt a similar mechanism in relation to DHCW officers working within their Directorates.
- 8.7.2 Every Board member and DHCW officer has a personal responsibility to volunteer information in relation to offers of gifts, hospitality and sponsorship, including those offers that have been refused. The Board Secretary, on behalf of the Chair and Chief Executive, will ensure the incidence and patterns of offers and receipt of gifts, hospitality and sponsorship are kept under active review, taking appropriate action where necessary.
- 8.7.3 When determining what should be included in the Register, individuals shall apply the following principles, subject to the considerations in Standing Order 8.5.3:
- **Gifts:** Generally, only gifts of material value should be recorded. Those with a nominal value, e.g., seasonal items such as diaries/calendars would not usually need to be recorded.
 - **Hospitality:** Only significant hospitality offered or received should be recorded. Occasional offers of 'modest and proportionate'⁴ hospitality need not be included in the Register.
- 8.7.4 Board members and DHCW officers may accept the occasional offer of modest and proportionate hospitality but in doing so must consider whether the following conditions are met:

⁴ Examples of 'modest and proportionate' hospitality that need not be included in a Hospitality register include a working sandwich lunch or a buffet lunch incidental to a conference or seminar attended by a variety of participants.

- Acceptance would further the aims of DHCW;
- The level of hospitality is reasonable in the circumstances;
- It has been openly offered; and,
- It could not be construed as any form of inducement and will not put the individual under any obligation to those offering it.

8.7.5 The Board Secretary will arrange for a full report of all offers of Gifts, Hospitality and Sponsorship recorded by DHCW to be submitted to the Audit Committee (or equivalent) at least annually. The Audit Committee will then review and report to the Board upon the adequacy of the DHCW's arrangements for dealing with offers of gifts, hospitality and sponsorship.

9. SIGNING AND SEALING DOCUMENTS

9.0.1 The common seal of the DHCW is primarily used to seal legal documents such as transfers of land, lease agreements and other important/key contracts. The seal may only be fixed to a document if the Board or Committee of the Board has determined it shall be sealed, or if a transaction to which the document relates has been approved by the Board or Committee of the Board.

9.0.2 Where it is decided that a document shall be sealed it shall be fixed in the presence of the Chair or Vice Chair (or other authorised independent Member) and the Chief Executive or Deputy Chief Executive (or another authorised individual) both of whom must witness the seal.

9.1 Register of Sealing

9.1.1 The Board Secretary shall keep a register that records the sealing of every document. Each entry must be signed by the persons who approved and authorised the document and who witnessed the seal. A report of all sealings shall be presented to the Board at least bi-annually.

9.2 Signature of Documents

9.2.1 Where a signature is required for any document connected with legal proceedings involving DHCW, it shall be signed by the Chief Executive, except where the Board has authorised another person or has been otherwise directed to allow or require another person to provide a signature.

9.2.2 The Chief Executive or nominated officers may be authorised by the Board to sign on behalf of DHCW any agreement or other document (not required to be executed as a deed) where the subject matter has been approved either by the Board or a Committee to which the Board has delegated appropriate authority.

9.3 Custody of Seal

9.3.1 The Common Seal of DHCW shall be kept securely by the Board Secretary.

10. GAINING ASSURANCE ON THE CONDUCT OF DHCW BUSINESS

10.0.1 The Board shall set out explicitly, within a Risk and Assurance Framework, how it will be assured on the conduct of DHCW business, its governance and the effective management of the organisation's risks in pursuance of its aims and objectives. It shall set out clearly the various sources of assurance, and where and when that assurance will be provided, in accordance with any requirements determined by the Welsh Ministers.

10.0.2 The Board shall ensure that its assurance arrangements are operating effectively, advised by its Audit Committee (or equivalent).

10.0.3 Assurances in respect of the services provided by the NHS Wales Shared Services Partnership shall primarily be achieved by the reports of the Director of Shared Services to the Shared Services Partnership Committee, and reported back by the Chief Executive (or their nominated representative). Where appropriate, and by exception, the Board may seek assurances direct from the Director of Shared Services. The Director of Shared Services and the Shared Services Partnership Committee shall be under an obligation to comply with any internal or external audit functions being undertaken by or on behalf of DHCW.

10.0.4 Arrangements for seeking and providing assurance in respect of any other services provided on behalf of or in association with DHCW shall be clearly identified and reflected within the practice of the organisation and within the relevant agreements.

10.1 The role of Internal Audit in providing independent internal assurance

10.1.1 The Board shall ensure the effective provision of an independent internal audit function as a key source of its internal assurance arrangements, in accordance with NHS Wales Internal Auditing Standards and any other requirements determined by the Welsh Ministers.

10.1.2 The Board shall set out the relationship between the Head of Internal Audit (HIA), the Audit Committee (or equivalent) and the Board. It shall:

- Approve the Internal Audit Charter (incorporating the definition of internal audit) and adopt the Internal Auditing Standards (incorporating the code of ethics);
- Ensure the HIA communicates and interacts directly with the Board, facilitating direct and unrestricted access;
- Require Internal Audit to confirm its independence annually; and
- Ensure that the Head of Internal Audit reports periodically to the Board on its activities, including its purpose, authority, responsibility and performance. Such reporting will include governance issues and significant risk exposures.

10.2 Reviewing the performance of the Board, its Committees and Advisory

Groups

10.2.1 The Board shall introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Committees and Advisory Group. Where appropriate, the Board may determine that such evaluation may be independently facilitated.

10.2.2 Each Committee and, where appropriate, Advisory Group must also submit an annual report to the Board through the Chair within 6 weeks of the end of the reporting year setting out its activities during the year and including the review of its performance and that of any sub-Committees it has established.

10.2.3 The Board shall use the information from this evaluation activity to inform:

- The ongoing development of its governance arrangements, including its structures and processes;
- Its Board Development Programme, as part of an overall Organisation Development framework; and
- The Board's report of its alignment with the Welsh Government's Citizen Centred Governance Principles.

10.3 External Assurance

10.3.1 The Board shall ensure it develops effective working arrangements and relationships with those bodies that have a role in providing independent, external assurance to the public and others on DHCW's operations, e.g., the Auditor General for Wales.

10.3.2 The Board may be assured, from the work carried out by external audit and others, on the adequacy of its own assurance framework, but that external assurance activity shall not form part of, or replace its own internal assurance arrangements, except in relation to any additional work that the Board itself may commission specifically for that purpose.

10.3.3 The Board shall keep under review and ensure that, where appropriate, DHCW implements any recommendations relevant to its business made by the Welsh Government's Audit Committee, Senedd Cymru/Welsh Parliament's Public Accounts Committee and other appropriate bodies.

10.3.4 DHCW shall provide the Auditor General for Wales with any assistance, information and explanation which the Auditor General thinks necessary for the discharge of their statutory powers and responsibilities.

11. DEMONSTRATING ACCOUNTABILITY

11.0.1 Taking account of the arrangements set out within these SOs, the Board shall demonstrate to the communities it serves and to the Welsh Ministers a clear framework of accountability within which it:

- Conducts its business internally;

- Works collaboratively with NHS colleagues, regulators, partners, service providers and others; and
- Responds to the views and representations made by those who represent the interests of the communities it serves and other stakeholders, including its officers and health and care professionals.

11.0.2 The Board shall, in publishing its strategic and operational level plans, set out how those plans have been developed taking account of the views of others, and how they will be delivered by working with the community and other partners.

11.0.3 The Board shall also facilitate effective scrutiny of the DHCW's operations through the publication of regular reports on activity and performance, including publication of an Annual Report for each financial year on how it has discharged its functions during that year.

11.0.4 The Board shall ensure that within DHCW, individuals at all levels are supported in their roles, and held to account for their personal performance through effective performance management arrangements.

12. REVIEW OF STANDING ORDERS

12.0.1 The Board Secretary shall arrange for appropriate impact assessments to be carried out on a draft of these SOs prior to their formal adoption by the Board, the results of which shall be presented to the Board for consideration and action, as appropriate. The fact that an assessment has been carried out shall be noted in the SOs.

12.0.2 These SOs shall be reviewed annually by the Audit Committee [or equivalent], which shall report any proposed amendments to the Board for consideration. The requirement for review extends to all documents having the effect as if incorporated in SOs, including appropriate impact assessments.

Schedule 1

SCHEME OF RESERVATION AND DELEGATION OF POWERS

This Scheme of Reservation and Delegation of Powers forms part of, and shall have effect as if incorporated in the Standing Orders

Introduction

As set out in Standing Order 2, the Board - subject to any directions that may be given by Welsh Ministers - should make appropriate arrangements for certain functions to be carried out on its behalf so that the day to day business of DHCW may be carried out effectively, and in a manner that secures the achievement of the organisations aims and objectives. The Board may delegate functions to:

- i) a committee, e.g. Remuneration and Terms of Service Committee;
- ii) a sub-committee, any such delegation would, subject to the Boards authority, usually be via a main committee of the Board;
- iii) a joint-Committee or joint sub-Committee, e.g. with other Special Health Authorities to take forward a matters as agreed by both organisations;
- iv) Officers of DHCW (who may, subject to the Board's authority, delegate further to other officers and, where appropriate, other third parties, e.g. shared/support services, through a formal scheme of delegation)

and in doing so, must set out clearly the terms and conditions upon which any delegation is being made. These terms and conditions must include a requirement that the Board is notified of any matters that may affect the operation and/or reputation of DHCW.

The Board's determination of those matters that it will retain, and those that will be delegated to others are set out in the following:

- Schedule of matters reserved to the Board;
- Scheme of delegation to Committees and others; and
- Scheme of delegation to Officers.

all of which form part of DHCW's Standing Orders.

DHCW Standing Orders, Reservation and Delegation of Powers

Status: Version 1 – 22 March 2021

Page 1 of 26

DECIDING WHAT TO RETAIN AND WHAT TO DELEGATE: GUIDING PRINCIPLES

The Board will take full account of the following principles when determining those matters that it reserves, and those which it will delegate to others to carry out on its behalf:

- *Everything is retained by the Board unless it is specifically delegated in accordance with the requirements set out in Standing Orders or Standing Financial Instructions*
- *The Board must retain that which it is required to retain (whether by statute or as determined by Welsh Government) as well as that which it considers is essential to enable it to fulfil its role in setting the organisation's direction, equipping the organisation to deliver and ensuring achievement of its aims and objectives through effective performance management*
- *Any decision made by the Board to delegate functions must be based upon an assessment of the capacity and capability of those to whom it is delegating responsibility*
- *The Board must ensure that those to whom it has delegated powers (whether a committee, partnership or individuals) remain equipped to deliver on those responsibilities through an ongoing programme of personal, professional and organisational development*
- *The Board must take appropriate action to assure itself that all matters delegated are effectively carried out*
- *The framework of delegation will be kept under active review and, where appropriate, will be revised to take account of organisational developments, review findings or other changes*
- *Except where explicitly set out, the Board retains the right to decide upon any matter for which it has statutory responsibility, even if that matter has been delegated to others*
- *The Board may delegate authority to act, but retains overall responsibility and accountability*
- *When delegating powers, the Board will determine whether (and the extent to which) those to whom it is delegating will, in turn, have powers to further delegate those functions to others.*

HANDLING ARRANGEMENTS FOR THE RESERVATION AND DELEGATION OF POWERS: WHO DOES WHAT?

The Board

The Board will formally agree, review and, where appropriate revise schedules of reservation and delegation of powers in accordance with the guiding principles set out earlier.

The Chief Executive

The Chief Executive will propose a Scheme of Delegation to Officers, setting out the functions they will perform personally and which functions will be delegated to other officers. The Board must formally agree this scheme.

In preparing the scheme of delegation to officers, the Chief Executive will take account of:

- the guiding principles set out earlier (including any specific statutory responsibilities designated to individual roles);
- their personal responsibility and accountability to the Chief Executive, NHS Wales in relation to their role as designated Accountable Officer; and
- associated arrangements for the delegation of financial authority to equip officers to deliver on their delegated responsibilities (and set out in Standing Financial Instructions).

The Chief Executive may re-assume any of the powers they have delegated to others at any time.

The Board Secretary

The Board Secretary will support the Board in its handling of reservations and delegations by ensuring that:

- a proposed schedule of matters reserved for decision by the Board is presented to the Board for its formal agreement;
- effective arrangements are in place for the delegation of DHCW functions within the organisation and to others, as appropriate; and
- arrangements for reservation and delegation are kept under review and presented to the Board for revision, as appropriate.

The Audit Committee

The Audit Committee will provide assurance to the Board of the effectiveness of its arrangements for handling reservations and delegations.

Individuals to who powers have been delegated

Individuals will be personally responsible for:

- equipping themselves to deliver on any matter delegated to them, through the conduct of appropriate training and development activity; and
- exercising any powers delegated to them in a manner that accords with DHCW's values and standards of behavior.

Where an individual does not feel that they are equipped to deliver on a matter delegated to them, they must notify the Chief Executive of their concern as soon as possible in so that an appropriate and timely decision may be made on the matter.

In the absence of an officer to whom powers have been delegated, those powers will normally be exercised by the individual to whom that officer reports, unless the Board has set out alternative arrangements.

If the Chief Executive is absent their nominated Deputy may exercise those powers delegated to the Chief Executive on their behalf. However, the guiding principles governing delegations will still apply, and so the Board may determine that it will reassume certain powers delegated to the Chief Executive or reallocate powers, e.g., to a Committee or another officer.

SCOPE OF THESE ARRANGEMENTS FOR THE RESERVATION AND DELEGATION OF POWERS

The Scheme of Delegation to officers referred to here shows only the "top level" of delegation within DHCW. The Scheme is to be used in conjunction with the system of control and other established procedures within DHCW.

SCHEDULE OF MATTERS RESERVED TO THE BOARD¹

THE BOARD		AREA	DECISIONS RESERVED TO THE BOARD
1	FULL	GENERAL	The Board may determine any matter for which it has statutory or delegated authority, in accordance with Standing Orders
2	FULL	GENERAL	The Board must determine any matter that will be reserved to the whole Board.
3	FULL	GENERAL	Approve DHCW's Governance Framework
4	FULL	OPERATING ARRANGEMENTS	Approve, vary and amend: <ul style="list-style-type: none"> ▪ Standing Orders (SOs); ▪ Standing Financial Instructions (SFIs);

1 Any decision to reserve a matter, and the manner in which that retained responsibility is carried out will be in accordance with any regulatory and/or Welsh Government requirements

			<ul style="list-style-type: none"> ▪ Schedule of matters reserved to the Board; ▪ Scheme of delegation to Committees and others; and ▪ Scheme of delegation to Officers. <p>In accordance with any directions set by Welsh Ministers.</p>
5	FULL	OPERATING ARRANGEMENTS	Ratify any urgent decisions taken by the Chair and the Chief Executive in accordance with Standing Order requirements
6	NO –Audit Committee	OPERATING ARRANGEMENTS	Formal consideration of report of the Board Secretary on any non-compliance with Standing Orders, making proposals to the Board on any actions to be taken
7	FULL	OPERATING ARRANGEMENTS	Receive report and proposals regarding any non-compliance with Standing Orders, and where required ratify in public session any instances of failure to comply with Standing Orders and Standing Financial Instructions
8	FULL	OPERATING ARRANGEMENTS	Authorise use of the DHCW's official seal
9	FULL	OPERATING ARRANGEMENTS	Approve DHCW's Values and Standards of Behavior Framework
10	FULL	ORGANISATION STRUCTURE & STAFFING	Require, receive and determine action in response to the declaration of Board members' interests, in accordance with advice received, e.g. from Audit Committee or Board Secretary
11	FULL	STRATEGY & PLANNING	Determine DHCWs strategic aims, objectives and priorities

12	FULL	STRATEGY & PLANNING	<p>Approve the DHCWs key strategies and programmes related to:</p> <ul style="list-style-type: none"> ▪ Communication and engagement ▪ Workforce and Organisational Development ▪ Infrastructure, including IM &T, Estates and Capital; ▪ DHCW Organisational Strategy – Digital Strategy ▪ Partnership and Stakeholder Engagement ▪ Quality Standards/Management
13	FULL	STRATEGY & PLANNING	Approve DHCW's annual business plan and three-year plan setting out how DHCW will meet the requirements set out in the remit letter.
14	FULL	STRATEGY & PLANNING	Approve DHCW's budget and financial framework (including overall distribution of the financial allocation)
15	FULL	OPERATING ARRANGEMENTS	Approve DHCW's framework and strategy for performance management.
16	FULL	OPERATING ARRANGEMENTS	Approve DHCW's framework and strategy for risk and assurance
17	FULL	OPERATING ARRANGEMENTS	Ratify policies for dealing with raising concerns, complaints and incidents in accordance with Welsh Government and health and safety requirements
18	FULL	OPERATING ARRANGEMENTS	Agree the arrangements for ensuring the adoption of standards of governance and performance (including the quality and safety of health and care and public/patient experience) to be met by DHCW, including standards/requirements determined by Welsh Government, regulators, professional bodies/others e.g. National Institute of Health and Care Excellence (NICE)
19	FULL	OPERATING ARRANGEMENTS	Approve the introduction or discontinuance of any significant activity or operation. Any activity or operation shall be regarded as significant if the Board determines it so based upon its contribution/impact on the achievement of DHCW's aims, objectives and priorities

20	NO	ORGANISATION STRUCTURE & STAFFING	Non-officer members to appoint and approve the discipline, suspension and dismissal of the chief officer, with the exception of the first chief officer who is appointed by Welsh Ministers.
21	NO – Remuneration and Terms of Service Committee	ORGANISATION STRUCTURE & STAFFING	Non-officer members and chief officer to appoint officer members with the exception of the first finance officer and clinical officer who are appointed by the non-officer members
22	NO – Remuneration and Terms of Service Committee	ORGANISATION STRUCTURE & STAFFING	Non-officer members to approve the discipline, suspension and dismissal of the officer members.
23	NO – Remuneration and Terms of Service Committee	ORGANISATION STRUCTURE AND STAFFING	Consider appraisal of officer members of the Board (Chief Officer and Executive Directors)
24	NO – Remuneration and Terms of Service Committee	ORGANISATION STRUCTURE AND STAFFING	Approve the appointment, appraisal, discipline and dismissal of any other Board level appointments and other senior employees, in accordance with Ministerial Instructions e.g. the Board Secretary
25	NO – Remuneration and Terms of Service Committee	ORGANISATION STRUCTURE AND STAFFING	Consider and approve redundancy and Early Release Applications, noting that where the settlement is £50,000 or above subsequent agreement of Welsh Government is required.

26	FULL	ORGANISATION STRUCTURE & STAFFING	Approve, review, and revise DHCW's top level organisation structure and corporate policies
27	FULL	ORGANISATION STRUCTURE & STAFFING	Appoint, review, revise and dismiss Board committees, including any joint-committee directly accountable to the Board
28	FULL	ORGANISATION STRUCTURE & STAFFING	Appoint, equip, review and (where appropriate) dismiss the Chair and members of any committee, joint-committee or Group set up by the Board
29	FULL	ORGANISATION STRUCTURE & STAFFING	Appoint, equip, review and (where appropriate) dismiss individuals appointed to represent the Board on outside bodies and groups
30	FULL	ORGANISATION STRUCTURE & STAFFING	Approve the standing orders and terms of reference and reporting arrangements of all committees and groups established by the Board

31	FULL	OPERATING ARRANGEMENTS	Approve individual compensation payments in line with the provisions of Annex 4 to Chapter 6 of the Welsh Government Manual for Accounts
32	FULL	OPERATING ARRANGEMENTS	Approve individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and officers
33	FULL	OPERATING ARRANGEMENTS	Approve proposals for action on litigation on behalf of DHCW
34	FULL	STRATEGY & PLANNING	Approve individual contracts (other than NHS contracts) above the limit delegated to the Chief Executive set out in the Standing Financial Instructions and Scheme of Delegation
35	FULL	PERFORMANCE & ASSURANCE	Approve DHCW's internal audit and assurance arrangements
36	FULL	PERFORMANCE & ASSURANCE	Receive reports from DHCW's Executive on progress and performance in the delivery of DHCW's strategic aims, objectives and priorities and approve action required, including improvement plans, as appropriate
37	FULL	PERFORMANCE & ASSURANCE	Receive assurance reports from the Board's committees, groups and other internal sources on DHCW's performance and approve action required, including improvement plans, as appropriate

38	FULL	PERFORMANCE & ASSURANCE	Receive reports on DHCW's performance produced by external auditors, regulators and inspectors that raise significant issues or concerns impacting on DHCW's ability to achieve its aims and objectives and approve action required, including improvement plans, taking account of the advice of Board Committees (as appropriate)
39	FULL	PERFORMANCE & ASSURANCE	Receive the annual opinion of DHCW's Chief Internal Auditor and approve action required, including improvement plans
40	FULL	PERFORMANCE & ASSURANCE	Receive the annual management report from the Auditor General for Wales and approve action required, including improvement plans
41	FULL	PERFORMANCE & ASSURANCE	Receive assurance regarding the organisations performance against appropriate Health and Care Standards for Wales approving required action, including improvement plans.
42	FULL	REPORTING	Approve DHCW's Reporting Arrangements, including reports on activity and performance to partners and stakeholders and nationally to the Welsh Government where required.
43	FULL	REPORTING	Receive, approve and ensure the publication of DHCW reports, including its Annual Report and annual financial accounts in accordance with directions and guidance issued.

ADDITIONAL AREAS OF RESPONSIBILITY DELEGATED TO CHAIR, VICE CHAIR AND INDEPENDENT MEMBERS			
	CHAIR		In accordance with statutory and Welsh Government requirements
	VICE CHAIR		In accordance with statutory and Welsh Government requirements
	CHAMPION/ NOMINATED LEAD		In accordance with statutory and Welsh Government requirements

DELEGATION OF POWERS TO COMMITTEES AND OTHERS³

Standing Order 2 provides that the Board may delegate powers to Committees and others. In doing so, the Board has formally determined:

- the composition, terms of reference and reporting requirements in respect of any such Committees; and
- the governance arrangements, terms and conditions and reporting requirements in respect of any delegation to others

in accordance with any regulatory requirements and any directions set by the Welsh Ministers.

Any delegated powers to Board Committees are set out in the Terms of reference of the relevant committee, which are appended to these SOs for the following Committees:

- Audit and Assurance Committee
- Remuneration and Terms of Service Committee; and
- Committee or committees to provide oversight and scrutiny of quality, safety, information governance, data quality, security and risk

The scope of the powers delegated, together with the requirements set by the Board in relation to the exercise of those powers are as set out in i) Committee Terms of Reference, and ii) formal arrangements for the delegation of powers to others. Collectively, these documents form the Board's Scheme of Delegation to Committees.

³ As defined in Standing Orders

SCHEME OF DELEGATION TO EXECUTIVE DIRECTORS, OTHER DIRECTORS AND OFFICERS

The DHCW Standing Orders and Standing Financial Instructions specify certain key responsibilities of the Chief Executive, the Director of Finance and other officers. The Chief Executive's Job Description, together with their Accountable Officer Memorandum sets out their specific responsibilities, and the individual job descriptions determined for Executive Director level posts also define in detail the specific responsibilities assigned to those post holders. These documents, together with the schedule of additional delegations below and the associated financial delegations set out in the Standing Financial Instructions form the basis of the SHA's Scheme of Delegation to Officers.

DELEGATED MATTER	RESPONSIBLE OFFICER(S)
Performance management arrangements	Chief Executive
Receipt and opening of quotations	Director of Finance
Land, Buildings and Assets	Director of Finance
Operation of detailed financial matters, including bank accounts,	Director of Finance
Work relating to counter fraud and corruption in accordance	Director of Finance
External Communications including Media enquires	Chief Executive
Ex gratia payments	Chief Executive
Health, Safety and Fire	Chief Executive
Welsh Language	Chief Executive

Equality and Human Rights	Chief Executive
Workforce	Chief Executive
Civil Contingencies/Emergency Planning	Chief Executive
Sealing and signing of documents	Chief Executive / Chair
Risk Management and Assurance	Board Secretary
Legal Advice	Board Secretary
Quality and Safety	Medical Director
Caldicott Guardian	Medical Director

This scheme only relates to matters delegated by the Board to the Chief Executive and their Executive Directors, together with certain other specific matters referred to in Standing Financial Instructions.

Each Executive Director is responsible for delegation within their department. They should produce a scheme of delegation for matters within their department, which should also set out how departmental budget and procedures for approval of expenditure are delegated.

Delegated Financial Limits

	DHCW	All Wales Digital Contracts & Agreements	Operational Revenue £	Operational Capital £
1	Board	Above £750,000	No Limit	No Limit
2	Chief Executive	Up to £750,000	£250,000	£250,000
3	Deputy Chief Executive (when acting in that capacity)	£750,000.00	£250,000	£250,000
4	Director of Finance & Corporate Services	£250,000	£250,000	£250,000
5	Executive Directors / Board Secretary – Within delegated budget area	£80,000	£80,000	£80,000

6	Deputy Director of Finance		£80,000	£80,000
7	Delegated Budget Managers (within own area) directly reporting to 5 above		£40,000	
8	Delegated Budget Managers (within own area) directly reporting to 7 above		£20,000	
9	Delegated Budget Managers (within own area) directly reporting to 8 above		£10,000	

*All contracts exceeding £1million in value require notification to Welsh Ministers prior to award

Schedule 2

KEY GUIDANCE, INSTRUCTIONS AND OTHER RELATED DOCUMENTS

This Schedule forms part of, and shall have effect as if incorporated in the DHCW Standing Orders

DHCW Framework

The DHCW governance and accountability framework comprises these SOs, incorporating schedules of Powers reserved for the Board and Delegation to others, together with the following documents:

- ***SFIs***
- ***Values and Standards of Behaviour Framework***
- ***Risk and Assurance Framework***
- ***Key policy documents agreed by the Board including:***
 - ***Policies, procedures and other written control documents policy and procedure;***
 - ***Equality and Human Rights Policy***
 - ***Welsh Language Scheme;***

These documents must be read in conjunction with the SOs and will have the same effect as if the details within them were incorporated within the SOs themselves.

NHS Wales framework

Full, up to date details of the guidance, instructions and other documents that together make up the framework of governance, accountability and assurance for the NHS in Wales are published on the NHS Wales Governance e-Manual which can be accessed at <https://nwssp.nhs.wales/all-wales-programmes/governance-e-manual/>. Directions or guidance on specific aspects of DHCW business are also issued in hard copy, usually under cover of a Welsh Health Circular.

Schedule 3

BOARD COMMITTEE ARRANGEMENTS

This Schedule forms part of, and shall have effect as if incorporated in the DHCW Standing Orders

The DHCW Board has agreed initially to set up three committees:

- Audit & Assurance Committee;
- Remuneration and Terms of Service Committee; and
- Committee or committees to provide oversight and scrutiny of quality, safety, information governance, data quality, security and risk

The Terms of Reference and Operating arrangement for each Committee is detailed below:

Audit & Assurance Committee

The **Audit & Assurance Committee** is responsible for reviewing the system of governance and assurance established within DHCW and the arrangements for internal control, including risk management, for the organisation and, in particular, advises on the Annual Governance Statement signed by the Chief Executive.

The Committee also keeps under review the risk approach of the organisation and utilises information gathered from the work of the Board, its own work, the work of other Committees and also other activity in the organisation in order to advise the Board regarding its conclusions in relation to the effectiveness of the system of governance and control

Remuneration and Terms of Service Committee

The **Remuneration and Terms of Service Committee** has the purpose of providing advice to the Board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government and provide *assurance* to the Board in relation to DHCW's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff, in accordance with the requirements and standards determined for the NHS in Wales.

Committee or committees to provide oversight and scrutiny of quality, safety, information governance, data quality, security and risk

In addition to the Audit and Remuneration and Terms of Service Committee the organisation will also ensure it establishes a committee or committees responsible for providing *assurance* to the Board in relation to DHCW's arrangements with regard to quality, safety, information governance, data quality, security and risk.

Standard Terms of Reference and Operating Arrangements for all Committees of the Board

Date: 1 April 2021	Version: Draft 1.0
Review Date: Annually	
<p>1. Introduction:</p> <p>Section 3.1 of the DHCW standing orders provide that “The Board may and, where directed by the Welsh Government must, appoint Committees either to undertake specific functions on the Board’s behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board’s commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees”.</p> <p>In line with Section 3.3 of the standing orders, the Board shall as a minimum nominate annually committees which cover the following aspects of Board business:</p> <ul style="list-style-type: none"> • Audit and Assurance; • Remuneration and Terms of Service; and • Committee or committees to provide oversight and scrutiny of quality, safety, information governance, data quality, security and risk <p>Each has its own committee.</p> <p>This document includes content common to all committees and should be read alongside the specific terms of reference and operating arrangements for each committee.</p> <p>The provisions of Section 5 of the Standing Orders have also been taken into account when developing the committee Terms of Reference. This relates to transparency of meetings, planning board/committee business, setting agenda’s etc.</p>	
<p>2. Authority:</p> <p>Each Committee is authorised by the Board to investigate or have</p>	

investigated any activity within its terms of reference. In doing so, the Committee shall have the right to inspect any books, records or documents of the Authority relevant to the Committee's remit, ensuring staff confidentiality, as appropriate. It may seek relevant information from any:

- employee (and all employees are directed to co-operate with any reasonable request made by the Committee); and
- any other Committee, joint-Committee, sub-committee, joint sub-Committee or group set up by the Board to assist it in the delivery of its functions.

Each Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the Board's procurement, budgetary and other requirements.

3. Sub-Committees and Groups

Each Committee may, subject to the approval of the Board, establish sub-committees or groups to carry out on its behalf specific aspects of Committee business.

4. Membership and Attendees:

4.1 Secretariat

As determined by the Board Secretary.

4.2 Member Appointments

- The membership of each Committee shall be determined by the Board, based on the recommendation of the Chair - taking account of the balance of skills and expertise necessary to deliver each Committee's remit and subject to any specific requirements or directions made by the Welsh Government. The Board shall ensure succession planning arrangements are in place.
- Members shall be appointed to hold office for a period of one year at a time, up to a maximum of their term of office. During this

time a member may resign or be removed by the Board. The Board should, as a matter of good practice, review the membership of each Committee every two years in order to ensure each Committee is continually refreshed whilst maintaining continuity.

- Committee members' terms and conditions of appointment, (including any remuneration and reimbursement) will be in accordance with their terms of appointment to DHCW. Where a member has been co-opted to fulfil a specific function and where they are not Non-Executive Directors or employees of DHCW this will be determined by the Board, based upon the recommendation of the Chair and on the basis of advice from the Remuneration and Terms of Service Committee.

4.3 Support to Committee Members

The Board Secretary, on behalf of each Committee Chair, shall:

- Arrange the provision of advice and support to committee members on any aspect relating to the conduct of their role; and
- Ensure the provision of a programme of organisational development for Committee members as part of the overall Organisational Development programme developed by the Chief Executive.

4.4 Withdrawal of individuals in attendance

Each Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

Members and attendees will also withdraw from the meeting, as appropriate, where there is a potential conflict of interest.

5. Relationships and accountabilities with the Board and its Committees/Groups:

Although the Board has delegated authority to the Committees for the exercise of certain functions, as set out within each Committee's terms of reference, it retains overall responsibility and accountability for ensuring a strategic approach to developing the digital health and care for now and for the future through the effective governance of the organisation.

Each Committee is directly accountable to the Board for its performance in exercising the functions set out in each Committee's terms of reference.

Each Committee, through its Chair and members, shall work closely with the Board's other Committees, including joint (sub) committees and groups to provide advice and assurance to the Board through the:

- joint planning and co-ordination of Board and Committee business; and
- sharing of information.

In doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.

- Each Committee shall embed DHCW values, corporate standards, priorities and requirements through the conduct of its business.

6. Reporting and Assurance Arrangements:

Each Committee Chair shall:

- bring to the Board's specific attention any significant matters under consideration by their Committee
- ensure appropriate escalation arrangements are in place to alert the Chair, Chief Executive (and Accountable Officer) or Chairs of other relevant committees of any urgent or critical matters that may affect the operation and/or reputation of DHCW.

- report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes verbal updates on activity, the submission of Committee minutes and written reports when appropriate, as well as the presentation of an annual report;

The Board may also require the Committee Chair to report upon the Committee's activities at public meetings, or to community partners and other stakeholders, where this is considered appropriate. This could be where the Committee's assurance role relates to a joint or shared responsibility.

The Board Secretary, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of each Committee's performance and operation including that of any sub committees established and groups.

Terms of Reference and Operating Arrangements – Audit Committee

Date: 1 April 2021

Review Date: Annually

1. Introduction

In line with Section 3 of the Standing Orders, the Board shall nominate annually a committee which covers Audit. This remit of this Committee will be extended to include Assurance and Corporate Governance and will be known as the **Audit & Assurance Committee**.

The detailed terms of reference and operating arrangements set by the Board in respect of this Committee are detailed below.

These terms of reference and operating arrangements are to be read alongside the standard terms of reference and operating arrangements applicable to all committees.

2. Purpose

The purpose of the Audit Committee ("the Committee") is to:

- **Advise** and **assure** the Board and the Chief Executive (who is the Accountable Officer) on whether effective arrangements are in place - through the design and operation of DHCW's assurance framework - to support them in their decision taking and in discharging their accountabilities for securing the achievement of its objectives, in accordance with the standards of good governance determined for the NHS in Wales
- Where appropriate, the Committee will **advise** the Board and the Accountable Officer on where, and how, its systems and assurance framework may be strengthened and developed further
- **Approve** on behalf of the Board policies, procedures and other written control documents in accordance with the Scheme of Delegation

3. Delegated Powers

With regard to its role in providing advice to the Board, the Committee will comment specifically on the:

- adequacy of DHCW's strategic governance and assurance framework, systems and processes for the maintenance of an effective system of governance, internal control and risk management across the whole organisation's activities, designed to support the public disclosure statements that flow from the assurance processes, including the Annual Governance Statement, providing reasonable assurance on:
 - the organisations ability to achieve its objectives
 - compliance with relevant regulatory requirements and other directions and requirements set by the Welsh Government and others
 - reliability, integrity, safety and security of the information collected and used by the organisation
 - the efficiency, effectiveness and economic use of resources
 - the extent to which the organisation safeguards and protects all its assets, including its people.

In undertaking its work and responsibility the Committee will comment specifically on:

- Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate)
- accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, the ISA 260 Report 'Communication with those charged with Governance' and managements' letter of representation to the external auditors
- Schedule of Losses and Special Payments
- planned activity and results of internal audit, external audit and the Local Counter Fraud Specialist (including strategies, annual work plans and annual reports)

- adequacy of executive and management's response to issues identified by audit, inspection and other assurance activity
- proposals for accessing Internal Audit services via Shared Service arrangements (where appropriate)
- anti fraud policies, whistle-blowing (raising concerns) processes and arrangements for special investigations
- issues upon which the Board or the Accountable Officer may seek advice

The Committee will support the Board with regard to its responsibilities for governance (including risk and control) by **reviewing** and **approving** as appropriate:

- all risk and control related disclosure statements, in particular the Annual Governance Statement together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
- the policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements; and
- the policies and procedures for all work related to fraud and corruption as set out in National Assembly for Wales Directions and as required by the Counter Fraud and Security Management Service

In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of good governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the Committee's use of effective governance and assurance arrangements to guide its work and that of the audit and assurance functions that report to it, and enable the Committee to review and form an opinion on the:

- comprehensiveness of assurances in meeting the Board and the Chief Executives assurance needs across the whole of DHCW activities;
- the reliability and integrity of these assurances

To achieve this, the Committee's programme of work will be designed to provide assurance that:

- there is an effective internal audit function that meets the standards set for the provision of internal audit in the NHS in Wales and provides appropriate independent assurance to the Board and the Accountable officer through the Committee
- there is an effective counter fraud service that meets the standards set for the provision of counter fraud in the NHS in Wales and provides appropriate assurance to the Board and the Chief Executive through the Committee
- there is an effective audit and quality improvement function that provides appropriate assurance to the Board and the Accountable Officer through the committee discharged with ensuring quality and safety of services.
- there are effective arrangements in place to secure active, ongoing assurance from management with regard to their responsibilities and accountabilities, whether directly to the Board and the Chief Executive or through the work of the Board's committees
- the work carried out by key sources of external assurance, in particular, but not limited to DHCW's external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace) internal assurance activity

- the work carried out by the whole range of external review bodies is brought to the attention of the Board, and that the organisation is aware of the need to comply with related standards and recommendations of these review bodies, and the risks of failing to comply
- systems for financial reporting to the Board, including those of budgetary control, are effective
- results of audit and assurance work specific to DHCW, and the implications of the findings of wider audit and assurance activity relevant to the DHCW's operations are appropriately considered and acted upon to secure the ongoing development and improvement of the organisations governance arrangements

The Committee will review and agree the programme of work on an annual basis, and will recommend it to the Board for approval.

4. Access

The Head of Internal Audit and the Auditor General and his representatives shall have unrestricted and confidential access to the Chair of the Audit Committee at any time, and vice versa.

The Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist without the presence of officials on at least one occasion each year.

The Chair of the Audit Committee shall have reasonable access to Executive Directors and other relevant senior staff.

5. Membership, Attendees and Quorum

5.1 Members

A minimum of three members, comprising:

Chair Independent Member

Members Independent Member x 2

The Chair of the organisation shall not be a member of the Audit

Committee, but may be invited to attend by the Chair of the Committee as appropriate.

5.2 Attendees

In attendance:

Board Secretary
Director of Finance
Head of Internal Audit (or representative)
Local Counter Fraud Specialist
Representative of the Auditor General for Wales

In addition to this others from within or outside the organisation who the Committee considers should attend, will be invited taking account of the matters under consideration at each meeting.

The Chief Executive shall be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement.

5.3 Quorum

At least **two** members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair (or Vice Chair where appointed).

6. Frequency of Meetings

Meetings shall be held no less than quarterly and otherwise as the Chair of the Committee deems necessary – consistent with DHCW's annual plan of Board Business. The External Auditor or Head of Internal Audit may request that the Chair convene a meeting if they consider this necessary.

7. Relationships and accountabilities with the board and its Committees/Groups:⁵

The Audit Committee must have an effective relationship with other committees or sub-committees of the Board so that it can understand the system of assurance for the Board as a whole. It is very important that the Audit Committee remains aware of its distinct role and does not seek to perform the role of other committees.

The Committee will consider the assurance provided through the work of the Board's other committees and sub groups to meet its responsibilities for advising the Board on the adequacy of DHCW's overall framework of assurance.

8. Reporting and Assurance Arrangements

The Committee shall provide a written, annual report to the Board and the Chief Executive on its work in support of the Annual Governance Statement, specifically commenting on the adequacy of the assurance framework, the extent to which risk management is comprehensively embedded throughout the organisation, the integration of governance arrangements and the appropriateness of self assessment activity against relevant standards. The report will also record the results of the committee's self assessment and evaluation.

⁵ Reference to the Board's Committees/Groups incorporates its sub committees, as well as other groups, such as Task and Finish Groups, where this is appropriate to the remit of this Audit Committee

Terms of Reference and Operating Arrangements – Remuneration and Terms of Service Committee

Date: 1 April 2021	Version: Draft 1.0
Review Date: Annually	
<p style="text-align: center;">1. Introduction</p> <p>In line with Section 3 of the Standing Orders and DHCW’s Scheme of Delegation, the Board shall nominate annually a committee to be known as the Remuneration and Terms of Service Committee. The detailed terms of reference and operating arrangements set by the Board in respect of this committee are set out below.</p> <p>These terms of reference and operating arrangements are to be read alongside the standard terms of reference and operating arrangements applicable to all Committees.</p>	
<p style="text-align: center;">2. Purpose</p> <p>The purpose of the Remuneration and Terms of Service Committee (“the Committee”) is to provide:</p> <ul style="list-style-type: none"> • advice to the Board on remuneration and terms of service and performance for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government • assurance to the Board in relation to DHCW’s arrangements for the remuneration and terms of service, including contractual arrangements, for all staff, in accordance with the requirements and standards determined for the NHS in Wales. <p>The Committee shall have no powers to exercise on behalf of the Board.</p>	

3. Delegated Powers

With regard to its role in providing advice and assurance to the Board, the Committee will comment specifically upon the:

- remuneration and terms of service for the Chief Executive, Executive Directors, members of the Executive Team and other Very Senior Managers (VSMs); ensuring that the policies on remuneration and terms of service as determined from time to time by the Welsh Government are applied consistently
- objectives for Executive Directors and members of the Executive Team and their performance assessment
- performance management system in place for those in the positions mentioned above and its application
- proposals regarding termination arrangements, including those under the Voluntary Early Release Scheme, ensuring the proper calculation and scrutiny of termination payments in accordance with the relevant Welsh Government guidance.

4. Membership, Attendees and Quorum

4.1 Members

Chair: DHCW Chair

Members: Independent Members

4.2 By Invitation As required but usually to include:
Chief Executive
Director of Finance
Board Secretary

The Committee Chair may invite the following to attend all or part of a meeting to assist it with its discussions on any particular matter:

- any other official;

- and/or any others from within or outside the organisation

4.3 Quorum

At least **three** members must be present to ensure the quorum of the Committee, one of whom must be the Chair (or Vice Chair where appointed).

5. Frequency of Meetings

The Chair of the Committee, in agreement with Committee Members, shall determine the timing and frequency of meetings, as deemed necessary. It is expected that the Committee shall meet at least once a year, consistent with the annual plan of Board Business.

Schedule 4

ADVISORY GROUPS

Terms of Reference and Operating Arrangements

This Schedule forms part of, and shall have effect as if incorporated in the
DHCW Standing Orders

[DHCW to insert details, including detailed terms of reference and operating arrangements for each Advisory Group – as a minimum to include the Local Partnership Forum]

Local Partnership Forum Advisory Group Terms of Reference and Operating Arrangements

1. Role and Purpose

The DHCW Local Partnership Forum (LPF) is the formal mechanism where NHS Wales's employers and trade unions/professional bodies (hereafter referred to as staff organisations) work together to improve health services for the people of Wales. It is the forum where key stakeholders will engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues.

At the earliest opportunity, DHCW members will engage with staff organisations in the key discussions within the SHA at the Board, LPF and Directorate levels.

All LPF members are full and equal members of the forum and collectively share responsibility for the decisions made.

The LPF will provide the formal mechanism for consultation, negotiation and communication between the staff organisations and management. The TUC principles of partnership will apply. These principles are attached at Appendix 1.

The purpose of the LPF will be to:

- Establish a regular and formal dialogue between the Executive Directors and staff organisations on matters relating to workforce and health service issues.
- Enable employers and staff organisations to put forward issues affecting the workforce.
- Provide opportunities for staff organisations and managers to input into organisation service development plans at an early stage.
- Consider the implications on staff of service reviews and identify and seek to agree new ways of working.
- Consider the implications for staff of NHS reorganisations at a national or local level and to work in partnership to achieve mutually successful implementation.

- Appraise and discuss in partnership the financial performance of the organisation on a regular basis.
- Appraise and discuss in partnership the organisations services and activity and its implications.
- Provide opportunities to identify and seek to agree quality issues, including clinical governance, particularly where such issues have implications for staff.
- Communicate to the partners the key decisions taken by the Board and senior management.
- Consider national developments in NHS Wales Workforce and Organisational Strategy and the implications for the organisation including matters of service re-profiling.
- Negotiate on matters subject to local determination.
- Ensure staff organisation representatives are afforded reasonable paid time off to undertake trade union duties
- To develop in partnership appropriate facilities arrangements using A4C Facilities Agreement as a minimum standard.

In addition, the LPF can establish LPF sub groups to establish ongoing dialogue, communication and consultation on service and operational management issues specific to Directorates. Where these sub groups are developed they must report to the DHCW LPF.

2. General Principles

DHCW and LPF accepts that partnerships help the workforce and management work through challenges and to grow and strengthen their organisations. Relationships are built on trust and confidence and demonstrate a real commitment to work together.

The principles of true partnership working between staff organisations and Management are as follows:

- Staff organisations and management show joint commitment to the success of the organisation with a positive and constructive approach
- They recognise the legitimacy of other partners and their interests and treat all parties with trust and mutual respect

- They demonstrate commitment to employment security for workers and flexible ways of working
- They share success – rewards must be felt to be fair
- They practice open and transparent communication – sharing information widely with openness, honesty and transparency
- They must bring effective representation of the views and interests of the workforce
- They must demonstrate a commitment to work with and learn from each other

All LPF members must:

- be prepared to engage with and contribute fully to the LPF's activities and in a manner that upholds the standards of good governance set for the NHS in Wales;
- comply with their terms and conditions of appointment;
- equip themselves to fulfil the breadth of their responsibilities by participating in appropriate personal and organisational development programmes; and
- promote the work of the LPF within the professional discipline they represent.

A Code of Conduct is attached as Appendix 2.

3. Membership

All members of the LPF are full and equal members and share responsibility for the decisions of the LPF. The NHS organisation shall agree the overall size and composition of the LPF in consultation with those staff organisations DHCW recognises for collective bargaining. The Trade Union member of the Board will be expected to attend the LPF in an ex-officio capacity. As a minimum, the membership of the LPF shall comprise:

Management Representatives

Management will normally consist of the following members of management representatives.

Chief Executive
 Finance Director
 General Managers/Divisional Managers (as locally identified)
 Director of Workforce and OD (or equivalent)
 Workforce and OD staff (as locally identified)

Other Executive Directors and others may also be members or may be co-opted dependant upon the agenda.

Staff Representatives

The Board recognises those staff organisations listed in Appendix 3 for the representation of members who are employed by DHCW.

Staff representatives must be employed by DHCW and accredited by their respective staff organisations for the purposes of bargaining. If a representative ceases to be employed by DHCW or ceases to be a member of a nominating staff organisation then they will automatically cease to be a member of the LPF. Full time officers of the staff organisations may attend meetings subject to prior notification and agreement.

Members of the LPF who are unable to attend a meeting may send a deputy, providing such deputies are eligible for appointment to the LPF.

Quorum

Every effort will be made by all parties to maintain a stable membership. There should be 50% attendance of both parties for the meeting to be quorate.

If the meeting is not quorate no decisions can be made but information may be exchanged. Where joint chairs agree extraordinary meeting may be scheduled within 7 calendar days notice.

Consistent attendance and commitment to participate in discussions is essential. Where a member of the LPF does not attend on 3 consecutive occasions, the Joint Secretaries will write to the LPF member and bring the response to the next meeting for further consideration and possible removal.

4. Officers

The Staff Organisation Chair, Vice Chair and Secretary will be elected from the LPF annually. Best practice requires these three officers to come from different staff organisations.

Chairs

The Management and Staff Organisation Chairs will chair the LPF. This will be done on a rotational basis. In the absence of the Chair(s) the Vice Chair(s) will act as Chair. The Chairs shall work in partnership with each other and, as appropriate, with the Chairs of DHCW's other advisory groups (if applicable). Supported by the Board Secretary, Chairs shall ensure that key and appropriate issues are discussed by the LPF in a timely manner with all the necessary information and advice being made available to LPF members to inform the debate and ultimate resolutions

Joint Secretaries

Each side of the LPF should appoint/elect its own Joint Secretary. The Management and Staff Organisation Secretary will be responsible for the preparation of the agendas and minutes of the meetings held, and for obtaining the agreement of the Management and Staff Organisation Chairs.

The Director of Workforce and OD (or equivalent) will act as Management Secretary and will be responsible for the maintenance of the constitution of the LPF membership, the circulation of agenda and minutes and notification of meetings.

5. Sub Committees

When is considered appropriate, the LPF can decide to appoint a sub committee, to hold detailed discussion on a particular issue(s). Nominated representatives to sub committees will communicate and report regularly to the LPF.

6. Management of Meetings

Meetings will be held bi-monthly but this may be changed to reflect the need of either staff organisations or management.

The business of the meeting shall be restricted to matters pertaining to LPF issues and should include local operational issues. DHCW wide strategic issues and issues that have DHCW wide implications shall be referred to the Welsh Partnership Forum via the Board.

The minutes shall normally be distributed 10 days after the meeting and no later than 7 days prior to the next meeting. Items for the agenda and supporting papers should be notified to the Management Secretary as early as possible, and in the event at least two weeks in advance of the meeting.

The LPF has the capacity to co-opt others onto the LPF or its sub groups as deemed necessary by agreement.

Six Principles of Partnership Working

- a shared commitment to the success of the organisation
- a focus on the quality of working life
- recognition of the legitimate roles of the employer and the trade union
- a commitment by the employer to employment security
- openness on both sides and a willingness by the employer to share information and discuss the future plans for the organisation
- adding value – a shared understanding that the partnership is delivering measurable improvements for the employer, the union and employees

Code of Conduct

A code of conduct for meetings sets ground rules for all participants:

- Respect the meeting start time and arrive punctually
- Attend the meeting well-prepared, willing to contribute and with a positive attitude
- Listen actively. Allow others to explain or clarify when necessary
- Observe the requirement that only one person speaks at a time
- Avoid 'put downs' of views or points made by colleagues
- Respect a colleague's point of view
- Avoid using negative behaviours e.g. sarcasm, point-scoring, personalisation
- Try not to react negatively to criticism or take as a personal slight
- Put forward criticism in a positive way
- Be mindful that decisions have to be made and it is not possible to accommodate all individual views
- No 'side-meetings' to take place
- Respect the Chair
- Failure to adhere to the Code of Conduct may result in the suspension or removal of the LPF member.

Appendix 3

List of Recognised Trade Unions/Professional Bodies referred to as 'staff organisations' within these Standing Orders

- British Medical Association (BMA)
- Royal College of Nursing (RCN)
- Royal College of Midwives (RCM)
- UNISON
- UNITE
- GMB
- British Dental Association
- Managers in Partnership (MIP)

Schedule 2.1

MODEL STANDING FINANCIAL INSTRUCTIONS FOR DIGITAL HEALTH AND CARE WALES

This Schedule forms part of, and shall have effect as if incorporated in the Digital Health and Care Wales Standing Orders (incorporated as Schedule 2.1 of SOs).

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final
March 2021

Page 1 of 75

Foreword

These Model Standing Financial Instructions are issued by Welsh Ministers to Digital Health and Care Wales “DHCW” using powers of direction provided in section 23 (1) of the National Health Service (Wales) Act 2006. DHCW must agree Standing Financial Instructions (SFIs) for the regulation of their financial proceedings and business. Designed to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability in the conduct of business, they translate statutory and Welsh Government financial requirements for the NHS in Wales into day to day operating practice. Together with the adoption of Standing Orders (SOs), a Scheme of decisions reserved to the Board and a scheme of delegations to officers and others, they provide the regulatory framework for the business conduct of DHCW.

These documents form the basis upon which DHCW's governance and accountability framework is developed and, together with the adoption of DHCW's Values and Standards of Behaviour framework, is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.

All DHCW Board members and officers must be made aware of these Standing Financial Instructions and, where appropriate, should be familiar with their detailed content. The Director of Finance will be able to provide further advice and guidance on any aspect of the Standing Financial Instructions. The Board Secretary will be able to provide further advice and guidance on the wider governance arrangements within DHCW. Further information on governance in the NHS in Wales may be accessed at <https://nwssp.nhs.wales/all-wales-programmes/governance-e-manual/>

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 2 of 75

Contents

Foreword

1. INTRODUCTION

- 1.1 General
- 1.2 Overriding Standing Financial Instructions
- 1.3 Financial provisions and obligations of DHCW

2. RESPONSIBILITIES AND DELEGATION

- 2.1 The Board
- 2.2 The Chief Executive and Director of Finance
- 2.3 The Director of Finance
- 2.4 Board members and DHCW officers, and DHCW Committees and Advisory Groups
- 2.5 Contractors and their employees

3. AUDIT, FRAUD AND CORRUPTION, AND SECURITY MANAGEMENT

- 3.1 Audit Committee
- 3.2 Chief Executive
- 3.3 Internal Audit
- 3.4 External Audit
- 3.5 Fraud and Corruption
- 3.6 Security Management

4. ALLOCATIONS AND FINANCIAL DUTY

5. INTEGRATED PLANNING

6 FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

- 6.1 Budget Setting
- 6.2 Budgetary Delegation
- 6.3 Financial Management, Reporting and Budgetary Control
- 6.4 Capital Financial Management, Reporting and Budgetary Control
- 6.5 Reporting to Welsh Government - Monitoring Returns

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 3 of 75

- 7. ANNUAL ACCOUNTS AND REPORTS**
- 8. BANKING ARRANGEMENTS**
 - 8.1 General
 - 8.2 Bank Accounts
 - 8.3 Banking Procedures
 - 8.4 Review
- 9. CASH, CHEQUES, PAYMENT CARDS AND OTHER NEGOTIABLE INSTRUMENTS**
 - 9.1 General
 - 9.2 Petty Cash
- 10. INCOME, FEES AND CHARGES**
 - 10.1 Income Generation
 - 10.2 Income Systems
 - 10.3 Fees and Charges
 - 10.4 Income Due and Debt Recovery
- 11. NON-PAY EXPENDITURE**
 - 11.1 Scheme of Delegation, Non Pay Expenditure Limits and Accountability
 - 11.2 The Director of Finance's responsibilities
 - 11.3 Duties of Budget Holders and Managers
 - 11.4 Departures from SFI's
 - 11.5 Accounts Payable
 - 11.6 Prepayments
- 12. PROCUREMENT AND CONTRACTING FOR GOODS AND SERVICES**
 - 12.1 Procurement Services
 - 12.2 Policies and Procedures
 - 12.3 Procurement Principles
 - 12.4 Procurement Regulations and Legislation Governing Public Procurement
 - 12.5 Procurement Procedures
 - 12.6 Procurement Consent/Notification
 - 12.7 Sustainable Procurement
 - 12.8 Small and Medium Sized Enterprises (SMEs), Third Sector

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 4 of 75

Organisations (TSOs) and Supported Factories and Businesses (SFBs)

- 12.9 Planning Procurements
- 12.10 Procurement Process
- 12.11 Procurement Thresholds
- 12.12 Designing Competitions
- 12.13 Single Quotation Application or Single Tender Application
- 12.14 Disposals
- 12.15 Evaluation, Approval and Award
- 12.16 Contract Management
- 12.17 Extending and Varying Contracts
- 12.18 Requisitioning
- 12.19 No Purchase Order, No Pay
- 12.20 Official orders

**13. AGREEMENTS AND CONTRACTS FOR ALL WALES
DIGITAL SOLUTIONS & SERVICES**

- 13.1 Digital Solution Agreements
- 13.2 Statutory provisions
- 13.3 Application of delegated limits

14. GRANT FUNDING,

- 14.1 Legal Advice
- 14.2 Policies and procedures
- 14.3 Corporate Principles underpinning Grants Management
- 14.4 Grant Procedures

15. PAY EXPENDITURE

- 15.1 Remuneration and Terms of Service Committee
- 15.2 Funded Establishment
- 15.3 Staff Appointments
- 15.4 Pay Rates and Terms and Conditions
- 15.5 Payroll
- 15.6 Contracts of Employment

**16. CAPITAL PLAN, CAPITAL INVESTMENT, FIXED ASSET
REGISTERS AND SECURITY OF ASSETS**

- 16.1 Capital Plan

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 5 of 75

- 16.2 Capital Investment Decisions
- 16.3 Capital Projects
- 16.4 Capital Procedures and Responsibilities
- 16.5 Capital Financing with the Private Sector
- 16.6 Asset Registers
- 16.7 Security of Assets

- 17. STORES AND RECEIPT OF GOODS**
 - 17.1 General position
 - 17.2 Control of Stores, Stocktaking, condemnations and disposal
 - 17.3 Goods supplied by an NHS supplies agency

- 18. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS**
 - 18.1 Disposals and Condemnations
 - 18.2 Losses and Special Payments

- 19. DIGITAL, DATA and TECHNOLOGY**
 - 19.1 Digital Data and Technology Strategy
 - 19.2 Responsibilities and duties of the responsible Director
 - 19.3 Responsibilities and duties of the Director of Finance
 - 19.4 Contracts for data and digital services with other health bodies or outside agencies
 - 19.5 Risk assurance

- 20. RETENTION OF RECORDS**
 - 20.1 Responsibilities of the Chief Executive

Digital Health and Care Wales

1. INTRODUCTION

1.1 General

- 1.1.1 These Model Standing Financial Instructions are issued by Welsh Ministers to Digital Health and Care Wales “DHCW” using powers of direction provided in section 23(1) of the National Health Service (Wales) Act 2006. DHCW must agree Standing Financial Instructions (SFIs) for the regulation of their financial proceedings and business. They shall have effect as if incorporated in the Standing Orders (SOs) (incorporated as Schedule 2.1 of SOs).
- 1.1.2 These SFIs detail the financial responsibilities, policies and procedures adopted by DHCW. They are designed to ensure that DHCW's financial transactions are carried out in accordance with the law and with Welsh Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability. They should be used in conjunction with the Schedule of decisions reserved to the Board and the Scheme of delegation adopted by DHCW.
- 1.1.3 These SFIs identify the financial responsibilities which apply to everyone working for DHCW. They do not provide detailed procedural advice and should be read in conjunction with the detailed financial control procedure notes. All financial procedures must be approved by the Director of Finance and Audit and Assurance Committee.
- 1.1.4 Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Board Secretary or Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the provisions of DHCW's Standing Orders “SOs”.

1.2 Overriding Standing Financial Instructions

- 1.2.1 Full details of any non-compliance with these SFIs, including an explanation of the reasons and circumstances must be reported in the first instance to the Director of Finance and the Board Secretary, who will ask the Audit and Assurance Committee “Audit Committee” to formally consider the matter and make proposals to the Board on any action to be taken. All Board members and DHCW officers have a duty to report any non-compliance to the Director of Finance and Board

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 7 of 75

Secretary as soon as they are aware of any circumstances that has not previously been reported.

- 1.2.2 **Ultimately, the failure to comply with SFIs and SOs is a disciplinary matter that could result in an individual's dismissal from employment or removal from the Board.**

1.3 Financial provisions and obligations of DHCW

- 1.3.1 The financial provisions and obligations for Special Health Authorities, which relate to DHCW are set out under Sections 171, 172 and 173 of the NHS (Wales) Act 2006. The Board as a whole and the Chief Executive in particular, in their role as the Accountable Officer for the organisation, must ensure DHCW meets its statutory obligation to perform its functions within the available financial resources.

2. RESPONSIBILITIES AND DELEGATION

2.1 The Board

2.1.1 The Board exercises financial supervision and control by:

- a) Formulating and approving the Medium Term Financial Plan (MTFP) as part of the developing and approving medium term plan, reflecting longer-term planning and delivery objectives;
- b) Requiring the submission and approval of balanced annual budgets within approved allocations/resource limits
- c) Defining and approving essential features in respect of important financial policies, systems and financial controls (including the need to obtain value for money and sustainability); and
- d) Defining specific responsibilities placed on Board members and DHCW officers, and DHCW committees and Advisory Groups as indicated in the 'Scheme of delegation' document.

2.1.2 The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the 'Schedule of matters reserved to the Board' document. The Board, subject to any directions that may be made by Welsh Ministers, shall make appropriate arrangements for certain functions to be carried out on its behalf so that the day to day business of DHCW may be carried out effectively, and in a manner that secures the achievement of the organisations aims and objectives. This will be via powers and authority delegated to committees, sub-committees, joint committees or joint sub-committees that DHCW has established or to an officer of DHCW in accordance with the 'Scheme of delegation' document adopted by DHCW.

2.2 The Chief Executive and Director of Finance

2.2.1 The Chief Executive and Director of Finance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

2.2.2 Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as Accountable Officer, to the Welsh Government, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for DHCW's activities; is

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 9 of 75

responsible to the Chair and the Board for ensuring that financial provisions, obligations and targets are met; and has overall responsibility for DHCW's system of internal control.

- 2.2.3 It is a duty of the Chief Executive to ensure that Board members and DHCW officers, and all new appointees are notified of, and put in a position to understand their responsibilities within these SFIs.

2.3 The Director of Finance

- 2.3.1 The Director of Finance is responsible for:

- a) Implementing DHCW's financial policies and for co-coordinating any corrective action necessary to further these policies;
- b) Maintaining an effective system of internal financial control including ensuring that detailed financial control procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- c) Ensuring that sufficient records are maintained to show and explain DHCW's transactions, in order to disclose, with reasonable accuracy, the financial position of DHCW at any time; and
- d) Without prejudice to any other functions of DHCW, and Board members and DHCW officers, the duties of the Director of Finance include:
 - (i) the provision of financial advice to other Board members and DHCW officers, and DHCW Committees and Advisory Groups,
 - (ii) the design, implementation and supervision of systems of internal financial control, and
 - (iii) the preparation and maintenance of such accounts, certificates, estimates, records and reports as DHCW may require for the purpose of carrying out its statutory duties.

- 2.3.2 The Director of Finance is responsible for ensuring an ongoing training and communication programme is in place to effect these SFIs.

2.4 Board members and DHCW officers, and DHCW Committees and

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 10 of 75

Advisory Groups

2.4.1 All Board members and DHCW officers, and DHCW Committees and Advisory Groups, severally and collectively, are responsible for:

- a) The security of the property of DHCW;
- b) Avoiding loss;
- c) Exercising economy, efficiency and sustainability in the use of resources; and
- d) Conforming to the requirements of SOs, SFIs, Financial Control Procedures and the Scheme of delegation.

2.4.2 For all Board members and DHCW officers, and DHCW Committees and Advisory Groups who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board, Committees, Advisory Groups and employees discharge their duties must be to the satisfaction of the Director of Finance.

2.5 Contractors and their employees

2.5.1 Any contractor or employee of a contractor who is empowered by DHCW to commit DHCW to expenditure or who is authorised to obtain income shall be covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

3. AUDIT, FRAUD AND CORRUPTION, AND SECURITY MANAGEMENT

3.1 Audit Committee

- 3.1.1 An independent Audit Committee is a central means by which a Board ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Board. In accordance with SOs the Board shall formally establish an Audit Committee with clearly defined terms of reference. Detailed terms of reference and operating arrangements for the Audit Committee are set out in Schedule 3 to the SOs. This committee will follow the guidance set out in the NHS Wales Audit Committee Handbook.

<http://www.wales.nhs.uk/sitesplus/documents/1064/NHS%20Wales%20Audit%20Committee%20Handbook%20%28June%202012%29.pdf>

3.2 Chief Executive

- 3.2.1 The Chief Executive is responsible for:

- a) Ensuring there are arrangements in place to review, evaluate and report on the effectiveness of internal control including the establishment of an effective Internal Audit function;
- b) Ensuring that the Internal Audit function meets the Public Sector Internal Audit Standards and provides sufficient independent and objective assurance to the Audit Committee and the Accountable Officer;

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/641252/PSAIS_1_April_2017.pdf

- c) Deciding at what stage to involve the police in cases of misappropriation and other irregularities not involving fraud or corruption;
- d) Ensuring that an annual Internal Audit report is prepared for the consideration of the Audit Committee and the Board. The report must cover:
 - a clear opinion on the effectiveness of internal control in accordance with the requirements of the Public Sector Internal Audit Standards.

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 12 of 75

- major internal control weaknesses discovered,
- progress on the implementation of Internal Audit recommendations,
- progress against plan over the previous year, and
- a detailed plan for the coming year.

3.2.2 The designated internal and external audit representatives are entitled (subject to provisions in the Data Protection Act 2018 and General Data Protection Regulations 2016) without necessarily giving prior notice to require and receive:

- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- b) Access at all reasonable times to any land or property owned or leased by the DHCW;
- c) Access at all reasonable times to Board members and DHCW officers;
- d) The production of any cash, stores or other property of the DHCW under a Board member or a DHCW official's control; and
- e) Explanations concerning any matter under investigation.

3.3 Internal Audit

3.3.1 The Accountable Officer Memorandum requires the Chief Executive to have an internal audit function that operates in accordance with the standards and framework set for the provision of Internal Audit in the NHS in Wales. This framework is defined within an Internal Audit Charter that incorporates a definition of internal audit, a code of ethics and Public Sector Internal Audit Standards. Standing Order 8.1 details the relationship between the Head of Internal Audit and the Board. The role of the Audit Committee in relation to Internal Audit is set out within its Terms of Reference, incorporated in Schedule 3 of the SOs, and the NHS Wales Audit Committee Handbook.

3.4 External Audit

3.4.1 Pursuant to the Public Audit (Wales) Act 2004 (C.23), the Auditor

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 13 of 75

General for Wales (Auditor General) is the external auditor of DHCW. The Auditor General may nominate his representative to represent him and to undertake the required audit work. The cost of the audit is paid for by DHCW. DHCW's Audit Committee should assure itself that a cost-efficient external audit service is delivered. If there are any problems relating to the service provided, this should be raised with the Auditor General's representative and referred on to the Auditor General if the issue cannot be resolved.

3.4.2 The objectives of the external audit fall under three broad headings, to review and report on:

- a) Whether the expenditure to which the financial statements relate has been incurred lawfully and in accordance with the authority that governs it;
- b) The audited body's financial statements, and on its Annual Governance Statement and remuneration report;
- c) Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

3.4.3 The Auditor General's representatives will prepare a risk-based annual audit plan, designed to deliver the Auditor General's objectives, for consideration by the Audit Committee. The Audit Committee should formally consider and review the plan. The plan will set out details of the work to be carried out, providing sufficient detail for the Audit Committee and other recipients to understand the purpose and scope of the defined work and their level of priority. The Audit Committee should review the plan and the associated fees, although in so doing it needs to recognise the statutory duties of the Auditor General. The Audit Committee should consider material changes to the plan.

3.4.4 The Auditor General's representative should be invited to attend every Audit Committee meeting. The cycle of approving and monitoring the progress of external audit plans and reports, culminating in the opinion on the annual report and accounts, is central to the core work of the Audit Committee.

3.4.5 The Auditor General's representatives will liaise with Internal Audit when developing the external audit plan. The Auditor General's representative will ensure that planned external audit work takes into account the work of Internal Audit to avoid duplication wherever possible and considers where Internal Audit work can be relied upon for opinion purposes.

- 3.4.6 The Auditor General and his representatives shall have a right of access to the Chair of the Audit Committee at any time.
- 3.4.7 The Auditor General has statutory rights of access to all documents and information, as set out in paragraph 3.2.2a of these SFIs that relate to the exercise of his audits, value for money examinations and improvement studies. The rights of access include access to documentation of a confidential nature or which contains personal information. The statutory access rights also require any person that the Auditor General thinks has information related to the discharge of his functions to give any assistance, information and explanation that he thinks necessary. They also require such persons to attend before the Auditor General and to provide any facility that he and his representatives may reasonably require, such as audit accommodation and access to IT facilities. The rights apply not just to DHCW and its officers and staff, but also to, among others, suppliers to DHCW.
- 3.4.8 The Auditor General's independence in the exercise of his audit functions is protected by statute (section 8 of the Public Audit (Wales) Act 2013), and audit independence is required by professional and ethical standards. Accordingly, DHCW (including its Audit Committee) must be careful not to seek to fetter the Auditor General's discretion in the exercise of his functions. While DHCW may offer comments on the plans and outputs of the Auditor General, it must not seek to direct the Auditor General.
- 3.4.9 The Auditor General will issue a number of reports over the year, some of which are specified in the Auditor General's Code of Audit and Inspection Practice and International Standards on Auditing. Other reports will depend on the contents of the audit plan.

The main mandatory reports are:

- Report to those charged with governance (incorporating the report required under ISA 260) that sets out the main issues arising from the audit of the financial statements and use of resources work
- Statutory report and opinion on the financial statements
- Annual audit report.

In addition to these reports, the Auditor General may prepare a report on a matter the Auditor General considers would be in the public interest to bring to the public's attention; or make a referral to the Welsh Ministers if significant breaches occur.

- 3.4.10 The Auditor General also has powers to undertake Value for Money Examinations and Improvement Studies within DHCW and other public sector bodies. At DHCW he also undertakes a Structured Assessment to help him assess whether there are proper arrangements for securing economy, efficiency and effectiveness in the use of resources. The Auditor General will take account of audit work when planning and undertaking such examinations and studies. The Auditor General and his representatives have the same access rights in relation to these examinations and studies as they do in relation to annual audit work.

3.5 Fraud and Corruption

- 3.5.1 In line with their responsibilities, DHCW Chief Executive and Director of Finance shall monitor and ensure compliance with Directions issued by the Welsh Ministers on fraud and corruption.

- 3.5.2 DHCW shall nominate a suitable person to carry out the duties of the Local Counter Fraud Specialist (LCFS) as specified by Directions to NHS bodies on Counter Fraud Measures 2005.

<http://www.wales.nhs.uk/sitesplus/documents/1064/WHC%282005%2995%20%28Revised%29%20Directions%20to%20National%20Health%20Service%20bodies%20on%20Counter%20Fraud%20Measures%202005.pdf>

- 3.5.3 The LCFS shall report to the DHCW Director of Finance and the LCFS must work with NHS Counter Fraud Authority (NHSCFA) and the NHS Counter Fraud Service Wales (CFSW) Team in accordance with the Directions to NHS bodies on Counter Fraud Measures 2005.

- 3.5.4 The LCFS will provide a written report to the Director of Finance and Audit Committee, at least annually, on proactive and reactive counter fraud work within DHCW.

- 3.5.5 DHCW must participate in the annual National Fraud Initiative (NFI), which in Wales is led by Audit Wales and DHCW and must provide the necessary data for the mandatory element of the initiative by the due dates. The DHCW should participate in appropriate risk measurement or additional dataset matching exercise in order to support the detection of fraud across the whole public sector.

3.6 Security Management

- 3.6.1 In line with their responsibilities, DHCW Chief Executive will monitor and ensure compliance with Directions issued by the Welsh Ministers

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 16 of 75

on NHS security management.

- 3.6.2 The Chief Executive has overall responsibility for controlling and coordinating security.

4. ALLOCATIONS AND FINANCIAL DUTY

- 4.1 Revenue and Capital allocations are determined by the Welsh Ministers in accordance with its allotted health budget and distribution policy.
- 4.2 The Director of Finance of DHCW will:
- a) Prior to the start of each financial year submit to the Board for approval a report showing the total allocations received, assumed in-year allocations and other adjustments and their proposed distribution to delegated budgets, including any sums to be held in reserve;
 - b) Ensure that any ring-fenced or non-discretionary allocations are disbursed in accordance with Welsh Ministers' requirements;
 - c) Periodically review any assumed in-year allocations to ensure that these are reasonable and realistic; and
 - d) Regularly update the Board on significant changes to the initial allocation and the application of such funds.
- 4.3 DHCW is required by statutory provision not to breach its financial duty to secure that its expenditure does not exceed the aggregate of its resource allocations and income received. This duty applies separately to capital and revenue resource allocations. The Chief Executive has overall executive responsibility for DHCW's activities and is responsible to the Board for ensuring that it meets its financial duty as set out in section 172 of the National Health Service (Wales) Act 2006.

5. INTEGRATED PLANNING

- 5.1 DHCW will prepare appropriate plans as required by legislation and the Welsh Government.
- 5.2 An annual business plan will be submitted to the Welsh Government setting out how the organisation will meet the requirements of the Cabinet Secretary's Remit Letter. This plan must reflect planning and delivery objectives and should be continually reviewed based on latest Welsh Government policy and local priority requirements.
- 5.3 The Chief Executive will compile and submit to the Board, on an annual basis, the annual plan. The Board approved plan will be submitted to Welsh Government in line with the requirements it has set out.
- 5.4 The remit letter, and approved business plan will form the basis of the accountability arrangements between DHCW and Welsh Government.
- 5.5 The Board will:
 - a) Approve the annual business plan prior to the beginning of the financial year of implementation and in accordance with the guidance issued annually by Welsh Government. Following Board approval the Plan will be submitted to Welsh Government.
 - b) Approve a balanced annual budget as part of the annual business plan, which meets all statutory financial duties, probity and value for money requirements; and
 - c) Prepare and agree with the Welsh Government a robust and sustainable recovery plan in accordance with Welsh Ministers' guidance where DHCW plan is not in place or in balance.
- 5.6 The first full annual business plan will be required from the start of 2021/22 financial year, in accordance with Standing Orders.

6. FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

6.1 Budget Setting

6.1.1 Prior to the start of the financial year the Director of Finance will, on behalf of the Chief Executive, prepare and submit budgets for approval and delegation by the Board. Such budgets will:

- a) Include an annual budget for achieving compliance with DHCWs statutory financial balance to operate within its allocated resources
- b) Be in accordance with the aims and objectives set out in the Board approved annual business plan, medium term plan and Medium Term Financial Plan,
- c) Accord with Commissioning, Activity, Quality, Performance, Capital and Workforce plans contained within the Board approved plan;
- d) Take account of approved business cases and associated revenue costs and funding
- e) Be produced following discussion with appropriate Directors and budget holders;
- f) Be prepared within the limits of available funds;
- g) Take account of ring-fenced, specified and non-recurring allocations and funding;
- h) Include both financial budgets (£) and workforce establishment budgets (budgeted whole time equivalents)
- i) Be within the scope of activities and authority defined by the NHS (Wales) Act 2006, including pooled budget arrangements.
- j) Take account of the principles of Well-being of Future Generations (Wales) Act 2015 including the seven Well-being Goals and the five ways of working; and
- k) Identify potential risks and opportunities.

6.2 Budgetary Delegation

6.2.1 The Chief Executive may delegate, via the Director of Finance, the management of a budget to permit the performance of a defined range

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 20 of 75

of activities, including pooled budget arrangements under Regulations made in accordance with Section 33 of the NHS (Wales) Act 2006 (C.42). This delegation must be in writing, in the form of a letter of accountability, and be accompanied by a clear definition of:

- a) The amount of the budget;
- b) The purpose(s) of each budget heading;
- c) Individual or committee responsibilities;
- d) Arrangements during periods of absence;
- e) Authority to exercise virement;
- f) Achievement of planned levels of service; and
- g) The provision of regular reports.

The budget holder must sign the accountability letter formally delegating the budget.

6.2.2 The Chief Executive, Director of Finance and delegated budget holders must not exceed the budgetary total or virement limits set by the Board.

6.2.3 Budgets must only be used for the purposes designated, and any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Executive, subject to any authorised use of virement.

6.2.4 Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Executive, as advised by the Director of Finance.

6.2.5 All budget holders must provide information as required by the Director of Finance to enable budgets to be compiled and managed appropriately.

6.2.6 All budget holders will sign up to their allocated budgets at the commencement of the financial year

6.2.7 The Director of Finance has a responsibility to ensure that appropriate and timely financial information is provided to budget holders and that adequate training is delivered on an on-going basis to assist budget holders managing their budgets successfully.

6.3 Financial Management, Reporting and Budgetary Control

6.3.1 The Director of Finance shall monitor financial performance against budget and plans and report the current and forecast position on a monthly basis and at every Board meeting. Any significant variances should be reported to DHCW Board as soon as they come to light and

the Board shall be advised on any action to be taken in respect of such variances.

6.3.2 The Director of Finance will devise and maintain systems of financial management performance reporting and budgetary control. These will include:

- a) Regular financial reports, for revenue and capital, to the Board in a form approved by the Board containing sufficient information for the Board to:
 - Understand the current and forecast financial position
 - Evaluate risks and opportunities
 - Use insight to make informed decisions
 - Be consistent with other Board reports, as a minimum the reports will cover:
 - Current and forecast year end position on statutory financial duties
 - Actual income and expenditure to date compared to budget and showing trends and run rates
 - Forecast year end positions
 - A statement of assets and liabilities, including analysis of cash flow and movements in working capital.
 - Explanations of material variances from plan
 - Capital expenditure and projected outturn against plan
 - Investigations and reporting of variances from financial, activity and workforce budgets.
 - Details of corrective actions being taken, as advised by the relevant budget holder and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
 - Statement of performance against savings targets
 - Key workforce and other cost drivers
 - Income and expenditure run rates, historic trends, extrapolation and explanations
 - Clear assessment of risks and opportunities
 - Provide a rounded and holistic view of financial and wider organisational performance.
- b) The issue of regular, timely, accurate and comprehensible advice and financial reports to each delegated budget holder, covering the areas for which they are responsible;
- c) An accountability and escalation framework to be established for the organisation to formally address material budget variances

- d) Investigation and reporting of variances from financial, activity and workforce budgets;
- e) Monitoring of management action to correct variances;
- f) Arrangements for the authorisation of budget transfers and virements.

6.3.3 Each Budget Holder will

- be held to account for managing services within the delegated budget
- investigate causes of expenditure and budget variances using information from activity, workforce and other relevant sources
- develop plans to address adverse budget variances.

6.3.4 Each Budget Holder is responsible for ensuring that:

- a) Any likely overspending or reduction of income that cannot be met by virement is not incurred without the prior consent of the Chief Executive and Director of Finance subject to the Board's scheme of delegation;
- b) The amount provided in the approved budget is not used in whole or in part for any purpose other than that specifically authorised, subject to the rules of virement;
- c) No permanent employees are appointed without the approval of the Chief Executive other than those provided for within the available resources and workforce establishment as approved by the Board.

6.3.5 The Chief Executive is responsible for identifying and implementing cost and efficiency improvements and income generation initiatives in accordance with the requirements of the Annual and Medium Term Financial Plans and SFI 10.1.

6.4 Capital Financial Management, Reporting and Budgetary Control

6.4.1 The general rules applying to revenue Financial Management, Reporting and Budgetary Control delegation and reporting shall also apply to capital plans, budgets and expenditure subject to any specific reporting requirements required by the Welsh Ministers.

6.5 Reporting to Welsh Government - Monitoring Returns

6.5.1 The Chief Executive is responsible for ensuring that the appropriate

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 23 of 75

monitoring returns are submitted to the Welsh Ministers in accordance with published guidance and timescales.

- 6.5.2 All monitoring returns must be supported by a detailed commentary signed by the Director of Finance and Chief Executive. This commentary should also highlight and quantify any significant risks with an assessment of the impact and likelihood of these risks maturing.
- 6.5.3 All information made available to the Welsh Ministers should also be made available to the Board. There must be consistency between the, Annual Plan, Medium Term Financial Plan, budgets, expenditure, forecast position and risks as reported in the monitoring returns and monthly Board reports.

7. ANNUAL ACCOUNTS AND REPORTS

- 7.1 The Board must approve DHCW's annual accounts prior to submission to the Welsh Ministers and the Auditor General for Wales in accordance with the annual timetable.
- 7.2 The Chair and the Chief Executive (as Accountable Officer for DHCW) have responsibility for signing the accounts on behalf of DHCW. The Chief Executive has responsibility for signing the Annual Governance Statement and the Annual Quality Statement.
- 7.3 The Director of Finance, on behalf of DHCW is responsible for ensuring that financial reports and returns are prepared in accordance with the accounting policies, guidance and timetable determined by the Welsh Ministers, as per Welsh Government's Manual for Accounts, and consistent with Financial Reporting Manual (FReM) and International Financial Reporting Standards.
- 7.4 DHCW's audited annual accounts must be adopted by the Board at a public meeting and made available to the public.
- 7.5 DHCW must publish an Annual Report, and present it at its Annual General Meeting. The Board Secretary will ensure that the Annual Report is prepared in line with the Welsh Government's NHS Manual for Accounts. The Annual Report will include
- The Accountability Report containing:
 - Corporate Governance Report
 - Remuneration Report and Staff Report
 - Accountability and Audit Report
 - The Performance Report, which must include:
 - An overview
 - A performance Analysis

8. BANKING ARRANGEMENTS

8.1 General

8.1.1 The Director of Finance is responsible for managing DHCW's banking arrangements and for advising the Board on the provision of banking services and operation of accounts. This advice will take into account guidance/ Directions issued from time to time by the Welsh Ministers. DHCW is expected to use the Government Banking Service (GBS) for its banking services unless there is sound reasoning and value for money considerations to justify the use of commercial accounts.

8.1.2 The Board shall approve the banking arrangements.

8.2 Bank Accounts

8.2.1 The Director of Finance is responsible for:

- a) Establishing bank accounts and ensuring that the Government Banking Service is utilised for main DHCW business transactions;
- b) Establishing additional commercial accounts only exceptionally and where there is a clear rationale for not utilising the Government Banking Service;
- c) Establishing separate bank accounts for DHCW's non-exchequer funds;
- d) Ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- e) Ensuring accounts are not overdrawn except in exceptional and planned situations.
- f) Reporting to the Board all arrangements made with DHCW's bankers for accounts to be overdrawn;
- g) Monitoring compliance with Welsh Ministers' guidance on the level of cleared funds.

8.2.2 With the exception of Project Bank Accounts, all bank accounts should be held in the name of DHCW. No officer other than the Director of Finance shall open any account in the name of DHCW or for the purposes of furthering DHCW activities.

8.2.3 Any Project Bank Account that is required may be held jointly in the name of DHCW and the relevant third party contractor.

8.3 Banking Procedures

8.3.1 The Director of Finance will prepare detailed instructions on the operation of bank accounts, that ensure there are sound controls over the day-to-day operation of bank accounts, which must include:

- a) The conditions under which each bank account is to be operated;
- b) Those authorised to sign payable orders or other orders drawn on DHCW's accounts.
- c) Effective divisions of duty for employees working within the banking and treasury management function to minimise the risk of fraud and error.
- d) Authorised signatories are identified with sufficient seniority, and in the case of e banking approvers, together with an appropriate payment approval hierarchy.
- e) Procedures are in place for prompt banking of money received.
- f) Ensure there are physical security arrangements in place for cheque stationery, e banking access devices and payment cards.
- g) Cheques and payable orders are treated as controlled stationery with management responsibility given to a duly designated employee.
- h) Frequent reconciliations are undertaken between cash books, bank statements and the general ledger so that all differences are fully understood and accounted appropriately.
- i) Commercial bank accounts should only be used exceptionally where there is a sound rationale and demonstrates value for money. Commercial accounts should be procured through a tendering exercise and the outcome reported to the Audit Committee on behalf of the Board.

8.3.2 The Director of Finance must advise DHCW's bankers in writing of the conditions under which each account will be operated.

8.3.3 The Director of Finance shall approve security procedures for any payable orders issued without a hand-written signature e.g.

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 27 of 75

automatically printed. All Payable Orders shall be treated as controlled stationery, in the charge of a duly designated officer controlling their issue.

8.4 Review

- 8.4.1 The Director of Finance will review banking arrangements of DHCW at regular intervals to ensure they reflect best practice and represent best value for money. The results of the review should be reported to the Audit Committee.

9. CASH, CHEQUES, PAYMENT CARDS AND OTHER NEGOTIABLE INSTRUMENTS

9.1 General

9.1.1 The Director of Finance is responsible for:

- a) Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- b) Ordering and securely controlling any such stationery; ensuring all cash related stationery treated as controlled stationery with management responsibility given to a duly designated employee;
- c) The provision of adequate facilities and systems for officers whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
- d) Establishing systems and procedures for handling cash and negotiable securities on behalf of DHCW.
- e) Ensuring effective control systems are in place for the use of payment cards,
- f) Ensuring that there are adequate control systems in place to minimise the risk of cash/card misappropriation.

9.1.2 Official money shall not under any circumstances be used for the encashment of private cheques or IOUs (informal documents acknowledging debt).

9.1.3 All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Director of Finance.

9.1.4 The holders of safe/cash box combinations/keys shall not accept unofficial funds for depositing in their safe/cash box unless such deposits are in special sealed envelopes or locked containers. It shall be made clear to the depositors that DHCW is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving DHCW from responsibility for any loss.

- 9.1.5 The opening of coin operated machines (including telephone, if applicable) and the counting and recording of takings shall be undertaken by two officers together, except as may be authorised in writing by the Director of Finance and the coin box keys shall be held by a nominated officer.
- 9.1.6 During the absence (for example, on holiday) of the holder of a safe/cash box combination/key, the officer who acts in their place shall be subject to the same controls as the normal holder of the combination/key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.
- 9.2 Petty Cash**
- 9.2.1 The Director of Finance will issue instructions restricting the use and value of petty cash purchases.
- 9.2.2 Petty cash use should be minimised and be subject to regular cash balance reviews in order to minimise cash levels held.
- 9.2.3 Petty cash should be operated under an imprest system and be subject to regular checks to ensure physical and book cash levels are consistent.

10. INCOME, FEES AND CHARGES

10.1 Income Generation and Participation in/Formation of Companies

10.1.1 DHCW shall only generate income for those goods and services that are approved by the Welsh Ministers. Any income generating activities must be complementary to the provision of NHS services and must be in accordance with the Welsh Ministers' policy and powers to raise money as set out in section 169 of the NHS (Wales) Act 2006 (c.42).

10.1.2 DHCW can only form or participate in a company for income generation, improving health, healthcare care and health services, purposes with the consent and/or direction of Welsh Ministers. DHCW should obtain advice from Welsh Government officials prior to undertaking substantive work on formation or participation in any company.

10.2 Income Systems

10.2.1 The Director of Finance is responsible for designing and maintaining procedures to ensure compliance with systems for the proper recording, invoicing, and collection and coding of all monies due.

10.2.2 The Director of Finance is also responsible for ensuring that systems are in place for the prompt banking of all monies received.

10.3 Fees and Charges

10.3.1 The Director of Finance is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Welsh Ministers or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

10.3.2 All officers must inform the Director of Finance promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements and other transactions.

10.4 Income Due and Debt Recovery

10.4.1 Delegated budget holders and managers are responsible for informing the Director of Finance of any income due that arises from any contracts, service levels agreements, leases, activities such as private patients or other transactions.

10.4.2 Delegated budget holders and managers must inform the Director of Finance when overpayment of salary or expenses have been made, in

order that recovery can be made.

- 10.4.3 The Director of Finance is responsible for recovering income due and for ensuring debt recovery procedures are in place to secure early payment and minimise bad debt risk on all outstanding debts.
- 10.4.4 Income not received should be dealt with in accordance with losses procedures.
- 10.4.5 Overpayments should be detected (or preferably prevented) and recovery initiated.
- 10.4.6 The Chief Executive and the Director of Finance are responsible for ensuring the Welsh Ministers' guidance on disputed debt arbitration is strictly adhered to.

11. NON PAY EXPENDITURE

11.1 Scheme of Delegation, Non Pay Expenditure Limits and Accountability

11.1.1. The Board must agree a Scheme of Delegation in line with that set out in its Standing Orders Scheme of Reservation and Delegation of Powers.

11.1.2. The Chief Executive will approve the level of non-pay expenditure and the operational scheme of delegation and authorisation to budget holders and managers within the parameters set out in the DHCW scheme of delegation.

11.1.3. The Chief Executive will set out in the operational scheme of delegation and authorisation:

- The list of managers who are authorised to place requisitions for the supply of goods, services and works and for the awarding of contracts; and
- The maximum level of each requisition and the system for authorisation above that level.

11.2 The Director of Finance's responsibilities

11.2.1 The Director of Finance will:

- a) Advise the Board regarding the NHS Wales national procurement and payment systems thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds should be incorporated in SOs and SFIs;
- b) Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services;
- c) Ensure systems are in place for the authorisation of all accounts and claims;
- d) Ensure Directors and officers strictly follow NHS Wales system and procedures of verification, recording and payment of all amounts payable.
- e) Maintain a list of Executive Directors and officers (including specimens of their signatures) authorised to certify invoices.

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 33 of 75

- f) Be responsible for ensuring compliance with the Public Sector Payment policy ensuring that a minimum of 95 percent of creditors are paid within 30 days of receipt of goods or a valid invoice (whichever is later) unless other payment terms have been agreed.
- g) Ensure that where consultancy advice is being obtained, the procurement of such advice must be in accordance with guidance issued by the Welsh Ministers and SFIs;
- h) Be responsible for Petty Cash system, procedures, authorisation and record keeping, and ensure purchases from petty cash are restricted in value and by type of purchase in accordance with procedures.

11.3 Duties of Budget Holders and Managers

11.3.1 Budget holders and managers must ensure that they comply fully with guidance and limits specified by the Director of Finance and that:

- a) All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of both any commitment being made and NWSSP Procurement Services being engaged;
- b) Contracts above specified thresholds are advertised and awarded, through NWSSP Procurement Services, in accordance with HM Treasury rules on public procurement;
- c) Contracts above specified thresholds are approved by the Welsh Ministers prior to any commitment being made;
- d) goods have been duly received, examined and are in accordance with specification and order,
- e) work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct,
- f) No requisition/order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Board members or DHCW officers, other than:
 - (i) Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars,

- (ii) Conventional hospitality, such as lunches in the course of working visits;

This provision needs to be read in conjunction with Standing Order 6.5. and 6.6.

- g) No requisition/order is placed for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive;
- h) All goods, services, or works are ordered on official orders
- i) Requisitions are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- j) Goods are not taken on trial or loan in circumstances that could commit the DHCW to a future uncompetitive purchase;

11.3.2 The Chief Executive and Director of Finance shall ensure that the arrangements for financial control and financial audit of building and engineering contracts and property transactions comply with the guidance issued by the Welsh Ministers. The technical audit of these contracts shall be the responsibility of the relevant Director as set out in the DHCW's scheme of delegation.

11.4 Departures from SFI's

11.4.1 Departing from the application of Chapters 10 and 11 of these SFI's is only possible in very exceptional circumstances. DHCW must consult with NWSSP Procurement Services, Director of Finance and Board Secretary prior to any such action undertaken. Any expenditure committed under these departures must receive prior approval in accordance with the DHCW Scheme of Delegation.

11.5 Accounts Payable

11.5.1 NWSSP Finance, shall on behalf of the DHCW, maintain and deliver detailed policies, procedures systems and processes for all aspects of accounts payable

11.6 Prepayments

11.6.1 Prepayment should be exceptional, and should only be considered if a good value for money case can be made for them (i.e. that "need" can be demonstrated). Prepayments are only permitted where either:

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 35 of 75

- The financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to Net Present Value (NPV) using the National Loans Fund (NLF) rate plus 2%);
- It is the industry norm e.g. courses and conferences;
- In line with requirements of Managing Welsh Public Money
- There is specific Welsh Ministers' approval to do so e.g. voluntary services compact.

11.6.2 In **exceptional** circumstances prepayments can be made subject to:

- a) The appropriate Executive Director providing, in the form of a written report, a case setting out all relevant circumstances of the purchase. The report must set out the effects on the DHCW if the supplier is at some time during the course of the prepayment agreement unable to meet their commitments;
- b) The Director of Finance will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the Public Contracts Regulations where the contract is above a stipulated financial threshold); and
- c) The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the appropriate Director or Chief Executive if problems are encountered.

12. PROCUREMENT AND CONTRACTING FOR GOODS AND SERVICES

General Information

12.1 Procurement Services

12.1.1 While the Chief Executive is ultimately responsible for procurement some aspects of the service are delivered by NWSSP Procurement Services.

12.1.2 Procurement staff are employed by NWSSP and provide a procurement support function to all health organisations in NHS Wales. Although NWSSP is responsible for the provision of a Procure to Pay service and provision of appropriate professional procurement and commercial advice, ultimate responsibility for compliance with legislation and policy guidelines remains with DHCW. Where the term NWSSP Procurement Services, Procurement staff or department is used in this chapter it should be read as equally applying to those departments where the procurement function is undertaken locally and outside of NWSSP Procurement Department, for example digital, pharmacy and works who undertake procurement on a devolved basis.

12.2 Policies and Procedures

12.2.1 NWSSP Procurement Services shall, on behalf of DHCW, maintain detailed policies and procedures for all aspects of procurement including tendering and contracting processes. The policies and procedures shall comply with these SFIs and the Procurement Manual and Revised General Consent to enter Individual Contracts included at **Schedule 1 and 2** of these SFIs.

12.2.2 The Chief Executive is ultimately responsible for ensuring that DHCW's Executive Directors, Independent Members and officers within the organisation strictly follow procurement, tendering and contracting procedures.

12.2.3 NWSSP Director of Procurement Services is responsible for ensuring that procurement, tendering and contracting policies and procedures:

- Are kept up to date;
- Conform to statutory requirements and regulations;
- Adhere to guidance issued by the Welsh Ministers;
- Are consistent with the principles of sustainable development;

12.2.4 All procurement guidance issued by the Welsh Ministers should have the

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 37 of 75

effect as if incorporated in these SFIs.

12.3 Procurement Principles

12.3.1 The term "procurement" embraces the complete process from planning, sourcing to taking delivery of all works, goods and services required by DHCW to perform its functions, and furthermore embrace all building, equipment, consumables and services including health services. Procurement further embraces contract and/or supplier management, including market engagement and industry monitoring.

12.3.2 There are a range of statutory instruments governing public sector procurement, the primary statutory instrument being 'The Public Contract Regulations (2015, No. 102)' as well as Welsh Government policy frameworks. One of the key objectives of governing legislation is to ensure public procurement markets are open and that there is free movement of supplies, services and works. The main legal and governing principles guiding public procurement and which are incorporated into these SFIs are:

- Transparency: public bodies should ensure that there is openness and clarity on procurement processes and how they are implemented;
- Non-discrimination: public bodies may not discriminate between suppliers or products on grounds of their origin;
- Fair treatment: suppliers should be treated fairly and without discrimination, including in particular equality of opportunity and access to information;
- Legality: public bodies must conform to European Community and other legal requirements;
- Integrity: there should be no corruption or collusion with suppliers or others;
- Effectiveness and efficiency: public bodies should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement;
- Efficiency: procurement processes should be carried out as cost effectively as possible and secure value for money.

12.4 Procurement Regulations and Legislation Governing Public Procurement

12.4.1 The primary statutory instrument governing public sector procurement is 'The Public Contract Regulations (2015, No. 102)', in addition public sector procurement policy issued include the Welsh Government policy framework, Wales Procurement Policy Statement (WPPS). These Regulations

incorporate EU Directives and other legislation governing public procurement and the Regulations implementing such legislation and setting out procedures for awarding all forms of regulated contracts shall have effect as if incorporated in DHCW's SFIs.

12.4.2 The Regulations (the Public Contracts Regulations (2015, No. 102) cover the whole field of procurement, including thresholds above which special and demanding procurement protocols and legal requirements apply... All Directors and their staff are responsible for seeing that those Regulations are understood and fully implemented. The protocols set out in the Regulations, and any Procurement Policy Notices, are the model upon which all formal procurement shall be based.

12.4.3 Procurement advice should be sought in the first instance from Procurement Services. The commissioning of further specialist advice shall be jointly agreed between DHCW and Procurement Services e.g. Engagement of NWSSP Legal and Risk Services or 3rd party Legal Service providers.

12.4.4 Other relevant legislation, regulations, codes and policies include:

- The Well-being of Future Generations (Wales) Act 2015
- Welsh Language (Wales) Measure 2011
- Modern Slavery Act 2015
- Bribery Act 2010
- Equalities Act 2010
- Welsh Government's Code of Practice for Ethical Employment in Supply Chains.
- The Producer Responsibility Obligations (Packaging Waste) Regulations 2007
- Welsh Government 'Towards zero waste: our waste strategy'

12.5 Procurement Procedures

12.5.1 To ensure that DHCW is fully compliant with Procurement Regulations, EU Directives, UK and Welsh Ministers' guidance, DHCW shall, through NWSSP Procurement Services, ensure that it shall have procedures that set out:

- a) Requirements and exceptions to formal competitive tendering requirements;
- b) Tendering processes including post tender discussions;
- c) Requirements and exceptions to obtaining quotations;
- d) Evaluation and scoring methodologies
- e) Approval of firms for providing goods and services.

12.5.2 All procedures shall reflect the Welsh Ministers' guidance and DHCW's

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 39 of 75

delegation arrangements and approval processes.

12.6 Procurement Consent/Notification

12.6.1 As a Special Health Authority, DHCW may:

- Acquire and dispose of property (Section 22);
- Enter into contracts, para 53, Schedule 5 of the NHS (Wales) Act 2006, and
- Accept gifts of property (including property to be held on trust) para 8, Schedule 5 of the NHS (Wales) Act 2006.

12.6.2 Contracts exceeding the value of £1 million in each case, with the exception of those contracts specified in SFI 12.6.4, all acquisitions and disposals of land of any limit, and the acceptance of gifts of property, must be notified to the Welsh Ministers before being entered into.

12.6.3 The guidance process for DHCW to notify their intent to enter into contracts exceeding £1 million is at **Schedule 2**. This requirement also applies to contracts that are to be let through a mini-competition under a public sector contract framework, such as National Procurement Service, NHS Supply Chain or Crown Commercial Services. The use of suitable Welsh frameworks where access is permissible shall take precedence over frameworks led by Public Sector Bodies outside of Wales. Further detailed guidance is incorporated within the Procurement Procedures.

12.6.4 The requirement for notification does not apply to any contracts entered into pursuant to a specific statutory power, and therefore does not apply to:

- i) Contracts of employment between DHCW and their staff;
- ii) Transfers of land or contracts effected by Statutory Instrument following the creation of DHCW;
- iii) All NHS contracts, that is where one health service body contracts with another health service body.

12.6.5 The process of notification of contracts to the Welsh Ministers does not remove the requirement for DHCW to comply with SOs, SFIs or to obtain any other consents or approvals required by law for the transactions concerned.

12.6.6 Further detail in relation to fair and adequate competition is set out in the Procurement Manual (**Schedule 1**).

Planning

12.7 Sustainable Procurement

12.7.1 To further nurture the Welsh economy, in support of social, environmental and economic regeneration, DHCW must also be mindful to structure requirements ensuring Welsh companies have the opportunity to transparently and fairly compete to deliver services regionally or across Wales where possible. The principles of the Well Being and Future Generations Act (2015) should be adopted at the earliest stage of planning. Procurement solutions must be developed embracing the five ways of working described within the Act and capture how they will deliver against the seven goals set out in the Act.

12.7.2 The Well Being of Future Generations Act (2015) requires that bodies listed under the act must operate in a manner that embraces sustainability. The Act requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

12.7.3 The 7 Wellbeing goals are

- a prosperous Wales
- a resilient Wales
- a healthier Wales
- a more equal Wales
- a Wales of cohesive communities
- a Wales of vibrant culture and thriving Welsh language
- a globally responsible Wales.

These goals have been put in place to improve the social, economic, environmental, and cultural well-being of Wales

12.7.4 Public sector organisations in Wales not listed in the act are expected to operate to those principles. DHCW is not specifically listed in the Act.

12.7.5 Public bodies need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future. The Act expects them to:

- work together better
- involve people reflecting the diversity of our communities
- look to the long term as well as focusing on now
- take action to try and stop problems getting worse - or even stop them happening in the first place.

12.7.6 DHCW is required to consider the Welsh Government Guidance on Ethical Procurement and the new Code of Practice on ethical employment in supply chains which commits public, private and third sector organisations to a set of actions that tackle illegal and unfair employment practices including blacklisting, modern slavery and living wage.

12.7.7 DHCW shall make use of the tools developed by Value Wales in implementing the principles of the WBFGA (2015). DHCW shall benchmark its performance. For all contracts over £25,000, DHCW shall take account of social, economic and environmental issues when making procurement decisions using the Sustainable Risk Assessment Template (SRA).

12.8 Small and Medium Sized Enterprises (SMEs), Third Sector Organisations (TSOs) and Supported Factories and Businesses (SFBs)

11.8.1 In accordance with Welsh Government commitments policy set out in the current Wales Procurement Policy Statement (WPPS) and subsequent versions of this statement DHCW shall ensure that it provides opportunities for these organisations to quote or tender for its business.

12.9 Planning Procurements

12.9.1 DHCW must ensure that all staff with delegated budgetary responsibility or who are part of the procurement process for goods, services and works are aware of the legislative and policy frameworks governing public procurement and the requirement of open competition.

12.9.2 Depending on the value of the procurement, a process of planning the procurement must be undertaken with the Procurement Services and appropriate representative from the service and other appropriate stakeholders. The purpose of a planning phase is to determine:

- the likely financial value of the procurement, including whole life cost
- the likely 'route to market' which will consider the legislative and policy framework set out above.
- The availability of funding to be able to award a contract following a successful procurement process.
- That the procurement follows current legislative and policy

frameworks including Value Based Procurement.

12.9.3 The procurement specification should factor in the 4 principles of prudent procurement

- Equal partners through co-production
- Care for those with the greatest health need first
- Do only what is needed
- Reduce inappropriate variation

Value based outcome/experience/delivery principles must also be included where appropriate ensuring best value for money, sustainability of services and the future financial position. Value for money is defined as the optimum combination of whole-life cost and quality to meet the requirement.

12.9.4 Where free of charge services are made available to DHCW, NWSSP Procurement Services must be consulted to ensure that any competition requirements are not breached, particularly in the case of pilot activity to ensure that DHCW does not unintentionally commit itself to a single provider or longer term commitment. Regular reports on free of charge services provided to DHCW should be submitted by Board Secretary to Audit Committee.

12.9.5 DHCW is required to participate in all-Wales collaborative planning activity where the potential to do so is identified by the procurement professional involved in the planning process. Cross sector collaboration may also be required.

Joint or Collaborative Initiatives

12.9.6 Specialist advice should be obtained from Welsh Government and the opinions of NWSSP Procurement Services and NWSSP Legal and Risk prior to external opinion being sought where there is an undertaking to commence joint or collaborative initiatives which may be deemed as novel or contentious.

12.10 Procurement Process

12.10.1 Where there is a requirement for goods or services, the manager must source those goods or services from DHCW's approved catalogue. Where a required item is not included within the catalogue, advice must be sought from the Procurement Services on opportunities to source those goods or services through public sector contract framework, such as National Procurement Service, NHS Supply Chain or Crown Commercial Services. The use of suitable

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 43 of 75

Welsh frameworks where access is permissible shall take precedence over frameworks led by Public Sector Bodies outside of Wales.

12.10.2 In the absence of an existing suitable procurement framework to source the required item, a competition must be run in accordance with the table below. DHCW must ensure the value of their requirement considers cumulative spend across DHCW for like requirements and opportunity for collaboration with other Health Boards and Trusts:

12.10.3 Agreements awarded are required to deliver best value for money over the whole life of the agreement. Value for money is defined as the optimum combination of whole-life cost and quality to meet the requirement.

Competition Requirements

12.11 Procurement Thresholds

12.11.1 The following table summarises the minimum thresholds for quotes and competitive tendering arrangements. The total value of the contract, whole life cost, over its entire period is the qualifying sum that should be applied (except in specific circumstances relating to aggregation and contracts of an indeterminate duration) as set out below, and in Procurement Regulations and EU Directives and UK Regulations.

Goods/Services/Works Whole Life Cost Contract value (excl. VAT)	Minimum competition¹	Form of Contract
<£5,000	Evidence of value for money has been achieved	Purchase Order
>£5,000 - <£25,000	Evidence of 3 written quotations	Simple Form of Contract/Purchase Order
>£25,000 – Prevailing OJEU threshold	Advertised open call for competition. Minimum of 4 tenders received if available.	Formal contract and Purchase Order
>OJEU threshold	Advertised open call for competition. Minimum of 5 tenders received if available or appropriate to the procurement route.	Formal contract and Purchase Order
Contracts above £1	Welsh Government approval	Formal contract and Purchase Order

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 44 of 75

million	required ²	
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¹ subject to the existence of suitable suppliers

² in accordance with the requirements set out in SFI 12.6.3.

12.11.2 Advice from the Procurement Services must be sought for all requirements in excess of £5,000.

12.11.3 The deliberate sub-dividing of contracts to fall below a specific threshold is strictly prohibited. Any attempt to avoid these limits may expose the Board to risk of legal challenge and could result in disciplinary action against an individual[s].

12.11.4 Deliberate re-engagement of a supplier, where the value of the individual engagement is less than £5,000, must not be undertaken where the total value of engagements taken as a whole would exceed £5,000 and require competition.

12.11.5 The approval of award of contracts must follow the Board's Scheme of Delegation.

12.12 Designing Competitions

12.12.1 The budget holder or manager responsible for the procurement is required to engage with the Procurement team to ensure:

- Required timescales are achievable
- Specifications are drafted which have the following qualities:
 - fit for inclusion in competition documents;
 - drafted in a manner encouraging innovation by the market;
 - capable of being responded to and do not narrow competition;
 - deliver in line with legislative and policy frameworks.
 - include robust performance measures to effectively measure and manage supplier performance
 - considers ability of market to deliver

12.12.2 Appropriate performance measures are included in agreements awarded, thus ensuring best value for money decisions taken that return maximum benefit for the organisation and ultimately the improvement of patient outcomes and wider health and social care communities.

12.12.3 Criteria for selecting suppliers and achieving an award

recommendation must be:

- appropriately weighted in consideration of quality/price
- considers cost of change where relevant
- is transparent and proportionate
- delivers value for money outcomes
- fully explores complexity/risk
- considers whole life cost

12.13 Single Quotation Application or Single Tender Application

12.13.1 In exceptional circumstances, there may be a need to secure goods/services/works from a single supplier. This may concern securing requirements from a single supplier, due to a special character of the firm, or a proprietary item or service of a special character. Such circumstances may include:

- 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);
- A technical compatibility issue which needs to be met e.g. specific equipment required, or compliance with a warranty cover clause;
- a need to retain a particular contractor for genuine business continuity issues (not just preferences)
- When joining collaborative agreements where there is no formal agreement in place. Request for such a departure must be supported by written evidence from the Procurement Service confirming local agreements will be replaced by an all Wales competition/National strategy

12.13.2 Procurement Services must be consulted prior to any such application being submitted for approval. The Director of Finance must approve such applications up to £25,000, the Chief Executive or designated deputy, and Director of Finance, are required to approve applications exceeding £25,000. A register must be kept for monitoring purposes and all single tender actions must be reported to the Audit Committee.

12.13.3 In all applications, through Single Quotation Application or Single Tender Application (SQA or STA) forms, the applicant must demonstrate adequate consideration to the Chief Executive and Director of Finance, as advised by the Head of Commercial Services, that securing best value for money is a priority. The Head of Commercial Services will scrutinise and endorse each request to ensure:

- Robust justification is provided;
- A value for money test has been undertaken;
- No bias towards a particular supplier;
- Future competitive processes are not adversely affected;
- No distortion of the market is intended;
- An acceptable level of assurance is available before presentation for approval in line with DHCW Scheme of Delegation
- An “or equivalent” test has been considered proving the request is justified

12.13.4 Under no circumstances will Procurement Services endorse a retrospective SQA/STA, where the DHCW has already entered into an arrangement directly.

12.13.5 As SQA or STA are only used in exceptional circumstances DHCW, through the Chief Executive, must report each, including the specifics of the exceptional circumstances and the total financial commitment, in sufficient detail to its Audit Committee. The report will include any corrective action/advice provided by the Chief Executive, Director of Finance or NWSSP Director of Procurement Services to prevent recurrence by DHCW.

12.13.6 The Audit Committee may consider further steps to be appropriate e.g.

- Instruct a representative of DHCW to attend Audit Committee;
- Escalate to the Board;
- Request an internal Audit Review;
- Request further training or
- Take internal disciplinary action.

12.13.7 No SQA/STA is required where the seeking of competition is not possible, nor would the application of the SQA/STA procedure add value to the process/aid the delivery of a value for money outcome. Procurement Manual details schedule of departures from SQA/STA where competition not possible.

12.13.8 For performance monitoring purposes, the NWSSP Procurement Service will retain a central register of all such activity including SQA/STA's not endorsed by Procurement or any exceptional matters.

12.14 Disposals

12.14.1 Disposal of surplus, obsolete equipment/consumables is also subject

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 47 of 75

to the competition rules.

12.14.2 Obsolete or condemned articles and stores, which may be disposed of in accordance with applicable regulations and law at the prevailing time (e.g. WEEE) and the procedures of DHCW making use of any agreements covering the disposal of such items.

12.14.3 DHCW must obtain the best possible market price.

Approval & Award

12.15 Evaluation, Approval and Award

12.15.1 The evaluation of competitions via quotation or tender, must be undertaken by a minimum of 2 evaluators from within the operational service of DHCW. Evaluation Teams for competitions of greater complexity and value must be multi-disciplinary and reach a consensus recommendation for internal approval.

12.15.2 The internal approval of any recommendation to award a competition must follow the Board's Scheme of Delegation.

12.15.3 The communication of the external notification to the market to award the contract must be managed by the Procurement Service.

12.15.4 Information throughout the process must be handled and retained as 'commercial in confidence' and not shared outside of staff directly involved in the competition process

12.15.5 All associated communication throughout the competition process must also be managed by the Procurement Service

Implementation & Contract Management

12.16 Contract Management

12.16.1 Contract Management is the process which ensures that both parties to a contract fully meet their respective obligations as effectively and efficiently as possible, in order to deliver the business and operational objectives required from the contract and in particular, value for money. The relevant budget holder shall oversee and manage each contract on behalf of DHCW so as to ensure that these implicit obligations are met. This contract management will include:

- Retaining accurate records
- Monitoring contract performance measures
- Engaging suppliers to ensure performance delivery

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 48 of 75

- Implementing contractual sanctions in the event of poor performance in conjunction with advice from Procurement Services.
- Stage payments are permissible as part of a formally agreed implementation/delivery plan and must be supported by written evidence issued by the budget holder.

12.16.2 Contract management on All Wales contracts will be provided by NWSSP Procurement Services

11.19 Advice on best practice on Contract Management is available from NWSSP Procurement Services.

12.17 Extending and Varying Contracts

12.17.1 Extending, modifying or varying the scope of an existing contract is possible, if the provision to do so was included as an option in the original awarded contract, e.g. scope of requirement, further expenditure due to unforeseen circumstances e.g. change in regulatory requirements etc.

12.17.2 If there is no such provision, the Public Contract Regulations (2015) defines such limitations.

12.17.3 The Public Contract Regulations 2015 provide further constraints in this matter, under which modifications/variations/extensions are capped at 50% of the original award value.

12.17.4 Further approval is not required to extend an agreement beyond the original term/scope where prior approval was granted as part of the procurement process.

12.17.5 If there was no provision to extend, further approvals are required from the DHCW budget holder and the local Head of Commercial Services. Budget holders must also be mindful of the threshold under which the original contract was awarded. Any increase in the contract value may require a more senior level of approval in line with the Scheme of Delegation.

12.17.6 This ensures an appropriate identification and assessment of potential risks to the DHCW compliance of approvals being granted within the Scheme of Delegation and assurance that value for money continues to be delivered from public funds.

12.17.7 The budget holder must seek advice from NWSSP Procurement Services in advance of committing further expenditure to ensure the contract is reflective of requirements. The budget holder must assess

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 49 of 75

there is sufficient evidence to support the justification and the budget is available to support the additional requirements.

Transactional Processes

12.18 Requisitioning

12.18.1 The budget manager in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for the DHCW. The budget holder will source those goods or services from the approved catalogue. Where a required item is not included within the catalogue, advice must be sought from the Procurement Services on opportunities to source those goods or services through public sector contract framework, such as National Procurement Service, NHS Supply Chain or Crown Commercial Services.

12.18.2 Where a required item is not on catalogue or on framework contract the budget manager shall request the NWSSP Procurement Services to undertake quotation / tendering exercises on their behalf in line with SFI 12.11 thresholds.

12.18.3 All orders for goods and services must be accompanied by an official order number, available from NWSSP Procurement Services. In no circumstances must a requisition number be used as an order number.

12.19 No Purchase Order, No Pay

12.19.1 DHCW will ensure compliance with 'No Purchase Order, No Pay' policy, The All Wales policy was introduced to ensure that Procure to Pay continues to provide world-class services on a 'Once for Wales' basis.

12.19.2 The policy ensures that a purchase order is raised at the beginning of a purchase in circumstances where a purchase order is required under the policy. This follows industry standard best practice as it provides a commitment as to what is likely to be spent. The supplier must obtain a purchase order number for their invoice in order for it to be processed for payment.

12.20 Official orders

12.20.1 Official Orders, issued following approved requisition and sourcing, must:

- a) Be consecutively numbered;
- b) State the DHCWs terms and conditions of trade.

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 50 of 75

12.20.2 Official Orders will be issued on behalf of DHCW by NWSSP
Procurement Services

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 51 of 75

13 AGREEMENTS AND CONTRACTS FOR ALL WALES DIGITAL SOLUTIONS & SERVICES

13.1 Digital Solution Agreements

13.1.1 The Chief Executive is responsible for ensuring DHCW enters into suitable agreements for its provision of all Wales digital and information solutions.

13.1.2 All agreements should aim to implement the agreed priorities contained within the agreed plans. In discharging this responsibility, the Chief Executive should take into account:

- The standards of service quality expected;
- The standards required to be achieved by health professionals' regulatory bodies;
- The provision of reliable information on quality, volume and cost of service.

13.1.3 All agreements must be in accordance with the functions conferred on DHCW by the Welsh Ministers.

13.1.4 For all agreements entered into in the form of a contract, the process for notifying the Welsh Ministers of NHS contracts set out in section 12 and Schedule 2 of these SFIs must be followed.

13.1.5 For all agreements entered into they must be approved in accordance with delegations set out in Standing Orders:

- Schedule 1 Scheme of Reservation and Delegation of Powers – Schedule of Matters Reserved for Board.
- Schedule 1 Scheme of Reservation and Delegation of Powers – Scheme of Delegation to Executive Directors, Other Directors and Officers
- Schedule 1 Scheme of Reservation and Delegation of Powers – Delegated Financial Limits

13.2 Statutory provisions

13.2.1 The Digital Health and Care Wales (Establishment and Constitution) Order 2021 sets out the functions of DHCW.

13.2.2

13.2.2 Article 3 of the order requires DHCW to undertake such functions in relation to:

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 52 of 75

- (a) the provision, design, management, development and delivery of digital platforms, systems and services;
- (b) the collection, analysis, use and dissemination of health service data;
- (c) the provision of advice and guidance to the Welsh Ministers about improving digital platforms, systems and services;
- (d) supporting bodies and persons identified in directions given by the Welsh Ministers to DHCW in relation to matters relevant to digital platforms, systems and services;
- (e) any other matter so as to secure the provision or promotion of services under the Act

13.3 Application of Delegated Financial Limits

13.3.1 All Wales Agreements & Contracts will be subject to the delegated limit thresholds as set out in Schedule 1 of the Standing Orders.

14 GRANT FUNDING

It is a matter for DHCW to determine whether individual activities should be procured, or be eligible to receive grant funding, seeking legal advice as necessary. (Grants are defined as all non-procured payments to external bodies or individuals for activities which are linked to delivering policy objectives and statutory obligations. Payments are made to fund or reimburse expenditure on agreed items or functions in accordance with legally binding conditions.)

14.1 Legal Advice

14.1.1 Before the award of funding is made, legal advice where necessary must be sought to ensure that:

- The award does not breach the DHCW regularity of expenditure duty. That is, the activities for which the grant is made are within the scope of activities that the DHCW has a legal remit to undertake.
- That the activities would not be deemed to be normally subject to procurement legislation and policy.
- That a legally binding agreement is made with all delivery organisations.

See attached toolkit for grants v procurement:



Grant v
Procurement.doc

14.2 Policies and procedures

14.2.1 DHCW shall maintain detailed policies and procedures for all aspects of grant funding. The policies and procedures shall comply with these SFIs, and where appropriate the Welsh Minister's Code of Practice to funding the third sector:

<https://gov.wales/sites/default/files/publications/2019-01/third-sector-scheme-2014.pdf>

14.2.2 The Chief Executive is ultimately responsible for ensuring that DHCW's grant procedures:

- Are kept up to date;
- Conform to statutory requirements;
- Adhere to guidance issued by the Welsh Ministers;
- Are consistent with the principles of sustainable development; and

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 54 of 75

- Are strictly followed by all Executive Directors, Independent Members and staff within the organisation.

14.2.3 That the award of grant funding must comply with the policy and principles set out in the Procurement section of these SFIs and ensure that the award meets the requirements of regularity, propriety and value for money.

14.2.4 All grant guidance issued by the Welsh Ministers should have the effect as if incorporated in these SFIs.

14.3 Corporate Principles underpinning Grants Management

14.3.1 While there is a need to make the financial arrangements for awarding funding as simple and streamlined as possible, DHCW should also ensure that taxpayers' money is spent appropriately and that it provides good value for money.

14.3.2 The overarching principles for managing public resources in Wales are set out in Managing Welsh Public Money. The document states that the award of funding should be made in accordance with the law and the requirements of propriety, regularity and value for money.

14.3.3 Regularity requires compliance with appropriate authorities, regulations and legislation. Propriety requires both public authorities and funded bodies to deliver appropriate standards of conduct, behaviour and corporate governance. In addition, the public expects official decisions to be made fairly and impartially with public money spent wisely and appropriately, delivering value for money and ensuring that best use is made of resources.

14.3.4 The **corporate principles** of grants management are:

- The development of grant management processes and procedures that are transparent, accountable, proportionate and consistent;
- Delivery of a high quality regulatory framework that responds to demands but does not place unnecessary administrative burdens on DHCW or funded bodies;
- A regulatory framework that will take into consideration the need for proportionality; balancing the need for governance with the burden of administration. Thus striking an appropriate balance between accountability and simplicity;
- An effective grant management process to ensure funded bodies spend the funding efficiently, transparently and for the purpose intended, with a view to maximising the impact and outcome from budgets;

- Appropriate evidence-based approach to underpin the design and development of all new funding programmes to ensure efficient and effective use of public funds. Ensuring that the funding programme is the optimal solution and that funding is targeted where it is most needed and where it can have most impact;
- A consistent framework that will reinforce respect and effectiveness of the rules for both administrators and funded bodies.
- Grant funding must comply with the requirements of state aid regulation.

14.4 Grant Procedures

14.4.1 It is vital that money is put to use in a way that delivers the maximum benefit to the people of Wales. Grants funding programmes need to be managed as efficiently and cost effectively as possible to make sure that every penny is spent appropriately and in an accountable manner. When establishing grant funding programmes, DHCW should ensure principles of good practice available from a number of external sources are considered and reflected in grant programmes. Information on grants management is available on the Audit Wales website at:

<https://www.audit.wales/our-work/good-practice/grants-management-mini-guides>

14.4.2 DHCW must agree a clear purpose for each grant and how it will measure the delivery organisation's success in delivering those purposes. It should also agree appropriate targets with the delivery organisation.

14.4.3 For grant programmes that span a number of financial years, DHCW is responsible for evaluating the programmes to ensure they are fit for purpose, are achieving required outcomes and continue to provide value for money.

14.4.4 DHCW is responsible for ensuring that appropriate procedures exist in relation to all the grants and funding for which they are accountable. **They are also responsible for ensuring that any grant provided to an entity that engages in economic activity complies with the State aid rules.**

14.4.5 DHCW is required to undertake due diligence checks on all potential delivery organisations to determine the economic and financial viability of any organisation(s) to administer public funds, and the reliability of the organisation(s). These checks are important in order to identify any risks or issues that could expose DHCW to potential financial loss,

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 56 of 75

fraud or reputational damage. A proportionate level of due diligence should be carried out, both prior to the award of any grant funding and throughout the life of the award.

14.4.6 DHCW must enter into legally binding funding agreements with all delivery organisations. When developing funding agreements, DHCW should ensure principles of good practice available from a number of external sources are considered and reflected.

14.4.7 DHCW is responsible for ensuring that all third party delivery organisations comply with and adhere to the terms and conditions of the Funding Agreement.

15. PAY EXPENDITURE

15.1 Remuneration and Terms of Service Committee

- 15.1.1 In accordance with SOs the Board shall establish a Remuneration and Terms of Service Committee, with clearly defined terms of reference and operating arrangements that specify which posts fall within its area of responsibility. This Standing Financial Instruction should be read in conjunction with Standing Order 3.3.
- 15.1.2 The Committee shall report in writing to the Board the basis for its recommendations. The Board shall use the report as the basis for their decisions, but remain accountable for taking decisions on the remuneration and terms of service of Directors and other senior employees, in accordance with the framework set by the Welsh Ministers. Minutes of the Board's meetings should record such decisions.
- 15.1.3 The Board will after due consideration and amendment if appropriate approve proposals presented by the Chief Executive for the setting of remuneration and terms of service for those employees and officers not covered by the Committee.
- 15.1.4 DHCW will remunerate the Chair, Chief Executive, Executive Directors and Independent Members of the Board in accordance with instructions issued by the Welsh Ministers. Welsh Ministers approval will be required in the exceptional event that remuneration needs to be above the maximum of the salary band range, administratively this approval will be exercised by the Director General HSSG.
- 15.1.5 The Remuneration and Terms of Service Committee will consider cases of redundancy and Voluntary Early Release applications. The Remuneration and Terms of Service Committee will consider any novel employment and pay cases, such as compromise agreements and non-disclosure agreements, ensuring Welsh Government advice has been sought and considered.

15.2 Funded Establishment

- 15.2.1 The workforce plans incorporated within agreed plans will form the funded establishment, i.e., the budget for all approved posts. (The financial budgets (£) and workforce establishment budgets (budgeted whole time equivalents) as per SFI 6.1.1 h).
- 15.2.2 The funded establishment of any department may not be varied without the approval of the Chief Executive as set out in the Scheme of

Delegation contained within SO's.

15.3 Staff Appointments

15.3.1 Staff must only be engaged by authorised managers, in accordance with the Board's Scheme of Delegation. The engagement must be within the approved budget and funded establishment.

15.3.2 No Board member or DHCW official may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration outside the limit of their approved budget and funded establishment unless authorised to do so by the Chief Executive.

15.4 Pay Rates and Terms and Conditions

15.4.1 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, condition of service, etc, for employees in accordance with pay, terms and conditions set out in contractual arrangements in Ministerial directions on Agenda for Change and Medical and Dental pay, and any staff with pre-existing terms and conditions of service, following a TUPE transfer into employment or ad hoc salaried staff.

15.4.2 The Remuneration Committee will determine pay rates and conditions of services for board members, and other senior employees, in accordance with ministerial instructions.

15.5 Payroll

15.5.1 The Executive Director with responsibility for workforce and organisational development, has responsibility for securing an efficient, well-controlled payroll service from NHS Wales Shared Services Partnership (NWSSP) that:

- pays the correct staff with the correct amount
- all payments are supported by properly authorised documentation

15.5.2 The Executive Director with responsibility for workforce and organisational development is responsible for:

- a) The control framework and detailed procedures are in place to:
 - To ensure all payments comply with HMRC, Pensions Agency and other regulation in relation to the deduction and payment of tax, national insurance, pension or other payments.
 - reduce the risk of fraud and error within the payroll function

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 59 of 75

- b) Specifying timetables for submission of properly authorised time records and other notifications;
- c) The final determination of pay and allowances including verification that the rate of pay and relevant conditions of service are in accordance with current agreements;
- d) Agreeing the timing and method of payment with the payroll service;
- e) Authorising the release of payroll data where in accordance with the provisions of the Data Protection Legislation;
- f) Verification and documentation of data;
- g) The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- h) Maintenance of subsidiary records for superannuation, income tax, social security and other authorised deductions from pay;
- i) Security and confidentiality of payroll information;
- j) Checks to be applied to completed payroll before and after payment;
- k) A system to ensure the recovery from those leaving the employment of DHCW of sums of money and property due by them to DHCW.

15.5.3 The Chief Executive is responsible for:

- a) Ensuring that arrangements for a payroll service from NWSSP is supported by appropriate Service Level Agreements, terms and conditions, adequate internal controls and internal audit review procedures;
- b) Ensuring a sound system of internal control and audit review of any internally provided payroll service;
- c) Maintenance and/or the authorisation of regular and independent reconciliation of pay control accounts.

15.5.4 Appropriately nominated managers have delegated responsibility for:

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 60 of 75

- a) Submitting time records, and other notifications in accordance with agreed timetables;
- b) Completing time records and other notifications in accordance with the Service Level Agreements; and
- c) Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfil obligations in circumstances that suggest they have left without notice, the Executive Director with responsibility for workforce and organisational development and/or Chief Executive must be informed immediately. In circumstances where fraud is suspected, this must be reported to the Director of Finance.

15.6 Contracts of Employment

15.6.1 The Executive Director with responsibility for workforce and organisational development must:

- a) Ensure that all employees are issued with a Contract of Employment in a form approved by the Board and which complies with employment legislation; and
- b) Deal with variations to, or termination of, contracts of employment.

16. CAPITAL PLAN, CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

16.1 Capital Plan

- 16.1.1 Capital plans, and annual capital programmes, must be approved by the Board before the commencement of a financial year and should be in line with the objectives set out in the approved Plan for the organisation. The capital plan and programmes must be delivered within Welsh Government capital finance resource limits.
- 16.1.2 The Executive Director with responsibility for workforce and organisational development will develop a capital plan, and detailed capital programme, for the organisation that sets out a detailed capital investment plan to support the objectives set out in the Plan. The capital programme must be affordable and within the capital allocations, as set out in the Welsh Government (WG) Capital Resource Limit for the year, and the DHCW must not exceed the allocation resource limit. There must be an approved revenue funding plan in place to support any revenue costs associated with the capital plan. Regular updates must be provided to the Board, and relevant Board Committees, during the financial year.
- 16.1.3 The Board must approve a Capital Plan, and an annual Capital Programme.

16.2 Capital Investment Decisions

- 16.2.1 Robust business case and capital investment appraisal must be undertaken prior to formal submission to Welsh Government, the level of detail within the appraisal commensurate with the value and risk of the investment. Capital investment decisions should be undertaken in line with Welsh Government requirements and guidance for the development of business cases as set out in
- NHS Wales Infrastructure Investment Guidance (Welsh Health Circular WHC (2018) 043)
<https://gov.wales/nhs-wales-infrastructure-investment-guidance>
 - Better business cases: investment decision-making framework
<https://gov.wales/better-business-cases-investment-decision-making-framework>
- 16.2.2 The Director of Finance must provide a professional opinion on the financial elements of the business case. Capital investment decisions will be taken by the organisation in line with the financial thresholds specified by Welsh Government and in the DHCWs Scheme of

Delegation.

16.3 Capital Projects

16.3.1 The Chief Executive shall ensure that any capital investment above the Welsh Ministers' delegated limit is not undertaken without approval of the Welsh Ministers and that confirmation of capital resources has been received.

16.3.2 When capital investment decisions are taken and a Capital Programme approved the Project cannot be initiated until the authority to commit expenditure is formally delegated to a manager, in line with the organisation's Scheme of Delegation. The capital project must then be procured in line with normal procurement procedures or the Designed for Life or other approved procurement framework and in line with Welsh Government requirements and guidance. Management control and financial reporting systems must be established to ensure that the project is:

- delivered on time
- on budget
- within contractual obligations.

16.3.3 Project management controls and financial reporting systems must be established to ensure these objectives are met. Reporting requirements to Welsh Government will be set out in the approval letter provided post Ministerial approval.

16.3.4 Regular updates must be provided to the Board, and relevant Board Committees, during the financial year

16.4 Capital Procedures and Responsibilities

16.4.1 The Chief Executive:

- a) Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon plans;
- b) Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- c) Shall ensure that any capital investment above the Welsh Ministers' delegated limit (i.e. other than discretionary capital) is not undertaken without approval of the Welsh Ministers and that confirmation of capital resources has been received;

- d) Shall ensure that the Capital Plan, and detailed annual capital programme is approved by the Board, as part of the Plan, prior to the commencement of the financial year;
- e) Shall ensure the availability of resources to finance all revenue consequences of the investment, including capital charges; and
- f) Shall ensure that any 3rd party use of NHS estate is properly controlled, reimbursed and reported. This will include ensuring that appropriate security, insurance and indemnity arrangements are in place and that there is a written agreement as to each party's responsibilities and liabilities.

16.4.2 For every capital expenditure proposal the Chief Executive shall ensure:

- a) That a business case is produced in line with Welsh Ministers' guidance and where appropriate the 5-case Model;
- b) That the Director of Finance has sought appropriate professional advice from DHCW and external agencies in the preparation of capital expenditure costs, and on that basis professionally certifies the capital costs and revenue consequences detailed in the business case.

16.4.3 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management in accordance with the Welsh Ministers' guidance.

16.4.4 The approval of a capital programme by DHCW Board shall not constitute approval for the initiation of expenditure on any scheme.

16.4.5 The Chief Executive shall issue to the manager responsible for any scheme:

- a) Specific authority to commit expenditure;
- b) Authority to proceed to tender;
- c) Approval to accept a successful tender.

16.4.6 The Chief Executive will issue a scheme of delegation for capital investment management in accordance with the Welsh Ministers' guidance and DHCW's SOs.

16.4.7 The Executive Director with responsibility for Planning and Director of Finance shall issue detailed procedures governing the project, financial and contractual management, including variations to contract, of capital investment projects and valuation for accounting purposes. These procedures shall fully take into account the requirements and delegated limits for capital schemes set out in Welsh Ministers' guidance and approval letters. The Director of Finance shall issue procedures for the regular reporting of expenditure and commitment against authorised expenditure – and where applicable, provide returns to the Welsh Government.

16.5 Capital Financing with the Private Sector

16.5.1 DHCW must not enter into any new capital financing arrangements with the private sector, including Private Financing Initiatives, Mutual Investment Model and 3rd Party Developments, without the consent of the Welsh Ministers.

16.6 Asset Registers

16.6.1 The Chief Executive is responsible for the maintenance of registers of assets, taking account of the advice of the Executive Director with responsibility for Planning and Director of Finance concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted periodically.

16.6.2 DHCW shall maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be in accordance with the Welsh Ministers' guidance and to satisfy the financial disclosure requirements for the Annual Accounts.

16.6.3 Additions to the fixed asset register must be clearly identified to the operational or departmental manager or delegated budget holder and be validated by reference to appropriate documentation to provide evidence of the financial value recorded, including:

- a) Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- b) Stores, requisitions and wages records for own materials and labour including appropriate overheads; and
- c) Lease agreements in respect of assets held under a finance lease

and included on DHCW's balance sheet.

16.6.4 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate). Disposal receipts are to be treated in accordance with the Welsh Ministers' guidance.

16.6.5 The Director of Finance shall apply accounting policies for fixed assets in line with Welsh Government guidance and accounting standards and values recorded in the asset register, including depreciation and revaluations. The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

16.6.6 The value, and depreciation, of each asset shall be considered annually in accordance with valuation guidance and methods specified by the Welsh Ministers. Assets should be considered for early revaluation where there is the likelihood of impairment as a result in a change of valuation or asset life.

16.7 Security of Assets

16.7.1 The overall control of fixed assets is the responsibility of the Chief Executive.

16.7.2 Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Director of Finance. This procedure shall make provision for:

- a) Recording managerial responsibility for each asset;
- b) Identification of additions and disposals;
- c) Identification of all repairs and maintenance expenses;
- d) Physical security of assets;
- e) Regular verification of the existence of, condition of, and title to, assets recorded;
- f) Identification and reporting of all costs associated with the retention of an asset; and
- g) Reporting, recording and safekeeping of cash, cheques, and

negotiable instruments.

16.7.3 All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Director of Planning and Director of Finance.

16.7.4 Whilst individual officers have a responsibility for the security of property of DHCW, it is the responsibility of Board members and senior DHCW officers in all disciplines to apply such appropriate routine security practices in relation to NHS property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

16.7.5 Any damage to DHCW's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and DHCW officers in accordance with the procedure for reporting losses.

16.7.6 Where practical, assets should be marked as DHCW property.

17 STORES AND RECEIPT OF GOODS

17.1 General position

17.1.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- a) Kept to a minimum;
- b) Subjected to annual stock take;
- c) Valued at the lower of cost and net realisable value.

17.2 Control of Stores, Stocktaking, condemnations and disposal

17.2.1 Subject to the responsibility of the Director of Finance for the systems of financial control, overall responsibility for the control of stores shall be delegated to a senior officer by the Chief Executive. The day-to-day responsibility may be delegated by them to departmental officers/managers and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance. The control of any fuel oil and coal of a designated estates manager.

17.2.2 The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as health service property.

17.2.3 The Director of Finance is responsible for developing financial control systems and procedures for the regulation and operation of the stores, to include the accounting arrangements for receipt, issues, and returns of goods to stores and losses.

17.2.4 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year.

17.2.5 Where a complete system of controlled stores is not justified, alternative stores arrangements shall require the approval of the Director of Finance.

17.2.6 The designated officer/manager shall be responsible for a system approved by the Director of Finance for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated officer/manager shall report to the Director of Finance any evidence of significant overstocking and of

any negligence or malpractice (see also overlap with SFI 18, Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

17.3 Goods supplied by an NHS supplies agency

17.3.1 For goods supplied via NWSSP – Procurement Services or any other NHS purchasing and supplies agency central warehouses, the Chief Executive shall identify those authorised to requisition and accept goods from the store. The authorised person shall check receipt against the delivery note before forwarding this to the Director of Finance or authorised officer who shall satisfy himself that the goods have been received before accepting the recharge.

18. DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

18.1 Disposals and Condemnations

18.1.1 The Director of Finance must prepare detailed procedures for the disposal of assets and goods, including condemnations, and ensure that these are notified to managers.

18.1.2 When it is decided to dispose of a DHCW asset and goods, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.

18.1.3 All unserviceable assets and goods shall be:

- a) Condemned or otherwise disposed of by an officer, the Condemning Officer, authorised for that purpose by the Director of Finance;
- b) Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the asset and goods are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second officer authorised for the purpose by the Director of Finance.

18.1.4 The Condemning Officer shall satisfy themselves as to whether or not there is evidence of negligence in use and shall report any such evidence to the Director of Finance who will take the appropriate action.

18.2 Losses and Special Payments

18.2.1 Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for NHS Wales or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments, and special notation in the accounts to draw them to the attention of the Welsh Government.

18.2.2 The Director of Finance is responsible for ensuring procedural instructions on the recording of and accounting for losses and special payments are in place; and that all losses or special payments cases are properly managed in accordance with the guidance set out in the Welsh Government's Manual for Accounts.

- 18.2.3 Any officer discovering or suspecting a loss of any kind must either immediately inform their head of department, who must immediately inform the Chief Executive and/or the Director of Finance or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Director of Finance and/or the Chief Executive.
- 18.2.4 Where a criminal offence is suspected, the Director of Finance must immediately inform the police if theft or arson is involved. In cases of fraud and corruption or of anomalies which may indicate fraud or corruption, the Director of Finance must inform the Local Counter Fraud Specialist (LCFS) and the CFS Wales Team accordance with Directions issued by the Welsh Ministers on fraud and corruption.
- 18.2.5 The Director of Finance or the LCFS must notify the Audit & Assurance Committee, the Auditor General's representative and the fraud liaison officer within the Welsh Government's Health and Social Services Group Finance Directorate of all frauds.
- 18.2.6 For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Director of Finance must notify:
- a) The Audit & Assurance Committee on behalf of the Board, and
 - b) An Auditor General's representative.
- 18.2.7 The Director of Finance shall be authorised to take any necessary steps to safeguard DHCW's interests in bankruptcies and company liquidations.
- 18.2.8 The Director of Finance shall ensure all financial aspects of losses and special payments cases are properly registered and maintained on the centralised Losses and Special Payments Register and that 'case write-off' action is recorded on the system (i.e. case closure date, case status, etc.).
- 18.2.9 The Audit Committee shall approve the writing-off of losses or the making of special payments within delegated limits determined by the Welsh Ministers and as set out by Welsh Government in its Losses and Special Payments guidance as detailed in Schedule 3 of the SOs.
- 18.2.10 For any loss or special payments, the Director of Finance should consider whether any reimbursement claim could be made from the Welsh Risk Pool or from other commercial insurance arrangements.

- 18.2.11 No losses or special payments exceeding delegated limits shall be authorised or made without the prior approval of the Health and Social Services Group Director of Finance.
- 18.2.12 All novel, contentious and repercussive cases must be referred to the Welsh Government's Health and Social Services Group – Finance Directorate, irrespective of the delegated limit.
- 18.2.13 The Director of Finance shall ensure all losses and special payments are reported to the Audit & Assurance Committee at every meeting.
- 18.2.14 DHCW must obtain the Health and Social Services Group Director General's approval for special severance payments.

19. DIGITAL, DATA and TECHNOLOGY

19.1 Digital Data and Technology Strategy

19.1.1 The Board shall approve a Digital Data and Technology Strategy which sets out the development needs of DHCW for the medium term based on an appropriate assessment of risk. The agreed plans shall include costed implementation plans of the strategy. The Board shall also ensure that a Director has responsibility for Digital Data and Technology.

19.1.2 DHCW shall publish and maintain a Freedom of Information (FOI) Publication Scheme, or adopt a model Publication Scheme approved by the Information Commissioner. A Publication Scheme is a complete guide to the information routinely published by a public authority. It describes the classes or types of information about DHCW that are made publicly available.

19.2 Responsibilities and duties of the responsible Director

19.2.1 The responsible Director for Digital Data and Technology has responsibility for the accuracy, availability and security of DHCW digital systems and data and shall:

- a) Devise and implement any necessary procedures to ensure adequate (reasonable) protection and availability of DHCW's digital systems and data for which they are responsible from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Network and Information Systems Regulations 2018, UK General Data Protection Regulations and any relevant domestic law considerations via the Data Protection Act 2018;
- b) Ensure that, following risk assessment of threats, adequate (reasonable) controls exist over access to systems, data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system;
- c) Ensure that an adequate management (audit) trail is maintained of access to digital systems and data and that such audit reviews as the Director may consider necessary to meet the organisational requirements under the NIS-Regulations 2018 are being carried out.
- d) Shall ensure that policies, procedures and training arrangements

Model Standing Orders, Reservation and Delegation of Powers for DHCW
Schedule 2.1: Standing Financial Instructions

Status: Final Version 1
22 March 2021

Page 73 of 75

are in place to ensure compliance with information governance law and NIS-Regulations 2018.

- e) Shall ensure comprehensive incident reporting

19.3 Responsibilities and duties of the Director of Finance

19.3.1 The Director of Finance shall need to ensure that new financial data and systems and amendments to current financial data and systems are developed in a controlled manner and thoroughly tested prior to implementation and business as usual phases. Where this is undertaken by another organisation, assurances of adequacy must be obtained from them prior to implementation and business as usual phases.

19.4 Contracts for data and digital services with other health bodies or outside agencies

19.4.1 The responsible Director for Digital Data and Technology shall ensure that contracts for data and digital services for clinical, management and financial applications with another health organisation or any other agency shall clearly define the responsibility of all parties for

- the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage, and
- the availability of the service including the resilience required to maintain continuity of the service.

The contract should also ensure rights of access for audit purposes.

19.4.2 Where another health organisation or any other agency provides a data or digital service for clinical, management and financial applications, the responsible Director for Digital Data and Technology shall, to maintain the confidentiality, integrity and availability of the service provided, periodically seek assurances that adequate controls, based on risk assessment, are in operation.

19.5 Risk assurance

19.5.1 The responsible Director for Digital Data and Technology shall ensure that the risks to DHCW arising from the use of data, information and IT are effectively identified and considered and that appropriate action is taken to mitigate or control risk. This shall include the preparation and testing of appropriate resilience plans, including both a business continuity and disaster recovery plan.

20. RETENTION OF RECORDS

20.1 Responsibilities of the Chief Executive

20.1.1 The Chief Executive shall be responsible for maintaining archives for all records required to be retained in accordance with the Welsh Ministers' guidance, the General Data Protection Regulations and any relevant domestic law considerations via the Data Protection Act 2018 and the Freedom of Information Act 2000 (c.36).

20.1.2 The records held in archives shall be capable of retrieval by authorised persons.

21.1.3 Records held in accordance with regulation shall only be destroyed at the express instigation of the Chief Executive. Details shall be maintained of records so destroyed.

Grant Funding or Procurement?

Introduction

The purpose of this guidance is to give help in deciding when it is appropriate to progress the Welsh Government's business through competitive procurement procedures or grant funding support.

Procurement is the acquisition of goods and services from third party suppliers through tender arrangements under legally binding contractual terms, where all the conditions necessary to form a legally binding contract have been met.

Grant funding is made to bodies where the Welsh Government wishes to further its strategic policy objectives and external bodies are best placed to achieve the desired outcomes. All grants arrangements need specific statutory authority (e.g. Education Act 1996 educational service and research grants and grants under the Housing Grants, Construction and Regeneration Act 1996). The great majority are covered by cyclical grant funding where bids are invited from individuals or organisations.

This can, however, be a complex area, and in practice it may be difficult to decide whether procurement or grant funding is the most appropriate approach. If in doubt, advice should be sought from Value Wales or the Grants Centre of Excellence.

Where a situation is particularly complex and a decision to grant fund or procure cannot be reached, the Rapid Response Team has been established to support the decision process between grant and procurement.

The remainder of this guidance sets out key questions that need to be addressed in coming to a view.

Key Questions

Does the Welsh Government itself have the legal power to carry out the work needed to obtain the outcomes it wants i.e. the ability to employ staff to carry out the work directly?

If it does not have the statutory authority to undertake the work it is very unlikely that it would have the authority to acquire them under contractual arrangements. In these circumstances there is a presumption that the Welsh Government would pursue its objectives through grant funding other organisations or persons with a locus (e.g. local authorities or registered social landlords in respect of housing).

Are the goods, services or outcomes to be provided of direct benefit to the Welsh Government?

If the intention is to secure a direct service for the Welsh Government, either in terms of the supply of goods and services (e.g. office supplies; computer equipment or consultancy services) in direct furtherance of its functions or policy development; then there should be a presumption in favour of procurement. Research may well have a wider secondary interest or benefit, but the question of whether the research outcomes are primarily of direct benefit to the Welsh Government remains relevant.

Is there more than one source for the acquisition of goods; services and outcomes?

If so then again there should be a presumption in favour of competitive procurement as the most effective way of appraising the options available and achieving the best value for money. That said, procurement remains relevant in cases where there is only one option available (i.e. a sole supplier) when the Welsh Government wants full discretion in terms of the outcomes it requires and ownership of them.

What degree of control does the Welsh Government wish to exercise in achieving outcomes?

The more prescriptive the Welsh Government wishes to be in terms of specifying the service required or the outputs to be obtained, the greater the presumption there is for proceeding via procurement under a legally binding contract that clearly sets out our requirements and expectations. Procurement should ensure that intellectual copyright for the service outcomes remains with the Welsh Government (i.e. it will own them).

Is the Welsh Government proposing to provide all the funding relevant to the activity?

If so, then again the presumption is in favour of a procurement exercise. Grant funding usually covers only a part of the cost of a project or service, with funding also coming from other sources. This in turn means that other funders also have a stake in determining the direction and outcomes of the work.

Other Factors

Organisations in receipt of core funding

A number of organisations (such as an umbrella body in the voluntary sector) receive grant funding as a contribution towards their core costs such as staffing and accommodation. This does not mean that all activities such a body may be requested to undertake should be paid for through a grant. If the activity proposed is a direct service for which the Welsh Government is meeting all the cost then procurement procedures should apply. The same applies in the case of statutory bodies (e.g. the Welsh Joint Education

Grants Centre of Excellence

Delivering a Framework for Funding

Version 1

Committee). Their statutory status does not in itself exempt them from tendering for a service they may be able to provide. If there are potential alternative providers, procurement procedures should apply.

A change in circumstances

In a number of cases the Welsh Government has pursued its strategic objectives through the grant funding of non-Welsh Government organisations in order to fill an initial “gap in the market”. These organisations have provided managerial, consultancy and advisory functions to both the Welsh Government and wider sectorial interests within Wales. In cases such as this, careful consideration should be given when the initial grant term expires as to whether market conditions have changed. Alternative providers may have entered the market from which the service could be procured in open competition.

Summary of Sign-post Considerations

Sign-posts to Procurement

- The Welsh Government has power to undertake work and achieve outcomes itself;
- Outcomes primarily represent a direct service to the Welsh Government (although maybe also of wider interest) and owned by the Welsh Government;
- Availability of alternative providers;
- Whole cost of the service outcomes to be met;
- Desirability for full discretion over specification of service and outcomes.

Sign-posts to Grant Funding

- The Welsh Government does not have legal powers to undertake work relating to the required outcomes;
- Work not a direct service: it primarily furthers the specific objectives of a third party (although conducive to Welsh Government’s wider strategic objective);
- Proposal initiated by third party and not Welsh Government, or submitted in response to a request for bids under statutory grant funding powers;
- Only a proportion of the funding being provided by the Welsh Government;

- Ownership of outcomes rests with third party not the Welsh Government (although they may be adjusted in recognition of funding contribution).

PROCUREMENT PROCEDURE

This procedure is to ensure that all operational goods and services procured by DHCW are processed correctly

Document Version	1.0
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Status	Add Status
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Document author:	
Approved by	
Date approved:	
Review date:	

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STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE.....	6
6.1	Raising Requisitions	7
6.2	Payment for Goods/Services	7

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary

1.2 REVIEWERS

This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div>X</div> <div></div> <div>Author</div>

Approver's Name:	
Role:	
Signature:	<div>X</div> <div></div> <div>Approver</div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System/Forms

2 PURPOSE

It is the purpose of this procedure to outline the steps taken to ensure that all operational goods and services used by Digital Health and Care Wales (DHCW) in the provision of their services, are to specified requirements and subject to review. The procedure also details the method used to ensure that invoices are processed correctly.

3 SCOPE

This procedure shall apply to all Divisions of DHCW.

4 ROLES AND RESPONSIBILITIES

It is the responsibility of Corporate Services and other nominated Requisitioning Officers to ensure that all Requisitions are completed as per DHCW Financial Procedures. It is the responsibility of NHS Wales Shared Services Partnership (Procurement) to process any Requisitions completed by DHCW staff. Payment for goods/services is to be processed as per Financial Procedures of DHCW. The responsibility for authorising requisitions/orders/contracts and leases is contained within DHCW.

5 REFERENCES

DOCUMENT	VERSION
Service Point	Live
Oracle	Live
Request for New Creditor Number forms	Current
Cost Centre/Codes List	Current
Completed Orders File	Current
Supplier Performance Records	Current
DHCW Standing Orders and Standing Financial Instructions	Current
Approved Supplier List	Current
DHCW Asset Register	Current
DHCW Requisition Request Form	Current

6 PROCEDURE

A Procurement Approval Form (PAF) is to be utilised across DHCW for all new procurements, contract renewals and contract extensions over the competitive quotation threshold i.e. £5,000 plus VAT. This needs to be authorised by the budget holder and the Director of Digital Health and Care Wales. Contracts for the supply of goods and services with a value of over £5,000 will be arranged through a tendering process and periodically re-tested.

The following limits apply:

- **£5,000 (excluding VAT) – Quotations**

- **£25,000 (excluding VAT) – Tenders**
- **£106,047 (excluding VAT) – Will be required to be EC advertised**

Split Tendering / ordering is not permitted. All tender documents must be passed to NHS Wales Shared Services Partnership (Procurement) to be issued to the relevant companies. Tenders that exceed the European Union (EU) threshold will need to be pursued through the appropriate procedure set out for E.U. tendering.

If quotes/tenders are not available i.e. only one supplier is identified, a Single Tender Action Form must be completed. This needs to be authorised by the Director of DHCW prior to submission for approval by the DHCW Director of Finance. All Single Tender Actions are reported to DHCW Audit Committee.

6.1 Raising Requisitions

When equipment/services are requested, a Requisition Request Form is required. This ensures that the budget holder is aware of the intended purchase. Once the form has been completed, it should be forwarded to nwis.requisition.requests@wales.nhs.uk, attached as a caller file within the service point call, or forwarded to local nominated department requisitioners. Requisitioners will not process any orders without a completed form.

- 6.1.1 The requisition will then be submitted to the budget holder for approval. Once approved, the requisition will be forwarded to NHS Wales Shared Services Partnership (Procurement).
- 6.1.2 When a completed requisition is received by NHS Wales Shared Services Partnership (Procurement), all details are checked for accuracy before an order is processed.
- 6.1.3 Stationery orders are processed in the same way. Corporate Services maintain a stock of stationery which is available to all teams; additional orders are placed when necessary.
- 6.1.4 Once the order has been printed, the order will be sent directly to the supplier, either by fax, e-mail or post and a copy of the order will be filed with the Finance Officer. When goods are delivered, DHCW Reception / Corporate Services will inform the department for collection of the items and to sign the delivery/dispatch note and, if need be, they will be entered onto the Asset Register, where required. Other items will be forwarded to the relevant department who on receipt and checking of the goods, will sign the delivery/dispatch note(s), which will then be matched up with the order number. The delivery note will then be matched via Oracle to enable DHCW to pay the invoice(s). The delivery notes are filed in reception.

6.2 Payment for Goods/Services

Invoices for orders received must be passed for payment, additionally in some cases payment must be made to suppliers for goods and services provided which have not been ordered using the order system described above. This method should only be used when using suppliers who provide a regular service or when using companies with whom the Authority has a contract.

- 6.2.1 All invoices are sent directly to NWSSP for payment. Any invoices received which have not had an order raised will be sent to the Finance team for distribution to the individual

departments, for the invoice to be checked and then authorised by their Budget Holder. The following should be annotated on the invoice:

- Financial Codes using the Cost Centre/Codes list
- Order Number if applicable
- Date
- Signature of the Budget Holder

The invoice should be sent to the Finance Team who will arrange with NWSSP for payment.

6.2.2 Payment details are entered onto Oracle by NWSSP.

RECOVERY OF PAYROLL OVERPAYMENTS

This procedure details how payroll overpayments made to staff should be addressed

Document Version	1.0
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Status	Add Status
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Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.2021
Review date:	31.3.2022

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL	No, there are no specific legal implications related to the activity outlined in this report.

IMPLICATIONS/IMPACT	
FINANCIAL IMPLICATION/IMPACT	No, there are no specific financial implication related to the activity outlined in this report
WORKFORCE IMPLICATION/IMPACT	No, there is no direct impact on resources as a result of the activity outlined in this report.
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	6
2	PURPOSE	6
3	SCOPE & PRINCIPLES	6
3.1	Principles	6
3.2	Scope.....	7
4	ROLES AND RESPONSIBILITIES.....	8
4.1	DHCW Staff	8
4.2	Managers.....	8
4.3	Payroll Department.....	9
4.4	Workforce and Organisational Development (OD) Department	9
4.5	Financial Accounting Team	10
5	REFERENCES	10
6	PROCEDURE.....	10
6.1	Prevention.....	10
6.2	Recovery procedure	11
6.3	Additional Requirements.....	14
6.4	Implementation and Policy Compliance.....	14
6.5	Debt Recovery Procedure	14
6.6	Write Off.....	15
7	Getting Help.....	16
7.1	16	
8	ATTACHMENTS.....	16
8.1	Appendix 1 - Letter from Payroll Department advising Manager of Overpayment made to Existing Employee	16
8.2	Appendix 2 - Letter to Current Employee Advising of Overpayment	17
8.3	Appendix 3 - Letter to Current Employee following no Response to Previous Letter (appendix 2).....	18
8.4	Appendix 4 - Letter Advising Manager of Overpayment to an Ex-Employee.....	19
8.5	Appendix 5 - Letter Advising Ex-Employee of Overpayment.....	20

8.6 Appendix 7 – Examples21

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary

1.2 REVIEWERS

This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author’s Name:	
Role:	
Signature:	<div>X</div> <div></div> <div>Author</div>

Approver’s Name:	
Role:	
Signature:	<div>X</div> <div></div> <div>Approver</div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/System Management

2 PURPOSE

The control objectives of this financial control procedure are as follows:

- To ensure that all debts owing to DHCW as a result of salary overpayments are identified, recorded and pursued for recovery.
- To ensure that all DHCW employees / ex-employees are treated fairly and that a consistent approach is adopted when dealing with the recovery of overpayments.
- To ensure that all DHCW employees understand their responsibilities in relation to salary payments.

3 SCOPE & PRINCIPLES

3.1 Principles

3.1.1

DHCW's overriding aim in paying its staff is to make payment promptly and accurately. However, there will be occasions where for various reasons this may not have been possible. This could result in both over- and underpayments to staff. This policy relates solely to situations where members of staff have been overpaid.

3.1.2

The purpose of this policy is to ensure that all monies due to DHCW are recovered on a timely basis from the member of staff or ex-employee of DHCW.

3.1.3

The principal purpose of DHCW's payroll systems and procedures is to ensure that employees are paid the correct amount at all times, however, on occasion this may not be the case.

3.1.4

Incorrect payments could result in either an over- or underpayment to an employee and it is DHCW's aim to deal with both in a timely and efficient manner. This policy is focused on those situations where overpayments have occurred.

3.1.5

DHCW has a legal right to recover any overpayment where it arose from a mistake of fact. Whatever monies are to be recovered, DHCW will aim to do so in a fair and reasonable manner. These payments are made in

good faith and are deemed to be correct at the time of issue. Mistakes of fact are where the payment was inconsistent with the facts (e.g. through clerical error, computer input, or procedural errors). Money paid out under a mistake of fact is recoverable by law.

3.1.6

This policy takes into account The Employment Rights Act 1996, section 13 which states that one of three conditions has to be met for the employer to lawfully make deductions from an employee's salary. These are that the deduction is either:

- Required or authorised by statute
- Authorised by a relevant provision of the contract of employment and the employee has received a copy of the contract and/or employment letter, prior to the deduction being made or
- Prior permission in writing has been given by the employee before the deduction is made

3.1.7

The Employment Rights Act 1996 however, also states in section 14, that section 13 does not apply in the situation where an employer makes a deduction from an employee's wages to recover an overpayment of wages, which was made by the employer to the employee, for any reason unless:

The employer has led the employee to believe that the money was rightfully his, and the employee relies on spending the money or entering a financial commitment, and the overpayment was not the worker's fault

3.1.8

In accordance with this policy statement and Welsh Government guidance, DHCW must pursue the recovery of all amounts due to it as a result of an overpayment.

3.1.9

DHCW must ensure that all DHCW employees / ex-employees are treated fairly.

3.1.10

All debts must be recorded by DHCW regardless of whether an agreement of repayment has been reached with the debtor.

3.1.11

DHCW will ensure a consistent approach in line with the provisions of the policy is taken when dealing with recovery of an overpayment.

3.2 Scope

3.2.1

The policy will apply to all DHCW staff, currently or previously employed, including staff on Honorary Contracts.

4 ROLES AND RESPONSIBILITIES

4.1 DHCW Staff

4.1.1

It is the responsibility of all DHCW staff to ensure that they receive and then check their paper or on-line pay-slips to confirm that they are being paid correctly and at the correct rate/pay band.

4.1.2

On checking the paper payslip, or viewing it on-line, where an individual identifies that he/she has been or may have been overpaid, then he/she has a duty to contact DHCW and inform the Payroll Department and their Line Manager of the possible overpayment.

4.1.3

When dealing with the request for repayment of outstanding monies, a claim of ignorance, by the member of staff, in that he/she did not receive or check any pay-slip, whether provided on paper or made available on line, will not be accepted in its own right as a reason for not repaying DHCW.

4.1.4

Staff should also be aware that the salary payment received each month on the 21st (or working day prior to the 21st if that falls on a weekend / bank holiday) is in respect of salary for the whole of that month. For example - salary paid on 21st April is for the period worked 1st – 30th April (not for the period 21st March until 20th April). Staff leaving the employment of DHCW, between 21st – 30th of the month, may receive an overpayment if the processes to terminate their employment are not actioned prior to the processing of that month's pay which is undertaken during the first week of the month. They should therefore be extra vigilant in checking any final payslip received by DHCW and raising any queries immediately.

4.2 Managers

4.2.1

It is the responsibility of all Managers to process the appropriate pay related documentation promptly, to meet payroll deadlines. They should also ensure that all Timesheets, Termination Forms, Staff Changes Forms, On-call claim forms and/or expense forms have been completed appropriately and relevant information entered onto the Electronic Staff Record (ESR) system as soon as possible. Such documentation should be appropriately verified and authorised. As monthly salary payments are prepared by the Payroll Department during the first week of the month, any delay in a Manager processing changes or terminations could result in an overpayment to a member of staff.

4.2.2

The Line Manager will also co-ordinate the recovery of overpayments by supporting the Payroll Department with explanations of overpayments and in the first instance discussing the repayment requirements with the employee.

4.2.3

Repayment plans should be agreed between the employee and their line manager within a month of them becoming aware of the overpayment. The line manager should notify the Payroll Manager and the Head of Financial Accounting of the basis of the agreement in order that the appropriate charges can be made.

4.2.4

Any decision to write off a debt should only be made in exceptional circumstances and on an individual case of need basis. Any write off will be authorised and actioned as detailed in DHCW Standing Orders and Standing Financial Instructions.

Payroll Department

4.3 Payroll Department

4.3.1

The Payroll Department within NHS Wales Shared Services Partnership (NWSSP) will manage any deductions from salary for the recovery of payroll overpayments. The Payroll Department will maintain an accurate log of all overpayments, providing information to the Line Manager and the employee or ex-employee.

4.3.2

The Payroll Department will also provide general guidance on how pay information is displayed on a payslip, to assist staff in checking and/or understanding the entries on their payslip.

4.3.3

The calculation of any overpayment identified must be taken from the originating date of the overpayment and not the date that it was identified.

4.3.4

Where Payroll have identified that an employee or former employee would have reasonably known that an overpayment has occurred, and no agreement can be achieved with respect to repayment the case may be referred to DHCW's Nominated Local Counter Fraud Specialist for advice. It may also be referred to DHCW's debt collection agency to pursue the debt on behalf of DHCW.

4.4 Workforce and Organisational Development (OD) Department

4.4.1

The Workforce and OD department will assist the Payroll Department and Line Managers, by providing advice and support in the event of any dispute.

4.5 Financial Accounting Team

4.5.1

DHCW's Financial Accounting team will take responsibility for recording the debt in DHCW's Financial Accounting and provide the relevant invoices to the member of staff. The Financial Accounting team will also liaise with any debt collection agency if required.

5 REFERENCES

DOCUMENT	VERSION
DHCW Standing Orders & Standing Financial Instructions	Current
SOP-FA-008 Accounts Receivable	Current
Counter Fraud Procedure	Current

6 PROCEDURE

6.1 Prevention

6.1.1

It is important to reduce the possibilities for the overpayments occurring in the first instance. The main reason for overpayments occurring within DHCW is the late notification of information to the Payroll Department, i.e. late termination or changes of circumstances after the effective date.

6.1.2

The payroll department calculate the salary payable during the first week of each month and therefore any changes made after that time will not impact on the next salary payment made.

6.1.3

The responsibility for the supply and action of such information lies with the employee's Manager/Supervisor. It is, therefore, of the utmost importance that the completed documentation is received in the appropriate department or input onto the ESR system in ample time for action to ensure that overpayments do not arise.

6.1.4

Preventative measures are:

- Termination Information – should be notified to payroll.terminations@wales.nhs.uk or entered onto ESR as soon as the termination date of the employee is known. Usually this would be when the employee hands in their resignation to their manager. This should not be delayed until the last working day of the employee.
- Changes Information – should be completed in paper form or entered onto ESR as soon as

that change is known. This should be actioned by the line manager on or before the date the employee works to the changed terms and conditions.

6.2 Recovery procedure

6.2.1

The Payroll Department will, in the following pay period, automatically deduct in full any overpayment that is identified before, on or 1 day after the stated pay day. The individual will be notified, by telephone and in writing of any deduction together with a brief explanation of how the overpayment occurred. In the case of an employee, the person's Line Manager will also be advised of the overpayment by letter (see Appendix 1).

For Current Employees:

6.2.2

Where an overpayment of salary is identified by DHCW, after the stated pay day, a letter (see Appendix 2) will be sent to the employee/individual by the Payroll Manager detailing:

- How the overpayment occurred;
- A breakdown of the overpayment, including an explanation of the error;
- Suggested repayment period and amount; and
- Deadline for the response, and who the individual should contact.

6.2.3

The Payroll Manager will send a copy of the letter to the employee's manager and the Financial Accounting team. The Financial Accounting team will then raise an invoice to record the debt in DHCW's accounts.

6.2.4

The employee can request all documentation relating to the alleged overpayment, and further explanation from the Payroll Department or their Line Manager.

6.2.5

In cases, where an employee receives a payment for any arrears and therefore would not be expected to be able to calculate the final amount due, and any overpayment that arose, as a result, would be dealt with by letter from the Payroll Manager as with any normal overpayment of salary and not immediately deducted.

6.2.6

Should no communication be received from the employee within 14 days of the initial correspondence, a second reminder letter (see Appendix 3) will be sent to the individual from the Payroll Department, stating that DHCW will commence deductions as outlined in their previous letter.

6.2.7

Once the employee has agreed a repayment plan, or no response has been received following the second

reminder letter, the Payroll Department will commence deductions from the next pay period. **Repayments should normally be made in one single payment. However, this may be extended to a maximum period to not exceed the original overpayment period.**

6.2.8

Where the employee has responded to the letters and no agreement can be reached, then a meeting must be arranged to take place between the employee, his/her/their Line Manager, a representative from the Workforce and OD team, together with the Payroll Manager or nominated deputy.

6.2.9

The employee will have the right to be accompanied at this meeting by a Staff Representative or a friend/colleague, not acting in a legal capacity. In accordance with this, the contract of employment and Section 14 of The Employment Rights Act 1996, the Financial Accounting team will not action any collection process until this meeting has taken place, and the outcome known.

6.2.10

The Payroll Manager will advise the Financial Accounting team that the meeting has taken place and the outcome of the meeting.

6.2.11

The invoice detailing the amount owed to DHCW, plus any relevant backing documents detailing how the overpayment occurred, must be given to the employee prior to any such meeting taking place.

6.2.12

Where there is no response or no agreement has been reached with an employee, then the debt may be considered pursuable in accordance with DHCW's Debt Recovery Procedure, which is attached at Appendix 6. This decision will be made by the Director of Finance on the recommendation of the Head of Financial Accounting.

For Ex-Employees:

6.2.13

Where an overpayment is made to an ex-employee of DHCW, a letter (see appendix 4) will be sent to the line manager notifying them of the overpayment.

6.2.14

A letter (see appendix 5) will then be sent to the individual detailing:

- How the overpayment occurred;
- A breakdown of the overpayment, including an explanation of the error;
- How to make payment; and
- Who to contact with any queries.

6.2.15

The Payroll Manager will send a copy of the letter to the employee's manager and the Financial Accounting team. The Financial Accounting team will then raise an invoice to record the debt in DHCW's accounts.

6.2.16

The individual can request all documentation relating to the alleged overpayment, and further explanation from the Payroll Department or their previous line manager.

6.2.17

If the payment is not forthcoming the debt will be pursuable in accordance with DHCW's Debt Recovery Procedure.

6.2.18

In the case of current or ex-employees, if the overpayment case has been referred to DHCW's Nominated Local Counter Fraud Specialist for further investigation into the circumstances surrounding the overpayment, then the individual concerned will be informed, in writing by the Payroll Manager. The letter will include reference to the fact that by receiving and retaining money from the overpayment, that he/she was not entitled to and also that he/she had made no effort to contact DHCW to stop the payments being made or notify DHCW of the overpayment, it therefore being considered that he/she may have committed criminal offences contrary to the Theft Act 1968. However, if the credit to the account was then found to have been as a result of a deception or fraud, the appropriate charge would be found under the Fraud Act 2006.

6.2.19

In such circumstances where it is subsequently proven that prima facie evidence of fraud exists, DHCW is within its rights to demand payment in full of monies owed.

6.2.20

The 1968 Theft Act says ***"A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it"***.

6.2.21

It goes on to say ***"A person is guilty of an offence if - (a) a wrongful credit has been made to an account kept by him or in respect of which he has any right or interest; (b) he knows or believes that the credit is wrongful; and (c) he dishonestly fails to take such steps as are reasonable in the circumstances to secure that the credit is cancelled."***

6.2.22

Examples of cases and their outcomes are detailed in Appendix 7.

6.3 Additional Requirements

6.3.1

All correspondence in relation to salary overpayments must be retained by the Payroll Manager and if an official DHCW invoice has been raised, then copies of any correspondence relating to the outstanding debt must be retained by all departments (i.e. Payroll Services, Financial Accounting team and line manager) in strict chronological order.

6.3.2

Where an individual who has been overpaid terminates employment, then the matter must be referred immediately to the Financial Accounting team, by the Payroll Manager, to ensure that all outstanding debts are recovered, in full, in accordance with the process set out in this policy.

6.3.3 All outstanding salary overpayments are included in a monthly aged debt report prepared by the Financial Accounting team and circulated to DHCW Finance Managers.

6.4 Implementation and Policy Compliance

6.4.1

DHCW reserves the right to take appropriate disciplinary action up to and including termination for non-compliance with this policy.

6.4.2

This policy will be maintained by the Head of Financial Accounting. Executive Directors and Managers need to be aware of their responsibilities for advising employees accountable to them of their responsibilities in connection with the policy.

6.5 Debt Recovery Procedure

6.5.1

The Financial Accounting team must raise an invoice in respect of any overpayment or amount owing to DHCW upon receipt of the relevant information from the Payroll Department.

The invoice detailing the amount owed to DHCW must be sent to the Debtor.

If the overpayment relates to a current employee then the account should be placed on hold until notification is received from the Payroll Department to continue with the Debt Recovery Procedure.

If the overpayment relates to an ex-employee, then the debt will be pursued by the Financial Accounting team under the Debt Recovery Procedure.

6.5.2

If the invoice remains outstanding at the end of the month following the month of invoice, then it will go forward to be included in the collection process, unless the Payroll Department have notified the AR team of any issues or repayment plans in place. A reminder letter will be sent by the AR team requesting payment and notifying the Debtor that if payment is not made within 14 days of the date of the letter the debt will be referred to DHCW's Debt Collection Agency.

6.5.3

Should the Debtor at any time query the invoice, dispute the charge, or promise to make payment, then the collection process must be put on hold until either the query or dispute has been resolved or payment has been made. If the payment has been promised, but not made then the collection process must be resumed.

It is imperative that all queries must be noted by the AR team in order to evidence discussions and agreements. All correspondence in relation to debts must be retained by the AR / Payroll Department.

6.5.4

If there has been no success in collecting the debt either by DHCW or the Debt Collection Agency, then consideration must be given to instigating court proceedings.

Recommendation for court action for current employees must be made in writing to the Financial Accounting team by the respective Departmental Manager or Director of Service.

If court proceedings are recommended then representatives from the employing department and/or the Payroll Department should accompany the Financial Accounting team representative to court to support the case.

6.5.5

If on termination of employment with DHCW, there remains an outstanding balance on the debt and it has previously been partly recovered by payroll deduction the Financial Accounting team will contact the Debtor to arrange continuation of the deductions by Standing Order.

6.6 Write Off

6.6.1

If attempts to collect the debt either by DHCW or the Debt Collection Agency are unsuccessful and Court Action is not feasible or has failed, then a proposal should be prepared to request write off of the debt.

6.6.2

Recommendations for the write off of debts must be made by Senior Departmental staff.

6.6.3

Requests to write off debts will be considered and actioned in line with DHCW's Standing Orders and Standing Financial Instructions.

7 Getting Help

7.1

Queries relating to this policy should be directed to the Head of Financial Accounting.

8 ATTACHMENTS

8.1 Appendix 1 - Letter from Payroll Department advising Manager of Overpayment made to Existing Employee

4th Floor
Companies House
Crown Way
Cardiff
CF14 3UB

[Date]

Enquiries to: [Name of Payroll Officer]

Direct Line: [Tel number]

[Name of Line Manager]

[Contact details of Line Manager]

Dear [Name of Line Manager]

Ref: [Name of Employee & Payroll Number]

I wish to advise you that due to late notification of a reduction in hours, [name of Employee] has been overpaid.

A letter will be sent in due course to [name of Employee] detailing the calculation of the overpayment, together with a proposal of repayment.

All overpayments are currently being monitored so that appropriate actions can be taken to try and reduce overpayments caused by late or incorrect information being received by Payroll.

I trust that your assistance in this trying to resolve this problem can be relied upon.

Yours sincerely [Name of Payroll Officer]

8.2 Appendix 2 - Letter to Current Employee Advising of Overpayment

4th Floor
Companies House
Crown Way
Cardiff
CF14 3UB

[Date]

Enquiries to: [Name of Payroll Officer]

Direct Line: [Tel number]

[Name of Employee]

[Contact details of Employee]

Dear [Name of Employee]

Ref: [Payroll Number]

I regret to inform you that an overpayment has occurred in the salary you received on [date].

[Details of how overpayment arose and period of overpayment.]

The gross overpayment amounts to £[] which, after refunds of Pension Contributions £[]), National Insurance [£] and Tax [£] leaves a net overpayment of £[] outstanding. An invoice for this amount will follow shortly for your records. The request for payment in 14 days detailed on this invoice is not applicable if you agree to the overpayment being deducted from your salary.

Unless I hear to the contrary, within 14 days of this letter, I propose to recover this over a period of [] months, commencing with the salary you will receive on [date]. You may however wish to repay this amount in full by following the instructions on the invoice. If you choose this option please would you contact me so that I can stop the deduction from your salary?

If you have any other queries please do not hesitate to contact me and I will be able to discuss the overpayment with you in more detail and explain the repayment procedure.

Please accept my sincere apologies for any concern and inconvenience caused.

Yours sincerely

[Name of Payroll Officer]

cc Financial Accounting Team

cc Manager

8.3 Appendix 3 - Letter to Current Employee following no Response to Previous Letter (appendix 2)

4th Floor
Companies House
Crown Way
Cardiff
CF14 3UB

[Date]

Enquiries to: [Name of Payroll Officer]

Direct Line: [Tel number]

[Name of Employee]

[Contact details of Employee]

Dear [Name of Employee]
Ref: [Payroll Number]

I refer to my letter dated [date], regarding the overpayment of £[] in your salary. As I have not heard from you within the 14 day timescale, as set out in the above letter, I write to confirm that DHCW will commence deductions from your [date] salary.

If you have any further queries please do not hesitate to contact me.

Yours sincerely [Name of Payroll Officer]

cc Financial Accounting Team

8.4 Appendix 4 - Letter Advising Manager of Overpayment to an Ex-Employee

4th Floor
Companies House
Crown Way
Cardiff
CF14 3UB

[Date]

Enquiries to: [Name of Payroll Officer]
Direct Line: [Tel number]

[Name of Line Manager]
[Contact details of Line Manager]

Dear [Name of Line Manager}
Ref: [Name of Employee & Payroll Number]

I wish to advise you that due to [reasons] the above named employee has been overpaid.

A letter will be sent in due course to [name], detailing the calculation of the overpayment, together with contact details for the Finance department, to facilitate repayment.

All overpayments are currently being monitored so that appropriate actions can be taken to try and reduce overpayments caused by late or incorrect information being received by Payroll.

I trust that your assistance in this trying to resolve this problem can be relied upon.

Yours sincerely
[Name of Payroll Officer]

8.5 Appendix 5 - Letter Advising Ex-Employee of Overpayment

4th Floor
Companies House
Crown Way
Cardiff
CF14 3UB

[Date]

Enquiries to: [Name of Payroll Officer]
Direct Line: [Tel number]

[Name of Employee]
[Contact details of Employee]

Dear [Name of Employee]

I regret to inform you an overpayment has occurred in the salary/ies you have received from [date] to [date].

[Details of how overpayment arose and period of overpayment.]

The gross overpayment amounts to £[] which, after refunds of Income Tax £[] and National Insurance (£[] leaves a net amount of £[]. An official invoice will be issued in due course and you should follow the repayment instructions on this invoice. If you wish to discuss the repayment please contact the Financial Accounting Team on 029 20316953.

Should you have any further queries regarding the calculation of this overpayment please contact me on the direct line above?

Please accept my sincere apologies for any concern and inconvenience caused.

Yours sincerely
[Name of Payroll Officer]

cc Financial Accounting Team
cc Manager

8.6 Appendix 7 – Examples

Example 1

Mr A is notified, in July, by his employer that his current post is to be revised as Band 4, due to his failure to comply with professional registration requirements.

However, due to a clerical error, he continues to be paid at Band 6, which is clearly shown on his payslip, but Mr A is aggrieved at the decision to lower grade and so Mr A decides to spend the money (£5000) and does not inform his employer at any time.

The error continues for a further 10 months until a payroll officer finds the error and notifies Mr A, but in reply Mr A, whilst accepting that he has been overpaid, claims that he has spent the money and now can only afford to repay the amount by instalments (£25 per month x 200 months).

Decision

Payroll/Financial Accounting team

The individual is contacted and requested to repay the amount in one instalment, however, with discretion to allow re-payment over the same period as the overpayment. (I.e. £500 x 10 months)

Counter Fraud

The case should also be referred, by Payroll Department or Financial Accounting team, for further enquiries to be made as part of a potential criminal investigation, since the onus was clearly on the individual to have notified his employer when his salary payments were not correctly adjusted and it would have been reasonable for him to have known that he was being overpaid.

Example 2

Miss T notifies her Line Manager that she wants to reduce her hours from 37.5hrs to 20hrs per week. However, due to a clerical error, she continues to be paid full time (37.5hrs) which is clearly shown on her payslip, but Miss T does not spend the money and then informs her Line Manager and payroll immediately of the error in writing. However, the Payroll Department do not receive the correspondence.

This continues for a further 10 months until Miss T decides to write to her employer again giving a specific date by which the employer should recover the money, but the date passes and Miss T then goes and spends the money, which she now considers to be her own.

Decision

Payroll/Financial Accounting team

The individual has done everything reasonable, with her employer, to “secure that the credit is cancelled” and therefore should have the right to treat it as her own and then spend the money accordingly.

This loss should be recorded within the Losses and Special Payments Register by Financial Accounting team.

Counter Fraud

No action for same reason given.

Example 3

Mrs H works a number of rostered shifts including weekends and as a result receives salary payment of the enhancements, a month in arrears, for this work.

In June, the ward on which she worked stopped all weekend work and therefore, she was not required to work, however, due to a clerical error, in July and for the following 3 months, she continued to receive recurring payments, which were clearly shown on her payslip, but Mrs H did not regularly check her payslip and spends the money (£1000).

The payroll officer finds the error and then notifies Mrs H, but in reply Mrs H does not accept that she has been overpaid as she claims that she does not find it easy to check her on-line payslip and also has now gone and spent the money.

Decision

Payroll/Accounts Receivable

The individual is contacted and requested to repay the amount in one instalment, however, with discretion to allow re-payment over the same period as the overpayment. (I.e. £666 x 3 months)

Counter Fraud

The case should also be referred, by Payroll or Financial Accounting team, for further enquiries to be made as part of a potential criminal investigation, since the onus was clearly on the individual to check her payslips and to have notified her employer when she identified that her salary payments had not reduced as a result of a change in circumstances (i.e. no weekend shifts) and therefore it could be considered for it to be “reasonable” for her to have known that she was being overpaid.

Example 4

Miss J works a number of rostered shifts including weekends and as a result receives enhancements, a month in arrears, for this work.

However, due to a clerical error, she continued to receive one recurring payment a month for 10 months, but whilst Miss J does regularly check her payslip, she expected to regularly receive enhancement payments and therefore did not notice the error and spends the money (£500).

The payroll officer finds the error and then notifies Miss J, but in reply Miss J states that she did not notice the error and has spent the money.

Decision

Payroll/Financial Accounting Team

The individual is contacted and requested to repay the amount in one instalment, however, with discretion to allow re-payment over the same period as the overpayment. (i.e. £50 x 10 months)

Counter Fraud

No action as this is considered to be a “drip feed” overpayment in that it would have been reasonable for the individual to have expected to receive regular monthly enhancements and wouldn’t necessarily have noticed that she was being overpaid, but Miss J would still have a duty to repay any monies to her employer that she had been overpaid, as a result of the error.

Example 5

Mr R hands in his letter of resignation to his employer on 27 March stating that he wishes to leave DCHW on 21 April. His manager agrees to this termination date, and then goes on annual leave, actioning the termination on ESR upon his return on 14 April.

Mr R receives a full month’s salary on 21 April as the notification to the payroll department was done after the pay for that month had been calculated.

An overpayment for the period 22 – 30 April has therefore been made to Mr R.

Decision

Payroll/Financial Accounting team

The manager is contacted by the payroll department and asked to ensure terminations are processed in

future on the date the resignation is received from the member of staff. The manager asks that any written communication sent to Mr R be sent in font size 22 as Mr R has restricted sight.

The payroll department contacts Mr R in the format requested by the manager, and requests that he repays the amount in one instalment.

Counter Fraud

No action as it would have been reasonable for the individual to have expected their final salary to be calculated correctly as they notified their manager on 27th March. However, Mr R would still have a duty to repay any monies to his employer that he had been overpaid, as a result of the error.

INTEGRITY AND CONTROL OF FINANCIAL SYSTEMS

This procedure ensures there are adequate controls over the Oracle Financial system as operated within DHCW

Document Version	1.0
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Status	Add Status
--------	------------

Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.2021
Review date:	31.3.2022

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

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QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
	Choose an item.

FINANCIAL IMPLICATION/IMPACT	
WORKFORCE IMPLICATION/IMPACT	Choose an item.
SOCIO ECONOMIC IMPLICATION/IMPACT	Choose an item.

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE	6
6.1	Oracle Financials	6
6.2	Budget Approver Hierarchy	7
6.3	Provision of Oracle Training	7
6.4	Monthly Reconciliations	7
6.5	Security	7
6.6	Maintenance of account codes and hierarchy	8
6.7	Information Input & Processing	9
6.8	Reporting Timetable	10
6.9	Review	10

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


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Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Author </div>

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Role:	
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1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

2 PURPOSE

It is the purpose of this procedure to outline the steps to be undertaken to ensure there are adequate controls over the integrity of the Oracle financial system as operated within DHCW.

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact all Directorates of DHCW.

4 ROLES AND RESPONSIBILITIES

It is the responsibility of the Finance Directorate and Shared Services to ensure Oracle financials operates within DHCW in accordance with SHA Financial Control Procedures and Standing Orders.

The Director of Finance is responsible for the security, integrity and accuracy of the General Ledger.

The day to day responsibility and management of the General Ledger is delegated to the Head of Financial Services and Reporting.

The Financial Accountants are responsible for the integrity of the hierarchical coding structure, ensuring the general ledger is in balance, uploading subledgers, opening/closing financial periods and for further developing the system.

Both the Financial Accountants and e-Enablement (hosted by NHS Wales Shared Services Partnership (NWSSP)) are responsible for user maintenance and training staff on the systems functions.

5 REFERENCES

DOCUMENT	VERSION
DHCW Financial Control Procedures	Current
DHCW Standing Orders and Standing Financial Instructions	Current
Oracle Cost Centre Coding list	Current
Oracle Budget Approver Hierarchy	Current
Oracle New Cost Centre Request Form	Current
Oracle New Budget Approver request form	Current

6 PROCEDURE

6.1 Oracle Financials

6.1.1

Access to Oracle financials is controlled by Digital Health and Care Wales. The use of Oracle within DHCW is in accordance with SHA procedures and controls. Individual privileges and access are determined and

controlled by the SHA.

The main objectives for this financial control procedure are to ensure:

- There are sufficient controls to ensure segregation of duties.
- Adequate physical security exists.
- There should be a clearly defined audit trail from all information in the General Ledger to the source input documentation.
- Access to the General Ledger is restricted to authorised personnel only.
- Feeder systems are appropriate and operate in a controlled environment.
- All DHCW employees that use the General Ledger are aware of the required controls.

6.2 Budget Approver Hierarchy

The approver hierarchy is determined in accordance with the SHA financial limits. Within individual Directorates, it is the responsibility of the DHCW Directors to decide who may become an approver in Oracle against specific budget codes. The hierarchy is maintained by the Finance Directorate and any changes are actioned appropriately by Finance in accordance with SHA procedures.

6.3 Provision of Oracle Training

Training on Oracle Financials is provided by E-enablement and finance on the Oracle ledger.

6.4 Monthly Reconciliations

A review is undertaken on a monthly basis of all Balance Sheet codes to ensure that the balances are valid and are subsequently cleared in future months if appropriate. Issues are noted and resolved.

6.5 Security

6.5.1

Access to Oracle is limited to authorised users only through the maintenance of usernames and passwords. The creation and end dating of Oracle accounts are maintained by NWSSP. DHCW are required to send Oracle account forms to NWSSP to request any changes needed.

6.5.2

All new user forms are to be completed by the individual manager and signed by the Head of Financial Services and Reporting..

6.5.3

The Financial Accountant is to audit Oracle users on a quarterly basis.

6.5.4

In addition to usernames being allocated, Oracle is a password protected system. The following controls are

in place to minimise the risk of damage from misuse:

- Passwords expire every 30 days and require the user to select a new password.
- Users are only permitted a limited number of attempts (3) to log in to Oracle before their account is disabled. The user will need to liaise with e-Enablement to unlock their account.
- The password must be the required length of 8 characters, must be alpha/numeric and contain no consecutive repeating characters.

6.5.5

Access to the General Ledger will be controlled via access levels. The Head of Financial Accounting will determine system levels, with each individual user or group of users being allowed to certain functionalities dependent on their position or level of responsibility.

6.6 Maintenance of account codes and hierarchy

6.6.1

The DHCW coding structure consists of five segments:

- Entity (3 characters)
- Cost Centre (4 characters)
- Subjective (5 characters)
- Analysis (4 characters)
- Other (6 characters)

When linked, all five segments form a financial code combination.

6.6.2

All requests for the creation, amendment or deletion of one of these segments must be sent to the Financial Accountant. If requesting a new segment, the requestor must specify where the new code fits into the 5 segment hierarchy. Before creation, amendment or deletion, the Accountant will check the validity of the request. The Financial Accountant will also maintain the appropriate documentation relating to these requests

6.6.3

A common subjective chart of accounts is maintained by the NHS Wales Oracle Central team. Any new or amendment to codes therefore must be actioned via the All Wales Oracle team.

6.6.4

The Financial Accountant is responsible for maintaining the hierarchical coding structure and prior to period end, must run control reports to ensure the integrity of the hierarchical coding structure.

6.6.5

Financial codes will be automatically validated when combining all 5 elements of the coding structure.

6.6.6

Cross Validation rules have been put in place to ensure only correct coding combinations can be used together. E.g. revenue cost centres are not linked to capital subjectives

6.7 Information Input & Processing

6.7.1

There are three methods of inputting financial information into the general ledger:

- Processing interface files from feeder systems (Payroll)
- Processing of feeds as part of an integrated system (Accounts Payable, Accounts Receivable, Purchase Order)
- Web ADI journal entry

6.7.2

The processing of interface files from feeder systems forms part of the monthly tasks completed by the Financial Accountant. The Financial Accountant will be notified by Payroll when a feeder file is ready for processing. It is the Financial Accountants responsibility to ensure that the payroll files reconcile to the net and costing reports sent by Payroll.

6.7.3

The General Ledger is integrated to other modules within the Oracle system (e.g. Accounts Payable and Accounts Receivable). The system is set up to generate feeds daily. The Financial Accountant will check at each month end to ensure all feeder files have been posted to the correct financial period.

6.7.4

Web ADI journals can be entered to the General Ledger by Oracle users with appropriate system responsibilities. Each journal is uniquely identifiable, by using a unique header name. This name is generated from the Journal Tracker. Each Web ADI journal template is to be balanced, have valid financial codes, contain adequate line narrative and a completed Line DFF.

6.7.5

There are three types of journals which can be uploaded to Oracle. Standard, Reversing and Budget.

6.7.6

A standard numbering and naming system convention is used for all journals produced within DHCW with each journal identifiable by the following prefix "DHCW INITIALS JNLX TYPE FINANCIAL YEAR Narrative".

6.7.7

The Financial Accountant will audit all journals posted on a monthly basis for audit purposes and to ensure the journal population rules have been adhered to.

6.8 Reporting Timetable

6.8.1

Annually, an agreed timetable will be prepared by the Deputy Director of Finance to ensure DHCW's and Welsh Government's reporting deadlines are met. The timetable will define the cut off dates for the input of data into the general ledger and output days for the DHCW Budget reports.

6.9 Review

6.9.1

The procedure will be reviewed annually.

FIXED ASSET REGISTER

This procedure is to ensure that the Fixed Asset Register is maintained correctly

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Document author:	Sian Williams
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Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

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STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
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TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE.....	6
6.1	Maintenance of Fixed Asset Register	6
6.2	Compliance with procedures and guidance.....	6
6.3	Calculate and forecast depreciation	7
6.4	Reconciliation to ledgers.....	7
6.5	Physical verification of assets.....	7
6.6	Forecasting and planning	7

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

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Author's Name:	
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Role:	
Signature:	<div> <div>X</div> <div></div> <div>Approver</div> </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System/Forms

2 PURPOSE

It is the purpose of this procedure to outline the steps to be undertaken to ensure the Fixed Asset Register is accurately maintained in accordance with agreed procedures and timetables.

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact Directorate teams within DHCW who have responsibility for the physical verification of fixed assets.

4 ROLES AND RESPONSIBILITIES

It is the responsibility of the Finance Directorate to ensure that the Fixed Asset Register is maintained and that the necessary financial information is made available to enable this to be achieved.

5 REFERENCES

DOCUMENT	VERSION
DHCW Financial Control Procedures	Current
DHCW Standing Orders and Standing Financial Instructions	Current
Procurement procedures and related requisitioning guidance	Current
DHCW monthly reporting closedown timetable	Current
monthly reporting closedown timetable	Current
Technical Accounting Standards and IFRS	Current

6 PROCEDURE

6.1 Maintenance of Fixed Asset Register

The RAM (Real Asset Management) Fixed Asset Register is used by the SHA to record financial Details of all fixed assets and to calculate and forecast depreciation charges. DHCW Finance staff are responsible for recording all DHCW assets onto the Register. DHCW finance staff will reconcile the Register to the Oracle ledger in a timely manner. The Register is also used to assist in the physical verification of individual assets.

6.2 Compliance with procedures and guidance

Maintenance of the Fixed Asset Register is performed in compliance with agreed procedures and guidelines. The Fixed Asset Register is subject to both Internal and External Audit and is used to

complete the relevant sections of the Annual Accounts. Assets are capitalised following the guidance contained in the Capital Accounting Manual.

6.3 Calculate and forecast depreciation

The Asset Register is used to calculate the annual revenue depreciation charges and is also used to forecast future years' depreciation requirements based upon future years' capital plans to assist in the Business Planning process. Depreciation is calculated in accordance with Welsh Government guidelines and is charged to the Oracle ledger on a monthly basis. Depreciation forecasts are required to be submitted to colleagues in Welsh Government on a regular basis in order to assess total funding requirements.

6.4 Reconciliation to ledgers

The RAM Asset Register and the Oracle ledger are reconciled on a regular basis. Any variances or discrepancies are investigated and amended in a timely manner. As both the Asset Register and the Oracle ledger are key components used in preparing the Annual Accounts it is of great importance that they are in agreement with one another. Assets are reconciled on a total value basis and also on scheme by scheme basis for reporting purposes. The classification of assets into particular categories is checked for consistency from year to year.

6.5 Physical verification of assets

For Audit purposes, individual assets are required to be physically verified on an annual basis. This exercise is co-ordinated by Finance colleagues and is undertaken by DHCW staff. Assets are grouped by location / site and reports are distributed to individual Directorates and Teams for staff to individually locate and identify the relevant assets. This exercise also identifies whether assets have been transferred to another location, have been condemned or scrapped or no longer have any physical use to the organisation. Intangible assets which cannot be physically verified, such as licences, or computer software, also form part of the annual exercise but instead of being physically verified these are verified by reference to the existence of specific products, services and systems which are being run in particular Directorates.

6.6 Forecasting and planning

The RAM Asset Register may be used for forecasting and planning purposes. Based upon information contained in the Register at a point in time, depreciation charges are able to be calculated for a number of years into the future. This assists in forecasting future years' charges and the results can be incorporated into the Business Planning process. Individual assets can be reviewed and the impact of planned disposals can be calculated. The revenue costs of anticipated acquisitions, based upon capital funding allocations, can be forecast and costing of services can be enhanced by information contained in the Register. Future planning of replacement assets can be assisted by the accurate maintenance of the Register.

MONTH END PROCESSES AND MONITORING RETURNS

This procedure is to ensure that the monthly Monitoring Returns are completed and submitted to the Welsh Government in accordance with the agreed timetable

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Status	Add Status
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STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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TABLE OF CONTENTS

1	DOCUMENT HISTORY	6
1.1	REVISION HISTORY	6
1.2	REVIEWERS	6
1.3	AUTHORISATION	6
1.4	DOCUMENT LOCATION.....	6
2	PURPOSE	7
3	SCOPE	7
4	ROLES AND RESPONSIBILITIES	7
4.1	Director of Finance	7
4.2	Head of Financial Services and Reporting	7
4.3	Financial Accountants.....	7
4.4	Finance Business Partners and Management Accountants	7
5	REFERENCES	8
6	PROCEDURE.....	8
6.1	Setting of monthly financial timetable	8
6.2	Preparation of Financial input.....	8
6.3	Numbering, saving and posting of journals.....	8
6.4	Reconciliation of balances in Oracle.....	9
6.5	Agree final financial position for the month.....	9
6.6	Report financial position internally in DHCW	9
6.7	Closedown and balance Oracle ledger	9
6.8	Complete Monitoring Returns to Welsh Government	9
6.9	Production of reports	10
7	Appendices	10
7.1	Appendix 1 – Month End Reconciliation Review	10
7.2	Appendix 2 – Balance Sheet Reconciliations & Reviews	11

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


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Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

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Role:	
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2 PURPOSE

This procedure details the processes in place to ensure that at month end the figures reported by Digital Health and Care Wales (DHCW) are prepared in an accurate and timely manner.

This procedure includes information regarding closedown of the ledger, use of detailed checklists and a reporting timetable.

This document is applicable to all staff that have a responsibility to complete month end tasks, processes and report on the figures produced.

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact all budget holders within DHCW.

4 ROLES AND RESPONSIBILITIES

4.1 Director of Finance

The Director of Finance is responsible for:

- Approving the Monthly Monitoring Return (Jointly with the Chief Executive)
- Reporting the financial position on a monthly basis to Board.

4.2 Head of Financial Services and Reporting

The Head of Financial Services and Reporting is responsible for:

- Reviewing the monthly control account reconciliations
- Preparing and submitting the Monthly Monitoring Return to Welsh Government Financial Accountants

4.3 Financial Accountants

The Financial Accountants are responsible for:

- Completion of the monthly control account reconciliations
- Identifying and resolving any unidentified balances on the control accounts
- Monitoring the monthly reporting timetable and checklists Management Accountants

4.4 Finance Business Partners and Management Accountants

Finance Business Partners/Management Accountants are responsible for:

- Identifying and reconciling all balance sheet transactions that relate to their service areas on a monthly basis
- Adhering to the monthly closing timetable

5 REFERENCES

DOCUMENT	VERSION
DHCW Financial Control Procedures	Current
DHCW Standing Orders and Standing Financial Instructions	Current
Welsh Government Guidance on completion of Monitoring Returns	Current
DHCW monthly reporting closedown timetable	Current
Budgetary Control	Current

6 PROCEDURE

6.1 Setting of monthly financial timetable

6.1.1. The monthly reporting timetable is set annually in advance by the Welsh Government for both 5-day and 9-day financial reporting. A subsequent timetable is set by the SHA in order to facilitate the achievement of these reporting requirements. These timetables are published and made available to all Finance staff and to those non-Finance staff whose actions impact on the accuracy of the monthly financial position.

6.1.2 If any tasks are not completed in line with the agreed timetable, it must be promptly reported to the Head of Financial Services and Reporting.

6.1.3. On a monthly basis the Head of Financial Services and Reporting will review the reconciliations produced as part of the close down process to ensure that the processes have been completed correctly and that the figures produced are accurate and are in line with the expected values. In order to do this, the checklist in Appendix 1 is completed by the end of working day 20. The summary page of each reconciliation is to be printed off and authorised and kept with the signed version of the checklist. The Head of Financial Services and Reporting will add details of any issues or improvements required within the 'comments' section of this checklist.

6.2 Preparation of Financial input

6.2.1 Input into the financial ledger is controlled in such a way as to assist the production of financial reports, e.g. pay feeds, prepayments and accruals, receipting of purchase orders. Appropriate notification is given when financial input is completed.

6.3 Numbering, saving and posting of journals

6.3.1. A standard numbering and naming system is to be used for all journals produced within DHCW. A central log is maintained (saved in Finance/Relevant Year/Journals) that is used to issue a unique sequential number. This log also sets out the standard naming convention that is to be used.

6.3.2. To avoid more than one journal being posted with the same number, the journal register must be completed at the same time the journal number is obtained, with the Oracle journal posted reference being added to the register once the journal has been posted and the number is available.

6.3.3. All completed journals are to be saved in the folder identified above.

6.4 Reconciliation of balances in Oracle

An analysis of Balance Sheet codes is prepared on a monthly basis to ensure the validity of individual balances. Reconciliations are performed as required.

6.5 Agree final financial position for the month

After all financial input and transactions have been recorded, the financial position is finalised and the Monitoring Returns are completed based upon this information.

6.6 Report financial position internally in DHCW

The financial position is reported internally in DHCW by means of the monthly Financial Performance Report to Directors. Detailed budget transaction reports are distributed to budget holders.

6.7 Closedown and balance Oracle ledger

After the financial position has been declared, the Oracle financial ledger is closed down for the month and no further transactions are posted. The ledger is then available for the subsequent month

Each month the Financial Accounting team perform a closedown routine within Oracle (DHCW's general ledger system), ensuring that all sub-ledgers and feeds are accurately reflected in the general ledger. Following the closedown routine, the ledger is validated and adjustments are actioned by the Financial Accounting and business partnering teams.

6.8 Complete Monitoring Returns to Welsh Government

6.8.1 The Monitoring Returns and supporting commentary are compiled and completed on the basis of the reported financial position for the month and submitted to the Welsh Government in accordance with the agreed reporting timetable.

6.8.2 Following close down of the ledger, the Deputy Director of Finance will discuss the draft financial position with the Director of Finance, who in turn will discuss the financial position with the Chief Executive and they will agree the final figures to be reported to Welsh Government at the end of the 5th working day.

6.8.3 A monthly financial management meeting is held following month end closedown. The meeting is chaired by the Deputy Director of Finance and includes representatives from DHCW finance teams, and a representative from the Financial Accounting team. The primary aim of this meeting is to discuss the final income and expenditure figures and year-end financial projections.

6.9 Production of reports

6.9.1 Following agreement of all balances in the meetings detailed in section 6.8, various reports are produced by finance staff across DHCW including those detailed below:

- Monitoring returns are approved by the Director of Finance and submitted to Welsh Government in line with their reporting timetable.
- Departmental finance teams prepare reports for their Senior Management Team (SMT)/budget holder meetings which as a minimum include details of the financial position at the end of that month and the forecast financial position at the end of the financial year. They may also provide updated details of other financial performance, for example savings made against cost improvement projects, forecast cash flows, aged debts, and the divisional performance against the public sector payment policy (PSPP) target.
- A financial report will be prepared and submitted by the Director of Finance to DHCW Board, detailing DHCW's current financial position, the forecast financial position at the end of the financial year, and any issues or further information that they should be aware of.

7 Appendices

7.1 Appendix 1 – Month End Reconciliation Review

Appendix 1 – Month End Reconciliation Review

Sign-off of monthly reconciliations and control accounts

To be completed by working day 20

Summary sheet for each item are to be attached to this document. Full reconciliation documents are saved in the relevant folder on sharepoint.

Month	MM YYYY
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Item	File Name	Completed:		Reviewed:		Comment
		Name:	Date:	Signed	Date:	
Bank Reconciliation						
Accounts Receivable						
Accounts Payable						
PANISU						
VAT						

I confirm that the above reconciliations/control accounts have been completed and reviewed for MM YYYY	
Signed	
Date	

7.2 Appendix 2 – Balance Sheet Reconciliations & Reviews

Reconciliation of balance sheet codes should be completed using the template in appendix 3, and a

transaction report showing the movement in the reconciling period added to the workbook. The template can be modified to suit the code being reconciled if necessary but as a minimum should include:

- The opening balance brought forward from the previous period
- The movement in reconciling period
- The closing balance to be carried forward to the next period
- The details of individual reconciling items and action to be taken to address them
- The name of the person who has completed the reconciliation and date completed
- The name of the person who has reviewed the reconciliation and date reviewed

A reconciliation of the balance sheet to the trial balance is completed and saved in the folder: Financial Accounts / [year] / [month] / Balance Sheet recs. This reconciliation includes a review and clearance of the general suspense and payroll suspense codes if they have balances on them. Upon completion of the reviews, the Financial Accountant will provide an update to the Head of Financial Services and Reporting, and any additional actions required will be identified. The person performing the review of a balance sheet reconciliation or a general review of a balance sheet amount should consider whether the balance shown is a legitimate creditor or debtor to remain on the balance sheet. If they are in doubt then they should investigate further, and if unable to resolve, should highlight the matter to the Financial Accountant or Head of Financial Services and Reporting. If necessary, the amount will be charged against / released to the income & expenditure account.

By the 18th working day of each month, the completed summary of reconciled balance sheet codes must be reviewed by the Financial Accountant who will undertake a sample review of the reconciled and reviewed codes.

By the 20th working day of each month, the Financial Accountant will then pass the completed summary to the Head of Financial Accounting who will undertake a further sample review of the reconciled and reviewed codes. Any outstanding issues that have been identified during the review of balance sheet codes should also be highlighted to the Head of Financial Accounting by the Financial Accountant at this point

ACCOUNTS PAYABLE

This procedure ensures that processes for the Management of all aspects of accounts payable are followed correctly

Document Version	1.0
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Status	Add Status
--------	------------

Document author:	
Approved by	
Date approved:	
Review date:	

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
FINANCIAL IMPLICATION/IMPACT	Choose an item.
WORKFORCE IMPLICATION/IMPACT	Choose an item.
SOCIO ECONOMIC IMPLICATION/IMPACT	Choose an item.

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE.....	6
6.1	Statutory PSPP (Public Sector Payment Policy) target	6
6.2	Review of invoices	6
6.3	Resolution of queries with users, training and advice.....	7
6.4	Review expenditure	7
6.5	Monitor receipts for accuracy – impact on budgets	7
6.6	Review of older purchase orders and receipts	7

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Author </div>

Approver's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	

2 PURPOSE

It is the purpose of this procedure to outline the steps to be undertaken to ensure that appropriate processes are in place to accurately pay suppliers on a timely basis in line with Welsh Government requirements. There are sufficient controls for the segregation of duties and ensures access to the payments systems is restricted to authorised personnel only.

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact all budget holders within DHCW who request requisitions and purchase orders and who are responsible for authorising non-pay expenditure.

4 ROLES AND RESPONSIBILITIES

It is the responsibility of the Finance Directorate in conjunction with DHCW budget holders, Shared Services Procurement staff to ensure that P2P Management processes are followed and that the necessary financial information is made available to enable this to be achieved.

4.1 NHS Wales Shared Services Partnership (NWSSP) will, under a service level agreement (SLA), be responsible for the following:

- Provision of the Accounts Payable module that is contained within the Oracle financial computer system. This includes the provision of appropriate system checks to ensure payments are correct, that duplicate payment cannot be made and ensuring that only authorised users can approve invoices.
- Recording invoices on the Oracle system and promptly processing payments to suppliers in line with the requirements of this procedure.
- Ensuring that queried invoices (on hold) are resolved in a timely basis.
- To immediately notify the Head of Financial Accounting of any concerns where financial controls may have been compromised or Counter Fraud in relation to suspected fraud.

4.2 The Head of Financial Services and Reporting is responsible for:

- Maintaining an up to date list of authorised signatories for the approval of orders and manual payments and ensuring this is updated on the Oracle system.
- Approving payment runs and manual payments (delegated to Financial Accountant where required).
- Ensuring that any supplier payments made outside of the Accounts Payable system (such as faster payments/petty cash/foreign payments) are correctly accounted for on the General Ledger. Financial Accountant

4.3 The Financial Accountant is responsible for:

- Reconciling the General Ledger and the Accounts Payable module of Oracle on a monthly basis, and investigating any discrepancies that are identified.

- Approving payment runs and manual payments where required.

4.4 The Requisition Team & Requisitioners are responsible for:

- Ensuring requisitions are processed timely and accurately in that orders can be created and matched to invoices.
- The timely receipting of goods and services following confirmation from budget holders. Budget Holders

4.5 Budget holders are responsible for:

- Approving purchase orders or invoices in line with their agreed scheme of delegation limits.
- Notifying the requisition team when goods/services have been received so that the order can be receipted on the system.

5 REFERENCES

DOCUMENT	VERSION
DHCW Financial Control Procedures	Current
DHCW Standing Orders and Standing Financial Instructions	Current
Procurement procedures and related requisitioning guidance	Current
DHCW monthly reporting closedown timetable	Current
DHCW VAT	
DHCW purchasing Card	
NHS Wales no PO no Pay policy	

6 PROCEDURE

6.1 Statutory PSPP (Public Sector Payment Policy) target

NHS organisations in Wales have a financial target to pay 95% of all non-NHS trade creditor invoices within 30 days of the later of: the receipt of a valid invoice or the receipt of goods and services. Processes are in place within the whole P2P system to monitor performance and to identify issues which may impact on performance, whether this relates to requisitioning, receipting or actual payment of purchase invoices.

6.2 Welsh Government Guidance

6.2.1 All payments must be made accurately and on a timely basis in accordance with the statutory guidance laid down by the Welsh Government.

The Welsh Government (WG) requires that DHCW pay all Non NHS trade Creditors in accordance with the CBI prompt payment code. This target is to pay all Non NHS Creditors within 30 days of receipt of goods or a valid invoice (whichever is the later).

6.2.2 The Welsh Government have also requested that procedures are put in place by each NHS Body to achieve a target payment of 10 days. This is not yet mandatory and is this target is reported and included in the monthly monitoring return to WG. The 30 day payment term remains the statutory target.

6.2.3 This document is relevant to all staff in DHCW that are involved in the procurement of goods and services, and any staff involved in the processing of supplier payments.

6.2.4 This document does not cover non-supplier payments, such as payroll nor items purchased through petty cash (see Financial Control Procedure 9).

6.3 Review of invoices

Procurement Process – Orders

6.3.1 The standard process for the procurement of goods and services that are not exempt from the No PO No Pay policy is as follows:

Requisition

6.3.2 Requisitions must be raised in line with the HEIW procurement rules and the procurement department must be contacted for all purchases in excess, or potentially in excess, of the value thresholds set out in the rules.

6.3.3 The Requisition Process Guide sets out the operational guidance for the raising of requisitions in DHCW.

6.3.4 Requisitions can only be approved by budget holders with the required delegated budget limit for their service area/cost centres.

6.4 Order Creation

6.4.1 The procurement department receive approved requisitions via Oracle and processes them by creating a purchase order sourcing the goods and services as appropriate.

6.4.2 The purchase order will be sent to the relevant budget holder for approval and then issued to the supplier. Receipt of Goods & Services

6.4.3 Once goods or services have been received and they are checked to ensure that they match/meet the requirements of the order, the person receiving the items must notify the requisitioner who will receipt the item on Oracle. This will release payment of the invoice once it has been received and matched to the order.

6.5 Receipt of Invoices

6.5.1 All invoices must be sent to the following address to be entered onto the Oracle system: Health Education & Improvement Wales PO Box 123 Pontypool NP4 4DW or, electronically to:

NWSSP_P2P@wales.nhs.uk

6.5.2 Accounts Payable input the invoices onto the Oracle system and the date of receipt is recorded for the calculation of the PSPP target.

6.5.3 All invoices that are not on the No PO No Pay exception list must include a valid purchase order number. Where the invoice cannot be matched to a valid purchase order the accounts payable team will:

- Contact the relevant person in DHCW to request that a retrospective purchase order is raised. Any such orders will be reported to the Audit & Assurance Committee for information and review.
- Contact the supplier to notify them that the invoice will not be paid until a valid PO number is given (Frequency of contact will be set out in the all-Wales No PO No pay guidance).

6.5.4 Where there is a query on an invoice it must be flagged as being 'in dispute' with the Accounts Payable Team as soon as possible. Only when the dispute has been resolved should it be released for payment.

6.5.5 Payments are made in line with the process identified in section 9.

6.6 Procurement Process-Exempt items

6.6.1 The procurement process for items that are exempt from the No PO No Pay policy will vary depending on the nature of the goods or service. However, it is essential that the requirements of the DHCW procurement rules are followed. Advice should be sought from the procurement department.

6.6.2 Where invoices are received for items on the exception list the Accounts Payable department will contact DHCW to establish who should approve the invoice in line with the agreed scheme of delegation. Approval can be granted by email to the Accounts Payable team.

6.6.3 Budget holders must only approve invoices when they have confirmed that the invoice is correct and that the goods/service have been received and are as expected.

6.6.4. Invoices for exempt items are included within the PSPP requirements and therefore approval should be given as soon as possible.

6.7 Payment Methods

6.7.1 Payments for goods and services are to be made in DHCW using the following methods: Accounts Payable system

6.7.2 This is the default method of payment as it uses agreed all-Wales processes built into the Oracle system. These processes have been designed to ensure that payments are made accurately and that the correct approvals are received at various stages. The system includes appropriate reporting facilities to track payments and to identify holds allowing the appropriate remediation action to be taken. Oracle also includes

a number of automated stages that speed up processing and ultimately the payment of invoices.

6.7.3 The Head of Financial Services and Reporting will decide upon the required frequency for payment runs and notify the Accounts Payable team. Additional payment runs or amendments can be arranged to reflect local circumstances or timings e.g. year-end or bank holidays.

6.7.4 For each payment run, Accounts Payable will issue an Oracle system report outlining the proposed invoices to be paid. This report will be reviewed by DHCW and authorisation to proceed must be given by the Head of Financial Services and Reporting or Financial Accountant before it can be processed by the Accounts Payable team.

6.7.5 DHCW is able to set a pre-approved limit for the processing of payment runs. Where this is done, approval must be given to the Accounts Payable team by email and a copy must be retained for evidence.

6.7.6 The default payment method through the Accounts Payable system is BACS transfer. Where bank account information is not held cheques will be issued. Faster Payments

6.7.7 This is the manual payment of invoices directly through the DHCW bank. When making payment through this method the same controls must be followed as outlined in sections 7 and 8 above. This process should only be used for the following items:

- Urgent payments that cannot be made within the Accounts Payable system timescales.
- Invoices payable to foreign suppliers with non-Sterling bank accounts.
- Bulk CPD payments (cannot be processed through Accounts Payable as they would require the setting up of a high number of single-use supplier accounts).

6.7.8 For all faster payments a 'Payment Request Form' must be completed and authorised.

6.7.9 Financial Control Procedure 12 (Banking) sets out the controls for making payments through the bank account, including the required segregation of duties.

6.7.10 Once a payment has been made, DHCW must notify Accounts Payable in order that it is recorded on Oracle. This will:

- Prevent a duplicate payment being made;
- Add the transaction to a 'wire-run', which will process the accounting entries in the general ledger.

6.7.11 Certain payments can be made using the DHCW purchasing card – Further information is provided in Financial Control Procedure

6.8 Month End Reconciliation

6.8.1 At the end of each accounting period the Accounts Payable team will closing the Accounts Payable accounting period and issue the system reports to DHCW.

6.8.2 DHCW will reconcile the Accounts Payable reports to the General Ledger and resolve any differences identified. Should any material 10 issues be identified these must immediately be raised with the Head of Financial Accounting and the Accounts Payable manager.

6.9 Construction Industry Scheme

6.9.1 Financial Control Procedure 5 covers the requirements of the Construction Industry Scheme.

6.10 Value Added Tax

6.10.1 Financial Control Procedure 7 provides the necessary guidance on VAT. 12.2 VAT will be reclaimed on Contracted Out Services (COS), in accordance with the relevant guidance issued by HMRC.

6.10.2 VAT will only be paid on receipt of a valid VAT invoice and on invoices raised to DHCW. All VAT will be coded correctly on the payment of any invoice

6.11 Resolution of queries with users, training and advice

There are many users within DHCW of the Oracle IProc system who raise requisitions, receipt purchase orders and make general enquiries of the system. The Financial Accounting Team will endeavour to resolve any queries with users and give advice and training when required. If queries cannot be resolved, then further assistance is requested from colleagues in the Shared Services Procurement Team. Advice includes assistance with financial codes, VAT, contract references and dates etc.

6.12 Review expenditure

Reviews of expenditure are enabled by the accurate maintenance of P2P processes and procedures. Reports are run on a regular basis for outstanding orders, receipts not invoiced and invoices on hold which assist in identifying expenditure commitments. These reports are distributed as required to individual budget holders and requisitioners for review and action as appropriate.

6.13 Monitor receipts for accuracy – impact on budgets

A significant amount of receipting of purchase orders is performed by the Financial Accounting Team based upon information provided by colleagues. Receipting is performed regularly throughout the month to minimise workload pressures at the end of the month and to assist in the timely processing of purchase invoices. Regular contact is maintained with requisitioners to ensure receipting is taking place within acceptable timescales in accordance with SHA procedures. Receipting is reviewed on a regular basis to ensure budgets accurately reflect the expenditure incurred. Any variances or discrepancies are investigated by the Finance Team.

6.14 Review of older purchase orders and receipts

Older purchase orders not receipted and receipted purchase orders not invoiced are reviewed from time to time to determine whether it is appropriate to 'write back' the financial costs. This is performed in conjunction with requisitioners and budget holders and the financial impact calculated accordingly. Consideration is given to the SHA's policies, and the impact on budgets. The review considers current purchase orders for similar goods and services. The purpose of the review is to ensure that purchase orders

that are unlikely to be completed are closed, thus maintaining the accuracy of the records and ensuring the purchase order system is kept up to date.

6.15 No PO NO Pay Policy

DCHW has adopted the NHS Wales No PO No Pay policy. This states that invoices, with the exception of an agreed list of items, will not be paid without a matching purchase order being in place. The list of exemptions is regularly reviewed by the all-Wales P2P group and the updated list is held in the finance team.

TECHNICAL ACCOUNTING STANDARDS AND STATUTORY REQUIREMENTS

This procedure ensures adequate controls over compliance of
technical accounting standards and statutory requirements

Document Version	1.0
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Status	Add Status
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Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.2021
Review date:	31.3.2022

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
	Choose an item.

FINANCIAL IMPLICATION/IMPACT	
WORKFORCE IMPLICATION/IMPACT	Choose an item.
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TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE.....	6
6.1	Compliance with accounting standards	6
6.2	Preparation of Financial input.....	6
6.3	Review meetings with Wales Audit Office	6

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Author </div>

Approver's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System

2 PURPOSE

It is the purpose of this procedure to outline the steps to be undertaken to ensure there are adequate controls over the compliance with technical accounting standards and statutory requirements.

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact all Directorates of DHCW.

4 ROLES AND RESPONSIBILITIES

It is the responsibility of the Finance Directorate to ensure there is adherence with and compliance with appropriate accounting standards.

5 REFERENCES

DOCUMENT	VERSION
DHCW Financial Control Procedures	Current
DHCW Standing Orders and Standing Financial Instructions	Current
Welsh Government Manual for Accounts (MfA)	Current
Technical Accounting Standards, IFRS, SORPS	Current
Wales Audit Office Reports	Current
Internal Audit Reports	Current

6 PROCEDURE

6.1 Compliance with accounting standards

DHCW complies with latest accounting standards in preparing financial accounts. Notifications and updates are distributed by Welsh Government to DHCW as appropriate. Reviews are requested as required from professional advisors on specific accounting treatment issues e.g. capitalisation of expenditure.

6.2 Preparation of Financial input

DHCW is required to comply with and operate within the requirements of the SHA's Financial Control Procedures. DHCW has to ensure compliance with accounting standards. For Audit purposes, all transactions are included within one set of monthly and annual accounts. DHCW is included in the Internal Audit programme of adherence and compliance to these procedures.

6.3 Review meetings with Wales Audit Office

DHCW attends review meetings with the Wales Audit Office. These include Audit planning meetings and year-end review meetings. In addition, DHCW requests adhoc meetings as necessary with the WAO to discuss specific issues as and when required.

Accounts Receivable

This procedure is to ensure all income due to DHCW is properly identified, collected and accounted for within appropriate controls; supported by timely and accurate information

Document Version	1.0
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Status	Add Status
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Document author:	Sian Williams
Approved by	Mark Cox
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Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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TABLE OF CONTENTS

- 1 DOCUMENT HISTORY5
 - 1.1 REVISION HISTORY5
 - 1.2 REVIEWERS5
 - 1.3 AUTHORISATION5
 - 1.4 DOCUMENT LOCATION.....5
- 2 PURPOSE6
- 3 SCOPE6
- 4 ROLES AND RESPONSIBILITIES6
- 5 REFERENCES6
- 6 PROCEDURE.....6
 - 6.1 SLA Income6
 - 6.2 Project Income7
 - 6.3 Credit Notes7
 - 6.4 Payment of invoices.....7

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

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Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; width: 300px; margin: 0 auto;"/> Author </div>

Approver's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; width: 300px; margin: 0 auto;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System/Forms

2 PURPOSE

The purpose of this procedure is to ensure all income due to Digital Health and Care Wales (DHCW) is properly identified, collected and accounted for within appropriate controls; supported by timely and accurate information

3 SCOPE

All staff involved in the income collection process have a responsibility in relation to the above and must ensure that all income due to DHCW is properly identified, recorded, collected and accounted for.

4 ROLES AND RESPONSIBILITIES

Debtor Requesters

4.2 Are responsible for:

- Initiating the raising of invoices, by the submission of a completed and authorised invoice request via excel template NOI form to the Financial Accounts Department. Page 4 of 8
- Ensuring there is appropriate supporting documentation available to support any debtor requests to minimise payment disputes.
- Engaging in the resolution of disputes when invoices are not promptly paid.
- Budget Holders are required to liaise with their Finance Business Partners to identify future income streams and to make sure these are reflected correctly in the financial accounts.

Finance Officer

4.3 Is responsible for:

- Checking all income requests via the excel template NOI form received have been completed correctly.
- Checking all income requests via the excel template NOI form received have been appropriately authorised.
- Raising invoices and credit notes from all requests on the financial management system.
- Sending system generated invoices to customers in a timely manner.
- Produce and send out customers statements of accounts on a monthly basis.
- Receipt and allocate all cash received to invoices raised on the system.
- Liaise with the Financial Accountant with regards to any unapplied income amounts.
- Production and sending of dunning letters.
- Close the Accounts Receivable subledger within Oracle during the month end close down procedures.
- Reconcile on a monthly basis the Accounts Receivable subledger to the General Ledger and highlight any discrepancies to the Financial Accountant.

Financial Accountant

4.4 Is responsible for:

- Referring debts to DHCW's debt collection agency (or equivalent) where appropriate
- Reviewing the list of outstanding debts on a monthly basis with the Head of Financial Accounts and consider future action.
- Applying the NHS arbitration process to aged NHS Wales debts.
- Preparing a schedule of debts to be written off for the Head of Financial Services and Reporting, which will be presented to the Audit Committee.

- Review the month end reconciliations prepared by the Finance Officer.

5 REFERENCES

DOCUMENT	VERSION
Invoice Credit Note Copy File	Current
Notification of Income forms (Request for raising a debtors invoice or credit note)	Current
File – Invoices	Current
Standing Financial Instructions and Standing Orders	

6 PROCEDURE

6.1 The Supply of Goods and Services

Where possible and appropriate, payment should be received for the supply of goods or services in advance, or immediately after the supply has been made.

In all circumstances where credit has been granted an invoice must be raised by the department providing the goods or service to ensure:

- the charge is invoiced to the appropriate debtor promptly;
- the charge levied is in accordance with agreed tariffs, and other charging arrangements;
- any VAT chargeable is included on the invoice;
- the debts can be properly chased and pursued, following the procedure in place for the collection of outstanding debts.

6.2 Security

Access to the Accounts Receivable sub-ledger is allocated through two defined Oracle responsibilities. These being:

- Enquiry access only
- Data Input access

Only staff within the Financial Accounts function will be given Data Input access within the AR subledger.

6.3 Procedures Invoice Requests

6.3.1 Invoices will only be raised following receipt of request. The request should be completed no later than

5 working days after the goods or service is supplied and sent to the Financial Accounting team at DHCW to issue the invoice.

6.3.2 For the invoice to be raised promptly and correctly, and to assist in any future chasing of the debt, the invoice request must be populated with the standard information outlined in the invoice request template.

6.3.3 All invoices raised must include a contact name of the member of staff in the receiving organisation who is aware of the matter and able to progress payment of the invoice. Raising Invoices

6.3.4 All invoices are raised in the Accounts Receivable subledger held within the Oracle Financial Management system.

6.3.5 Invoice request notes received by the Financial Accounts team will be processed and sent out to the debtor within 48 hours.

6.3.6 All invoices will be raised following the guidance provided in the 'Process Notes – Raising Invoices' document. Cancellation of Invoices & Issuing of Credit Notes

6.6.7 All requests for the cancellation of an invoice or the issuing of a credit note must be made via email with the full reason for the cancellation of the invoice or the issuing of the credit note.

6.6.7 All credit notes must be authorised by an individual with appropriate delegated authority to do so and approved by the Deputy Director of Finance or the Head of Financial Services and Reporting.

6.6.8 All credit notes must be allocated against the appropriate invoice immediately after raising.

6.6.9 All credit notes will be issued using the guidance provided in the 'Process Notes – Raising Credit Notes' document. Posting of Receipts

6.6.10 All cash receipts are to be receipted and allocated to the corresponding invoice promptly.

6.6.11 Payments obtained from salary deductions will be allocated once the payroll feed has been posted.
Page 7 of 8

6.6.12 Any receipts that differ in value from the invoice raised, or are not easily identifiable against a customer, are investigated and appropriate action taken to clear these amounts.

6.6.13 The process for dealing with unidentified and unapplied receipts is outlined in 'Process Notes – Unidentified and Unapplied Receipts'

6.4 VAT

6.4.1 It is the responsibility of the individual approving the invoice or credit note request to ensure that charging of VAT is considered and requested correctly. If advice is needed, this should be sought from the individual's local finance team who can request further advice from the Financial Accounting team in DHCW Headquarters and the DHCW's external VAT advisor if necessary.

6.5 Credit Control and Debt Recovery

6.5.1 DHCW will seek to recover all debts that are owed to it. The recovery of debt will follow the process outlined in the 'Process Notes – Credit Control & Debt Recovery Document'

6.5.2 Where the standard methods of debt recovery have failed DHCW may consider court action against the debtor. The final decision on whether to apply for court action shall rest with the Deputy Director of finance/ Head of Financial Services and Reporting.

6.5.3 Where costs are incurred in the collection of debt DHCW will seek to pass these on to the debtor.

6.6 Debt Write Off Procedures

6.6.1 Any non NHS invoices that are not recoverable or economic to pursue will be written off in line with DHCW's standing orders and standing financial instructions.

6.6.2 All debts that are written off are reported to DHCW's Audit Committee and entered onto the Losses & Special Payments Register. The register will include details of:

- Audit approval date
- Oracle cancellation date.

6.6.3 Delegation limits for the write off of bad debts can be found in the DHCW's Standing Orders.

6.7 Month-end Procedures

6.7.1 The accounts receivable records are reconciled on a monthly basis to the overall Oracle system records in a format agreed by the Head of Financial Services and Reporting. This reconciliation is reviewed and actioned accordingly by the Financial Accountant and a copy stored electronically. The reconciliation will form part of the monthly balance sheet review by the Head of Financial Services and Reporting or deputy.

6.7.2 The month-end reconciliation must include an analysis of aged debts and, where an invoice is overdue, a summary of the action taken to recover that debt.

6.7.3 Where required, the Financial Accountant will meet with Head of Financial Services and Reporting to review and, consider any write-offs to be discussed with the Director of Finance & Business Assurance, to review the summary level aged debt report, and discuss any other issues.

CAR HIRE PROCEDURE

This document describes the process to be followed by all DHCW Employees/Secondees requiring Car Hire

Document Version	1.0
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Status	Add Status
--------	------------

Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.2021
Review date:	31.3.2022

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
LEGAL IMPLICATIONS/IMPACT	No, there are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATION/IMPACT	Yes, please see detail below
	Ensures control of vehicle hire
WORKFORCE IMPLICATION/IMPACT	Yes, please see detail below
SOCIO ECONOMIC IMPLICATION/IMPACT	No. there are no specific socio-economic implications related to the activity outlined in this report

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE	6
6.1	Process for making a Telephone Booking	6
6.2	Completing the Requisition Request	7
6.3	Raising the Requisition	7

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary

1.2 REVIEWERS

This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div>X</div> <hr/> <div>Author</div>

Approver's Name:	
Role:	
Signature:	<div>X</div> <hr/> <div>Approver</div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System/Forms

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

2 PURPOSE

The purpose of this procedure is to describe the process staff or secondees need to follow when requiring hire of a vehicle.

3 SCOPE

This procedure applies to all DHCW staff and staff seconded to DHCW (during the period of their secondment).

4 ROLES AND RESPONSIBILITIES

Role	Responsibilities
Member of staff/secondee requiring car hire	Seek approval from budget holder Make telephone booking and confirm insurance status Complete Requisition Request Form and email to DHCW Requisition Requests; this will automatically be sent to ServicePoint to generate a specific reference number
Budget holder	Approve expenditure
Requisitioner	Raise requisition on Oracle using details from the ServicePoint call and attached Requisition Request Form

5 REFERENCES

DOCUMENT	VERSION

6 PROCEDURE

The car hire agreement to be used has been sourced by NHS Wales Procurement Services under the Buying Solutions Framework. The current supplier is Enterprise Rent-a-Car. The agreement with Enterprise is a flexible one. It allows for collection of individuals from Railway Stations or similar, as well as delivery of hire vehicles to home addresses.

All individuals utilising this SOP must produce a copy of their driving licence and insurance documentation.

Any road traffic violations will be the sole responsibility of the individual hiring the car.

6.1 Process for making a Telephone Booking

The individual requiring car/vehicle hire should first check with the budget holder that there is approval for the expenditure. They should then make a telephone booking quoting Business Account Number **SUAVELI**

using the following telephone number:

0800 800227

Between the hours of 0700hrs and 2359hrs Monday to Friday and 0800hrs to 2359hrs Saturday and Sunday

Buying Solutions Framework Agreement Reference is RM807/L1

The following should be confirmed between the individual and the car hire company:

- Individual who will be driving the vehicle
- Vehicle Hire Period
- Vehicle Model
- Cubic Capacity
- Registration Number
- Insurance Arrangements – should be included in the cost quoted for the entire period of the hire but it is the individual's responsibility to confirm that this is the case
- Collection and Drop Points
- Any transport arrangements to collection point
- Cost

6.2 Completing the Requisition Request

Once the telephone booking has been made, a Requisition Request Form should be completed including all relevant information (above) and cost centre, and submitted to nwis.requisition.requests@wales.nhs.uk.

This will raise a ServicePoint call which will generate a ServicePoint Reference which can be used to track the Purchase Order – see below.

6.3 Raising the Requisition

Corporate Services, upon receipt of the ServicePoint Call, will raise the requisition which will be submitted via the Oracle Financial System to the Budget Holder for approval. The requisition will be annotated "Confirmation Order, for Payment Purposes" by the person raising the requisition. Once the Budget Holder has approved the requisition, the Oracle System will send the requisition to SHA Procurement for a Purchase Order (PO) to be raised.

USE OF DIGITAL HEALTH AND CARE WALES CREDIT CARDS

This procedure sets out the principles and processes associated with the use of the Digital Health and Care Wales Credit Cards

Document Version	1.0
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Status	Add Status
---------------	------------

Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.2021
Review date:	31.3.2022

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
FINANCIAL IMPLICATION/IMPACT	Choose an item.
WORKFORCE IMPLICATION/IMPACT	Choose an item.
SOCIO ECONOMIC IMPLICATION/IMPACT	Choose an item.

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE.....	7
6.1	Purchases	7
6.2	Transaction Process	7
6.3	Security	8
7	DEFINITIONS	8
8	ATTACHMENTS.....	9
8.1	Appendix A	9
8.2	Appendix B	10

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary
10 March 2021	1.0		Version 1


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
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Approver's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	SharePoint/Management System/Documents

2 PURPOSE

This procedure is to outline the rules in place for use of the DHCW Credit Card(s). Reference should be made to SHA Financial Control Procedure 6, SHA Standing Orders and Standing Financial Instructions

3 SCOPE

This procedure covers all requests and purchases made via the DHCW Credit Card(s) and applies to the whole organisation.

4 ROLES AND RESPONSIBILITIES

Requestor/Purchaser

Consider options for procurement and if the Credit Card is deemed appropriate, completion of a Purchasing Card Purchase Order Form which is sent to the Budget Holder.

Budget Holder

Approval of Purchase via the Purchasing Card Purchase Order Form which is provided to the Credit Card Holder.

Credit Card Holder

The DHCW Credit Card Holder(s) is responsible for ensuring that all requests are considered and are appropriate for credit card purchase. They are responsible for making the transactions personally. They are also responsible for maintaining a list of all purchases via the Purchasing Card Record of Transactions which must be submitted to the SHA Purchasing Card Administrator every month. Retention of completed Purchasing Card Purchase Order Forms. The Credit Card Holder must ensure that the card is retained in a secure location.

Responsible Manager (for the Credit Card)

The manager of the Credit Card Holder is responsible for overseeing the use of the credit card including ensuring that the usage is appropriate and in accordance with this procedure and SHA Standing Orders and Standing Financial Instructions.

Finance

To approve all purchases prior to procurement, providing signature following Budget Holder approval on Purchasing Card Purchase Order Form. Note, this must be by one of the following: Head of Financial Services and Reporting, Deputy Director of Finance or Director of Finance. To provide guidance in cases of ambiguity. Management of the credit card account and payment of bills on a monthly basis. Reconciling statements against each Credit Card Record of Transaction and entering the purchase information by budget code on to Oracle.

Head of Financial Services and Reporting

Agreement of any increase in single transaction limits of monthly limits and subsequent liaison with SHA Purchasing Card Scheme Administrator to facilitate this.

5 REFERENCES

DOCUMENT	VERSION
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Trust Standing Orders and Standing Financial Instructions	Current
SHA FCP6 – Accounts Payable	

6 PROCEDURE

6.1 Purchases

6.1.1.

The credit card is to be used for urgent purchases where use of the Oracle System is not appropriate and can only be used for purchases under the maximum transaction limit for the account (refer to SHA Purchasing Card Scheme Administrator). The following items/commodities must not be purchased via credit card and must be purchased via another mechanism, such as fuel card, paid by self and reclaimed via expenses (within terms and conditions) or via Oracle:

- Fuel
- Purchases from Restaurants and Bars
- Cash
- Goods available from other NHS organisations
- Mobile Devices
- Items covered by Purchasing Agreements or Contracts
- Regularly used items or services

It must be noted that purchases using the card are subject to the same procedures that control other SHA purchases and are subject to audit.

6.2 Transaction Process

The person requesting the goods/service must complete the Purchasing Card Purchase Order Form (Appendix A) which needs to be sent electronically to the budget holder for them to confirm there is budget by adding their digital signature. The budget holder must then send electronically to a senior member of Finance (Head of Financial Services and Reporting or Deputy Director of Finance) for their digital signature giving approval to proceed with the purchase. The form should then be emailed to the Credit Card Holder.

The Trust has an agreed maximum single transaction limit for each card which will be known to the Credit Card Holder. The current limits for individual transactions will be detailed in the purchasing card request form and held by the SHA Purchasing Card Scheme Administrator.

The card should not be used for purchases in excess of this limit. The total transaction limit is inclusive of any VAT, carriage charges, etc. Attempting to purchase in excess of this limit will be met with a decline when authorisation is sought for the transaction.

Transactions must not be split in order to remain within the maximum transaction limits. Limits can be amended if approved by the Head of Financial Services and Reporting and any request must be sent to the Purchasing Card Scheme Administrator.

A monthly credit limit will be agreed for each cardholder. If this limit is found to be insufficient for their purchasing needs, the cardholder should contact the Head of Financial Services and Reporting to discuss any revision to the limits.

Upon receipt of an approved Purchasing Card Purchase Order Form (Appendix A) via email, the Credit Card Holder needs to personally place the order. This can be carried out via the following mechanisms:

- Ordering the goods/service by telephone and quoting the card number. Orders should be delivered to a site address and not to a private address. The Credit Card Holder will monitor receipt/deliveries via the Record of Transactions.
- Ordering by mail, where an application form can be completed with details of the card payment.
- Personally visiting the supplier's premises and signing for goods.
- Placing an order to a supplier's secure website via the internet.

In all instances, the cardholder must inform the supplier of:

- The full card number and date of expiry
- The full name of the cardholder (as shown on the card)
- The SHA's full name – Digital Health and Care Wales
- The 3 digit security code

All transactions must be entered on to the Purchasing Card Record of Transactions (Appendix B) which must be sent to the Purchasing Card Administrator at DHCW Headquarters on the 12th of each month.

6.3 Security

6.3.1

The card issued to the Credit Cardholder is to be used by the cardholder only and should not be used by any other individual. The security of the card is the responsibility of the Credit Cardholder who must ensure that it is retained in a secure location and that the card number is not revealed to any unauthorised persons. The card must be used for business purposes only, and must not be used for personal use in any circumstances.

The Credit Card must not be used to pay for items/services retrospectively. The Responsible Manager (for the Credit Card) must periodically assure themselves by way of reviewing the Record of Transactions that transactions are appropriate and within the scope of the Purchasing Card Scheme.

7 DEFINITIONS

TERM	DEFINITION
FCP	Financial Control Procedure
PCA	Purchasing Card Administrator

8 ATTACHMENTS

8.1 Appendix A

Action Point Ref:	
Requested By:	
Department:	

Items Requested:

Supplier:	
Cost:	
Cost Centre:	
Subjective Code:	

Authorisation	
Budget Holder Signature:	<div>X</div> <div>Budget Holder Job Title</div>
Finance Approver Signature:	<div>X</div> <div>Sian Williams Head of Financial Services and Reporting</div>

FRM-Credit Card-v1.0

USE OF DIGITAL HEALTH AND CARE WALES CREDIT CARDS

Authorisation processes for the purchase of goods and services during exceptional circumstances

Document Version	1.0
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Status	Add Status
---------------	------------

Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.2021
Review date:	31.3.2022

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
No, (detail included below as to reasoning)	Outcome:
Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
FINANCIAL IMPLICATION/IMPACT	Choose an item.
	Choose an item.

WORKFORCE IMPLICATION/IMPACT	
SOCIO ECONOMIC IMPLICATION/IMPACT	Choose an item.

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	6
2	PURPOSE	6
3	SCOPE	6
4	LIMITS OF DELEGATION & GOVERNANCE PROCESSES	6
5	THE AUTHORISATION PROCESS & KEY DOCUMENTATION	6
5.1	The Process for Urgent or Emergency Requirements.....	6
5.2	Information Required for the Urgent or Emergency Order.....	7
5.3	Steps to be taken after the purchase is complete.....	7
6	REPORTING DHCW	7
7	THE USE OF DIGITAL SIGNATORIES	8
8	ROLES AND RESPONSIBILITIES.....	8
9	REFERENCES	8
10	DEFINITIONS	8
11	ATTACHMENTS.....	9
11.1	Appendix A - Emergency Purchase Order Register	9
11.2	Appendix B - Credit Card Transaction Request Form	10

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary

1.2 REVIEWERS

This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div>X</div> <div></div> <div>Author</div>

Approver's Name:	
Role:	
Signature:	<div>X</div> <div></div> <div>Approver</div>

1.4 DOCUMENT LOCATION

Type	Location

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

Electronic	SharePoint/Management System/Documents
------------	--

2 PURPOSE

This procedure defines how to use the Credit Card during a pandemic. This procedure is to outline the rules in place for use of the DHCW Credit Card(s). Reference should be made to SHA Financial Control Procedure 6, SHA Standing Orders and Standing Financial Instructions.

N.B. It is essential that good governance, transparency of expenditure and effective procedures are maintained and that the Corporate Services Team, The Executive Team and DHCW stakeholders are clear about the arrangements and processes to be adopted. In this way the organisation will ensure that there are clear and auditable business rationales for the procurement of those goods and services.

3 SCOPE

This procedure applies to the approval process required to be implemented with regards to the purchase of goods and services during unprecedented times e.g. a pandemic. This procedure covers the below scenario.

Emergency purchase - where goods and services are required on an emergency basis and may be in office or non-office hours, but the usual credit card function isn't operating or the usual approval process isn't possible.

4 LIMITS OF DELEGATION & GOVERNANCE PROCESSES

The credit card limits are as set out below and are applicable to the purchasing of all goods and Services

There are restrictions regarding purchases on the credit card, there is a maximum individual transaction limit and a credit limit which is refreshed per month when the credit card statement is generated. The credit card is restricted to a few key individuals in the organisation.

These principles are further outlined in the main Credit Card FCP-FBA-010

5 THE AUTHORISATION PROCESS & KEY DOCUMENTATION

5.1 The Process for Urgent or Emergency Requirements

5.1.1 The Approval Process

- If a budget holder is not available then the purchase must be escalated until one is found or if not possible the on-call director must be aware and agree to the requirement to purchase goods or services. On-call arrangements can be found on the [DHCW Business Continuity Site](#).

- If there is any difficulty finding an approver or advice is needed on who would be appropriate for approval please do not hesitate to make contact with Mark Cox Deputy Director of Finance on Mark.Cox@wales.nhs.uk

5.1.2 The Order Form

- Complete a Purchasing Card Purchase Order Form. If this is not possible, please email Mark Cox at Mark.Cox@wales.nhs.uk, including the information in 5.2, with subject heading 'CREDIT CARD'.
- If Mark Cox is unavailable via email alternative means of contacting him will be listed on his out of office or the on-call director will have a means to contact him.

5.2 Information Required for the Urgent or Emergency Order

The below information is needed to make a purchase. This is also listed on the Purchasing Card Purchase Order Form, in Appendix B

- Scope and Rationale
 - Value
 - Quote from the supplier
 - Supplier
 - Requestor's name
 - Signed Approval form
 - Supplementary paperwork
 - Contact for any queries
 - Budget holder/Director made aware of approval
- If the form isn't completed the spreadsheet in Appendix B must be completed in real time to ensure that at any time the current position with regards to emergency purchases without the correct paperwork is maintained.

5.3 Steps to be taken after the purchase is complete

- Confirmation of the purchase needs to be communicated to the approver and the requestor.
- A responsible Finance Department Lead and request owner are required to ensure the correct paperwork is completed, such that a Purchasing Card Purchase Order Form is completed, an action point number is logged and the usual approval is sought in relation to the request.

6 REPORTING DHCW

Reports will be produced setting out the number of exemptions as follows:

- Weekly reports to the Silver Command Group
- A monthly report for the Executive Team setting out the number of exemptions to Standing Orders "in month" will be prepared by the Finance team as part of its suite of performance reporting.

7 THE USE OF DIGITAL SIGNATORIES

All key documentation will be emailed to the appropriate recipient and will be authorised via a digital signature process.

8 ROLES AND RESPONSIBILITIES

All NWIS Staff are responsible for complying with this procedure.

9 REFERENCES

DOCUMENT	VERSION

10 DEFINITIONS

TERM	DEFINITION

11 ATTACHMENTS

11.1 Appendix A - Emergency Purchase Order Register

Date	Action Point Number	Scope/ Description	Business Rationale	Value £ (ex VAT)	Supplier	Requester	Contact for any queries	Notes/Assumptions	Budget holder/ Director made aware of the	Paperwork completed
------	---------------------	--------------------	--------------------	------------------	----------	-----------	-------------------------	-------------------	---	---------------------

									approval?	

11.2 Appendix B - Credit Card Transaction Request Form

Action Point Ref:	
-------------------	--

Requested By:	
Department:	

Items Requested:

Supplier:	
Cost:	
Cost Centre:	
Subjective Code:	

CIS ARRANGEMENTS

This Financial Control Procedure is to ensure that all payments covered by the Construction Industry Scheme are made correctly to suppliers; and the required information is submitted to HMRC accurately and timely.

Document Version	1.0
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Status	Add Status
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Document author:	Sian Williams
Approved by	Mark Cox
Date approved:	31.3.21
Review date:	31.3.22

Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

Tŷ GLAN-YR-AFON 21 Cowbridge Road East, Cardiff CF11 9AD

STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
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LEGAL IMPLICATIONS/IMPACT	Choose an item.
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WORKFORCE IMPLICATION/IMPACT	Choose an item.
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TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION.....	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	7
6	PROCEDURE.....	7
6.1	The Construction Industry Scheme	7
6.2	Creditor Set-up procedures	8
6.3	Accounts Payable procedures	8
6.4	Month End Procedures	9
6.5	Year End Return	10
7	Attachments.....	11
7.1	Appendix 1 – Link to the HMRC webpage – The Scope of the Scheme: Quick Guide	11
7.2	Appendix 2.....	12
7.3	Appendix 3 – CIS Payment and Deduction Statement.....	13

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Author </div>

Approver's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System/Forms

2 PURPOSE

This procedure details the principles and requirements of HM Revenue & Customs (HMRC) Construction Industry Scheme (CIS), and the controls that are required to ensure DHCW's compliance with the scheme.

Under the CIS scheme organisations are deemed to be a contractor, and therefore must register with HMRC, if they spend more than £1m a year on construction in any 3-year period. As DHCW has not exceeded this threshold it is not covered by the CIS scheme. This FCP is in place to set out the procedures should this status change in the future and to ensure the organisation understands the requirements of the scheme.

However, the policy will remain in place in the event that in the future DHCW becomes a deemed contractor.

In the event, that DHCW becomes a deemed contractor in the future it would operate the relevant procedures whenever it sub-contracts work that is within the scope of the scheme.

The scheme applies to specified construction work and also includes services such as installation, repairs, decoration and demolition. A comprehensive list of services that are included in the scheme can be found in Appendix C of the HMRC's guide CIS340. The definition of a contractor and subcontractor is also provided within Section 1 of the guide.

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact all Divisions of DHCW.

4 ROLES AND RESPONSIBILITIES

Head of Financial Services and Reporting

The Head of Financial Services and Reporting is responsible for:

- Monitoring if DHCW exceeds the CIS threshold, and to register with HMRC accordingly.
- Ensuring that monthly CIS returns are prepared and submitted to HMRC.
- Providing a statement of payment and deduction to each subcontractor who has been subject to deduction at the end of each tax month.

Budget Holders

Budget Holders are responsible for:

- Identifying suppliers/work carried out that falls under the requirements of the CIS scheme.

Accounts Payable

Accounts Payable are responsible for:

- Making payments in line with the requirements of the CIS scheme (based on information received from DHCW).

5 REFERENCES

DOCUMENT	VERSION
HMRC guide 'Construction Industry Scheme' reference CIS340	Current
Accounts payable	Current

6 PROCEDURE

6.1 The Construction Industry Scheme

6.1.1 What is the Construction Industry Scheme?

The scheme sets out the rules for how payments to subcontractors for construction work must be handled by contractors in the construction industry and certain other businesses, such as the National Health Service. Under the scheme, all payments made by DHCW to subcontractors must take account of the subcontractor's tax status as determined by HMRC. This may require DHCW to make a deduction, which is paid to HMRC, from that part of the payment that does not represent the cost of materials incurred by the subcontractor.

6.1.2 What types of work are covered by the Scheme?

The scheme covers all construction work carried out in the UK including jobs such as:

- Site Preparations
- Alterations
- Dismantling
- Construction
- Repairs
- Decorating
- Demolition

More information on the scope of the scheme can be found in Appendix 1

6.1.3 Classification of Subcontractors

Subcontractors should register for the scheme for assessment by HMRC prior to commencing any work within the construction industry. Contractors will pay the subcontractor in one of the following ways:

- Gross, that is without any deductions taken from the payment
- Net of a deduction at the current standard rate of 20%
- Net of a deduction at the higher rate of 30% where the subcontractor has not registered for the scheme

6.1.4

All deductions made by DHCW shall be paid to HMRC.

6.1.5

DHCW shall make a monthly online return to HMRC via their website: <https://online.hmrc.gov.uk/home>

6.2 Creditor Set-up procedures

6.2.1

When a new supplier is to be set in Oracle a creditor set-up form must be completed. On this form, there is a section in respect of CIS which asks for the following details:

- Does the supplier undertake work that could be classed as CIS work?
- Is the supplier registered under the CIS scheme?
- Supplier's Company Registration Number?
- Supplier's Unique Tax Reference?

6.2.2

If the supplier does carry out work that may be classed as CIS work, NHS Wales Shared Services Partnership (NWSSP) must send a copy of the creditor set-up form to the Financial Accounting team which will verify the supplier on the HMRC CIS online database using the information provided and to the NWSSP Supplier Maintenance team to ensure the Oracle CIS site tab is updated.

6.2.3

The supplier must be reminded by NWSSP when orders are placed, that for any work that falls under the CIS and where a supplier is subject to a CIS deduction of tax, an invoice must be provided that breaks down the cost of the work completed into labour and materials.

6.3 Accounts Payable procedures

6.3.1

When an invoice is entered into the Oracle general ledger for payment, the system will notify the Accounts Payable staff if the company being paid is registered with the CIS. If the company is registered for the CIS, the Accounts Payable staff will review the invoice to ascertain whether the work carried out falls within the scope of the scheme. If they are unsure, they should ask the Financial Accounting team for advice or contact the HMRC (CIS) Helpdesk on 0845 366 7899.

6.3.2

Where an invoice falls within the scheme the Accounts Payable staff will take the following action:

- Subcontractors who are paid gross – enter the invoice into the Oracle general ledger as normal.
- Subcontractors who are paid net - pass a copy invoice to the Financial Accounting team. The Financial Accounting team will complete a CIS Debit Note (see Appendix 2) which calculates the amount of tax that needs to be paid over to the HMRC. Accounts Payable staff will then enter this information into the Oracle general ledger as the invoice is processed.

6.3.3

If Accounts Payable staff review an invoice that looks as if the work undertaken falls within the CIS scheme yet the Oracle CIS site tab does not have the company as registered with the CIS scheme then the invoice must be passed to the Financial Accounting team for checking. The Financial Accounting team will check the company's CIS status and if necessary, verify the subcontractor with the HMRC CIS on-line database and ask NWSSP Supplier Maintenance to amend the subcontractors Oracle CIS site tab

6.3.4

If the Financial Accounting team ascertains that the subcontractor should be registered for CIS but isn't, a CIS Debit Note which calculates the amount of tax that needs to be paid over to the HMRC at the higher rate will need to be completed. Accounts Payable will enter both documents into Oracle.

6.3.5

The Financial Accounting Team will forward a statement of payment and deduction (Appendix 3) to each subcontractor who has been subject to deduction within 14 days of the end of each tax month i.e. by the 19th of the month. The statement can be issued on the basis of one for each tax month or one for each payment if this is more frequent. The statement must include the following information:

- Contractor's own name and employer's tax reference.
- The end date of the tax month in which the payment was made such as "tax month ending 5th May 2009" or the date of payment where the statement relates to a single payment.
- Subcontractor name, unique taxpayer reference number and the personal verification number if the subcontractor could not be verified and a deduction at the higher rate has been made.
- The gross amount of the payments made (excl VAT) to the subcontractor.
- The cost of any materials that has reduced the amount against which the deduction has been applied.
- The amount of the deduction.

6.4 Month End Procedures

6.4.1

At the close of each tax month (5th of each month), the Financial Accounting team will run off the summary and detailed CIS reports from Oracle.

6.4.2

The Financial Accounting team will complete a spreadsheet each month detailing all the amounts paid to subcontractors under the CIS scheme. Consequently, the Financial Accounting team will need to check all gross payments to ascertain which fall within the CIS scheme. The Financial Accounting team will also check the net payments.

6.4.3

If any subcontractor appears on the Oracle report that has not been verified by DHCW on the HMRC CIS on-line database, then the Financial Accounting team will need to undertake this to verify the subcontractor's tax status.

6.4.4

The Financial Accounting team will enter the payment and deduction totals of each subcontractor into a monthly return within the online HMRC system. A nil return must be made where no payments exist. The return must be finalised prior to the 19th of the following month.

6.4.5

The Financial Accounting team will arrange for the total of the deductions made via BACS payment Run to HMRC.

6.4.6

The Financial Accounting team will maintain a schedule of all subcontractors that DHCW has registered on the HMRC CIS on-line database. This list will be posted on the I:Drive so that all finance staff have access to it.

6.5 Year End Return

6.5.1

At the end of each financial year DHCW is required to complete a P35 Annual Employer's Return. The total amount of scheme deductions will be included on this form.

7 Attachments

7.1 Appendix 1 – Link to the HMRC webpage – The Scope of the Scheme: Quick Guide

<https://www.gov.uk/government/publications/construction-industry-scheme-cis-340/construction-industry-scheme-a-guide-for-contractorsand-subcontractors-cis-340>.

7.2 Appendix 2

CIS Debit Note Number:

Company:

CIS Verification Number:

Tax Month & Year:

Order	Invoice	Amount	Amount	VAT	Materials	Labour	Total	%	%	Total
Number	Number	Net	Gross	Rate	excl VAT	excl VAT	excl VAT	Material	Labour	
			0.00	20%			0.00	Costs	Costs	#DIV/0!
			0.00	20%			0.00	#DIV/0!	#DIV/0!	0.00
			0.00	20%			0.00			0.00
			0.00	20%			0.00			0.00
			0.00	20%			0.00			0.00
		0.00	0.00		0.00	0.00				

Calculation of Deduction:

Total payment (exclusive of VAT)	0.00	
Less cost of materials (exclusive of VAT)	0.00	
Amount liable to deduction	0.00	
Amount deducted at %		Pay to HMRC
Payment to subcontractor	0.00	Pay to Subcontractor

Completed By:

Signed
Date:

7.3 Appendix 3 – CIS Payment and Deduction Statement

Construction Industry Scheme Payment and deduction statement

Contractor details	
Contractor's name	Payment and deduction made in tax month ended 05 MM YYYY
<input type="text"/>	0 5 <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Contractor's address	Employer's Tax Reference
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Subcontractor details	
Subcontractor's full name	Gross amount paid (Excl VAT) (A)
<input type="text"/>	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • 0 0
Unique Taxpayer reference (UTR)	Less cost of materials
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • 0 0
Verification Number*	Amount liable to deduction
V <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/>	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • 0 0
* Verification number only to be entered where a deduction at the higher rate has been made.	Amount deducted (B)
	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • 0 0
	Amount payable (A-B)
	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • 0 0

Subcontractors - Please keep this document safe

CISOL1_v0_06

HMRC 09/08

VAT

This procedure outlines the processes to be applied when dealing with VAT and is applicable to those staff who procure goods and services, provide a service to outside organisations, or account for VAT entries within the financial ledger.

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Status	Add Status
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Document author:	Sian Williams
Approved by	Mark Cox
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STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
----------------------------	--

WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
If more than one standard applies, please list below:	

DHCW QUALITY STANDARDS	ISO 9001
If more than one standard applies, please list below:	

HEALTH CARE STANDARD	Governance, leadership and accountability
If more than one standard applies, please list below:	

EQUALITY IMPACT ASSESSMENT STATEMENT	Date of submission:
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APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
COMMITTEE OR GROUP	DATE	OUTCOME

IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
FINANCIAL IMPLICATION/IMPACT	Choose an item.
WORKFORCE IMPLICATION/IMPACT	Choose an item.
SOCIO ECONOMIC IMPLICATION/IMPACT	Choose an item.

TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	5
1.3	AUTHORISATION	5
1.4	DOCUMENT LOCATION	5
2	PURPOSE	6
3	SCOPE	6
4	ROLES AND RESPONSIBILITIES	6
5	REFERENCES	6
6	PROCEDURE	7
6.1	General Information and definitions	7
6.2	Contracted out services	7
6.3	Business and trading activities	8
6.4	Completion of VAT returns	9
6.5	VAT planning opportunities	10
6.6	Capital Programme VAT	10
6.7	VAT Guidance	11

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Author </div>

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2 PURPOSE

This procedure outlines the processes to be applied when dealing with VAT and is applicable to those staff who procure goods and services, provide a service to outside organisations, or account for VAT entries within the financial ledger.

This document also outlines DHCW's responsibilities in completing and submitting returns to Her Majesty's Revenue & Customs (HMRC).

3 SCOPE

This procedure shall apply specifically to the Finance Directorate but will impact all Divisions of DHCW.

4 ROLES AND RESPONSIBILITIES

The Head of Financial Services and Reporting is responsible for:

- Ensuring that the required VAT returns are submitted to HRMC in accordance with the statutory deadlines and that the figures contained within them are accurate.
- Ensuring that appropriate VAT guidance and training is provided to staff involved in VAT.
- Reviewing the monthly VAT reconciliation, ensuring that it is consistent with the VAT return.

Financial Accountant

The Financial Accountant is responsible for:

- Preparing the monthly VAT return
- Maintaining the VAT account, ensuring that it is consistent with the VAT return and reconciling it monthly.

Requisition Staff

Requisition staff are responsible for:

- Ensuring that all requisitions are raised with the correct VAT treatment. This will allow the procurement department to correctly raise orders to suppliers.

5 REFERENCES

DOCUMENT	VERSION
DHCW standing orders and standing financial instructions	Current
Procurement	
Accounts payable	Current
VAT information on the HMRC website	

6 PROCEDURE

6.1 General Information and definitions

6.1.1

Value added tax (VAT) was introduced into the UK on the 1 April 1973.

6.1.2

There are currently four rates of tax applicable to business supplies:

- Standard rate - This is charged on the provision of most goods and services;
- Reduced rate – This is a lower rate charged on certain items, such as domestic use of fuel and power, sanitary protection, and certain urban regeneration schemes;
- Zero rate – 0% charged on food, water and sewerage services, books and certain printing matter, construction of certain buildings, dispensing of drugs, charities and children's clothing and footwear;
- Exempt rating - certain land and property transactions, postal services, education, health and welfare, burial and cremation, and fundraising events by charities. VAT exempt activities relevant to the NHS include private patients' charges and activities, vocational training, lecture fees and accommodation charges.

6.1.3

Normally VAT is charged and recovered in the course of business and, therefore, would not be applicable to the NHS. However, NHS bodies are involved in non-business activities and VAT incurred can be reclaimed if it falls under the Contracted-out Services (COS) rules.

6.1.4

Contracted out services are those which could be performed in house by DHCW but have instead been contracted out to a third party. A list of these items and further information is available on the HMRC website: <http://www.hmrc.gov.uk/manuals/vatgpbmanual/VATGPB9000.htm>

6.1.5

NHS organisations also have to account for VAT on business and trading activities. In these cases, VAT is chargeable on outputs and recoverable on inputs as would be the case for any other business

6.1.6

External VAT advisors are used by NHS Organisations where this is considered to be cost effective.

6.2 Contracted out services

6.2.1

VAT recovery is only available on those services agreed by HMRC, provided:

- a) The supply of services is not for the purpose of any business activity

- b) The service concerned is of a type traditionally performed in house by the NHS
- c) That any goods for which a charge is included in the total price is incidental to the supply of that service (e.g. the cost of cleaning material in a tendered cleaning contract).

6.2.2

Any request to reclaim VAT must be supported by the existence of a VAT invoice. A VAT invoice must include the following information:

- unique invoice number
- supplier name and address
- supplier VAT number
- date of supply
- nature of supply
- customer name and address (must state Digital Health and Care Wales on the invoice regardless of what department has received the goods / services)
- nature of supply
- description of goods and services
- total charge (net of VAT)
- details of any cash discounts
- total VAT payable
- total amount payable

6.2.3

When an invoice is raised, an order is placed, or an invoice is directly input onto the financial system, any reclaimable VAT should be identified to allow the system to directly allocate the VAT to the VAT account.

6.2.4

Where individuals are unsure whether VAT can be reclaimed or not, they should contact their finance team. If they are unable to provide guidance then they will refer the query to the Financial Accounting team, who will advise or will contact the DHCW's external VAT adviser if necessary.

6.3 Business and trading activities

6.3.1

Where DHCW undertakes an activity that can be classified as trading, output VAT will be charged on sales and input VAT will be reclaimed on the costs of providing these goods or services. In cases where goods and services are provided in such a way that only an element of the output should be treated as trading, only a proportion of that input VAT will be reclaimed.

6.3.2

In cases where goods and services received are charged on the same invoice and only part of the input VAT is usually recoverable, no VAT can be reclaimed.

6.3.3

There are some trading activities where invoices will not be raised e.g. catering sales, gift shop sales, private use of a work phone. In these cases the income received will be split coded to the VAT account and the remainder allocated to the code for the income in question. Any service to another NHS body in Wales will not incur VAT.

6.3.4

Where there is any doubt or query whether VAT is chargeable, an individual should contact their finance team. If they are unable to provide guidance then they will refer the query to the Financial Accounting team, who will advise or will contact DHCW's external VAT adviser if necessary.

6.4 Completion of VAT returns

6.4.1

The Financial Accounting team will ensure that the legal requirement to maintain a VAT account recording the summary totals of reclaimable input VAT and output VAT, and the balance due to or from HMRC, is accurately kept. They will also ensure that the cash subsequently received from or paid to HMRC each month is accurately and promptly posted to the financial ledger.

6.4.2

The team will submit monthly online VAT returns to HMRC by the required deadlines.

6.4.3

The VAT account will be fully reconciled in line with the internal finance timetable. It should be noted that the VAT return is submitted during the following month so there is always as a month's timing difference between the balance held on the financial ledger and the processing of required adjustments.

6.4.4

All VAT return calculations will be reviewed by a second person prior to submission of the return. The calculations will be filed electronically with a clear cross reference to the online claim form and all supporting documents.

6.4.5

A record of all transactions will be maintained showing the amount of VAT reclaimed or paid for at least 6 years.

6.4.6

When errors are identified that relate to prior VAT periods, there is a legal requirement to disclose these separately to HMRC if they exceed:

- a net value of £10,000 or
- 1% of the figure entered in box 6 (subject to a maximum amount of £50,000).

6.4.7

All reclaims for a financial year must be made to HMRC prior to 30 June of the following financial year (noting that the June return will be filed by 31 July).

6.4.8

DHCW reports input VAT based on the tax point of the receipt of goods or services.

6.5 VAT planning opportunities

6.5.1

When structuring contracts, arrangements may be entered into which give DHCW the ability to reclaim VAT where it may have been irrecoverable if the contract was structured in another way.

6.5.2

Consideration should be given to the efficient use of charitable funds. Certain goods, purchased or hired by NHS organisations, would be eligible for zero rating by the supplier if purchased out of charitable funds as opposed to being standard rated otherwise.

6.6 Capital Programme VAT

6.6.1

The Financial Accounting team will determine the VAT treatment for small schemes following the HMRC COS guidance. However for larger schemes the Head of Financial Services and Reporting will discuss with DHCW's external VAT advisors the VAT reclaimable rates for each individual scheme. The VAT treatment for these schemes will be processed by the Financial Accounting team. Upon scheme completion an additional external VAT review will be undertaken to ensure the percentage of VAT reclaimable has not changed due to contract changes

6.6.2 Partial Exemption Special Method (PESM)

On an annual basis, DHCW will complete an exercise to calculate the previous year's overall partial exemption percentage to its COS recoveries. This calculation will be prepared by September following the year end and will result in an annual adjustment to correct the value of VAT restricted to the appropriate amount for the year.

The percentage will then be applied on a monthly basis to all VAT returns once the PESH for the previous year has been agreed.

6.7 VAT Guidance

6.7.1

The primary point of contact for any VAT queries in DHCW is the Financial Accounting Team. Based upon their assessment of the issues and queries that are being raised they will tailor on-going VAT support and training for the organisation as appropriate.

BUDGETARY CONTROL

This procedure provides guidance to Budget Holders and Budget Managers on Budgetary Control

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Status	Draft
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Document author:	
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Tŷ GLAN-YR-AFON 21 Heol Ddwyreiniol Y Bont-Faen, Caerdydd CF11 9AD

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STRATEGIC OBJECTIVE	Delivering High Quality Digital Services
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WELL-BEING OF FUTURE GENERATIONS ACT	A prosperous Wales
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HEALTH CARE STANDARD	Governance, leadership and accountability
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Statement:	

APPROVAL/SCRUTINY ROUTE: Person/Committee/Group who have received or considered this		
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IMPACT ASSESSMENT	
QUALITY AND SAFETY IMPLICATIONS/IMPACT	Choose an item.
LEGAL IMPLICATIONS/IMPACT	Choose an item.
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FINANCIAL IMPLICATION/IMPACT	
WORKFORCE IMPLICATION/IMPACT	Choose an item.
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TABLE OF CONTENTS

1	DOCUMENT HISTORY	5
1.1	REVISION HISTORY	5
1.2	REVIEWERS	6
1.3	AUTHORISATION	6
1.4	DOCUMENT LOCATION	6
2	PURPOSE	6
3	SCOPE	7
4	DELEGATION OF BUDGETS	7
4.1	The Chief Executive as the accountable	7
4.2	The Chief Executive may delegate	8
4.3	Any budgeted funds not required for their designated purposes	8
4.4	Wherever possible budget holders will be allowed to retain planned underspend	8
4.5	Non-recurring budgets	8
5	BUDGET HOLDER RESPONSIBILITY	8
5.1	Budget holders have the support of the finance team	8
5.2	New and existing budget holders	8
5.3	Budget holders can only authorise expenditure	9
5.4	Budget holders are responsible for the goods and services	9
5.5	It is the budget holder's responsibility	9
5.6	It is the budget holder's responsibility	9
5.7	Budget holders should notify	9
5.8	Budget holders are responsible	9
5.9	Budget holders are responsible	9
5.10	As part of the annual planning process	9
6	FINANCIAL STRATEGY	9
6.1	By February of each year finance staff	9
6.2	Once approved by the Divisional Director and Director of Finance	10
6.3	The Finance Director will present the financial strategy & plan	10
6.4	Once the overall financial strategy & plan is approved all budget holders	10
6.5	These approved budgets will then be reflected in the general ledger	10
6.6	Once the overall financial strategy & plan and individual budgets have been agreed by the Board	10
7	BUDGET SETTING	11

7.1 Following divisional finance staff discussions with.....	11
7.2 Budgets will be reviewed annually	11
7.3 The accurate phasing of planned expenditure.....	11
7.4 The budgets will be agreed with each delegated budget holder.....	11
7.5 Any changes in budgets may be carried out.....	11
7.6 Within the overall financial resources	11
8 BUDGET INFORMATION	12
8.1 To ensure sufficient relevant and reliable information	12
8.2 In addition, each Business Partner	12
8.3 Budget values reported in the statements	12
8.4 Finance staff should carefully assess income/expenditure.....	12
8.5 After preparation of the statements.....	12
9 BUDGET MONITORING & VARIANCE ANALYSIS	13
9.1 OVERSPENDS.....	13
9.2 UNDERSPENDS	13
9.3 VIREMENTS BETWEEN BUDGETS.....	14
10 RESERVES	15
11 BUDGET REVIEW MEETINGS.....	15
12 References	16

1 DOCUMENT HISTORY

1.1 REVISION HISTORY

Date	Version	Author	Revision Summary


1.2 REVIEWERS


This document requires the following reviews:

Date	Version	Name	Position

1.3 AUTHORISATION

Signing of this document indicates acceptance of its contents.

Author's Name:	
Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Author </div>

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Role:	
Signature:	<div style="text-align: center;">  <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Approver </div>

1.4 DOCUMENT LOCATION

Type	Location
Electronic	Sharepoint/FinBus/Management System

2 PURPOSE

To inform managers of the issues to be taken into consideration when preparing budgets and to establish a DHCW-wide framework within which budgetary control will operate; and to assist Budget Holders & Budget Managers in understanding their roles and responsibilities.

This procedure will therefore describe the whole approach to budgeting and provide a document that will enable Budget Holders to meet and fully adhere to the responsibilities given to them.

This procedure also outlines how the Finance Department will provide support to Budget Holders & Budget Managers and underline failure to comply with Budgetary Control Procedures may be treated as a breach of discipline.

Any Director, budget holder or employee involved in any way with the budgetary process, who is not clear as to the interpretation of this procedure or who has specific difficulty in complying with it, should in the first instance seek the advice of their line manager. If in further difficulty they should refer the matter to the Finance team.

3 SCOPE

The Standing Financial Instructions (SFIs) of Digital Health and Care Wales (DHCW) detail the financial responsibilities, policies and procedures adopted by the organisation. SFIs require that the Finance Director will “devise and maintain systems of Budgetary Control”. This Budgetary Control Procedure covers the directions laid down in the SFIs and aims to provide additional guidance to budget holders and should be read in conjunction with standing orders and standing financial instructions.

This procedure has been prepared to support adherence to the SFIs by all Directors, budget holders and employees of DHCW who have responsibilities connected with the budgetary control process.

This procedure defines the function and objectives of budgetary control and the links to the Financial Strategy.

4 DELEGATION OF BUDGETS

4.1 The Chief Executive as the accountable officer has delegated budgetary responsibility to Divisional Directors. The Divisional Directors have also been given the flexibility to further delegate to named senior managers. Divisional Directors are encouraged to delegate to the organisational level at which the use of financial resources can be most effective. Budget holders' control must enable effective service delivery. As a result, the delegation of budgetary control will normally follow the lines of accountability described in DHCW Directorate management structures.

4.2 The Chief Executive may delegate the management of a budget to permit the performance of a defined range of activities. This must be documented in writing clearly stating:

- a) Amount of the budget
- b) Individual able to authorise expenditure
- c) Authority to exercise virement

4.3 Any budgeted funds not required for their designated purposes revert to the control of the Chief Executive or Director of Finance, subject to the appropriate authorised virement.

4.4 Wherever possible budget holders will be allowed to retain planned underspend for alternative use providing that sound proposals can be put forward which will not jeopardise the organisations overall commitment to achieving breakeven on the income and expenditure account.

4.5 Non-recurring budgets must not be used to finance recurring expenditure without the authority in writing of the Chief Executive or Director of Finance.

5 BUDGET HOLDER RESPONSIBILITY

5.1 Budget holders have the support of the finance team and the Head of Financial Services & Reporting. The finance team will be headed by a Business Partner who will be the key point of contact for the budget holder in the discharge of their financial responsibilities.

5.2 New and existing budget holders will be provided with the appropriate level of training and guidance by a member of the divisional finance team.

5.3 Budget holders can only authorise expenditure within the limits of the recurring funding available.

5.4 Budget holders are responsible for the goods and services for which their budget is delegated.

5.5 It is the budget holder's responsibility to check for accuracy the monthly budget report issued by the finance team. If inaccuracies are found the finance team should be notified.

5.6 It is the budget holder's responsibility to ensure that all new starters, leavers, and changes to existing staff details are correctly processed to ensure budget reports remain accurate and up to date.

5.7 Budget holders should notify the Head of Financial Services & Reporting of any potential overspend or unexpected expenditure as soon as they are aware of it.

5.8 Budget holders are responsible for taking corrective action for any overspend and setting out clearly to the Head of Financial Services & Reporting what corrective action(s) they are taking and the timescales for implementation.

5.9 Budget holders are responsible for identifying savings schemes or opportunities to use DHCW resources more effectively and implementing these to enable the budget they are responsible for and the overall divisional budget to remain balanced or underspent.

5.10 As part of the annual planning process for the IMTP, budget holders, with the support of their finance team, are responsible for:

- Producing an activity demand & capacity plan (where appropriate) that is based on the resources available to them within their agreed financial budget;
- Identifying pay inflation, pay increment, other pay pressures and non-pay pressures;
- Identifying unavoidable service cost pressures supported by a full business case that can be presented to commissioners for consideration of funding;
- Identifying prioritised service developments supported by a full business case that can be presented to commissioners for consideration of funding.

6 FINANCIAL STRATEGY

6.1 By February of each year finance staff will meet with all budget holders and agree a provisional budget plan for the following year. These individual budgets will be totalled and compared to the agreed divisional expenditure control limit and an initial budget position discussed between the Head of Financial Services & Reporting, the Deputy Director of Finance and Divisional Director. Several iterations of this process may be necessary in order to present a balanced divisional strategy or to include a plan of how each division intends to achieve financial balance. This process will be supported from an early stage by the Finance Director.

6.2 Once approved by the Divisional Director and Director of Finance, the financial strategy & plan for each division will be consolidated together with the corporate service's financial strategy & plan by the Deputy Director of Finance, to form the basis of the overall financial strategy & plan. The Deputy Director of Finance will develop the overall three-year financial strategy & plan based on the anticipated additional income the organisation will receive and the consolidated divisional expenditure and savings delivery plans.

6.3 The Finance Director will present the financial strategy & plan, detailing each division's expenditure control limit, assumed income levels, detailed savings plans and any risks & opportunities included in the strategy & plan to the March DHCW for approval.

6.4 Once the overall financial strategy & plan is approved all budget holders will be made aware that their provisionally agreed budgets have been accepted and that they are now the agreed budget for the year.

Budget Holders will then be required to formally sign off acceptance of these budgets.

6.5 These approved budgets will then be reflected in the general ledger on the Oracle financial system.

6.6 Once the overall financial strategy & plan and individual budgets have been agreed by the Board, the Chief Executive, in their role as Accountable Officer for the organisation, will write to divisional directors to formally delegate responsibility for holding and managing their revenue expenditure budgets for the financial year. The Chief Executive may delegate this responsibility to the Director of Finance. This letter will set out:

- the Delegated Expenditure Control Limit* (DECL) each is responsible for (identifying recurring and non-recurring budgets);
- their responsibilities as a budget holder for not exceeding the budget delegation;
- expectations that they ensure at all times propriety and regularity requirements and all other requirements for the maintenance of effective internal financial control are met and are in accordance with the Standing Orders and Standing Financial Instructions.

**the DECL will reflect the agreed brought forward recurring budget, adjusted for agreed inflationary funding, savings target, service development funding agreed by*

commissioners and other agreed budgetary adjustments.

Budget reports from the general ledger will be issued by the finance department to budget holders on a monthly basis and significant variances must be investigated by the budget holder with identification of corrective action, responsible officer and timescales.

7 BUDGET SETTING

7.1 Following divisional finance staff discussions with individual budget holders, Business Partners and the Head of Financial Services & Reporting will prepare and submit a budget plan within the limits of the division's delegated expenditure control limit to the Divisional Management Team for approval in February of each year. As described in the section above, these divisionally approved plans will be consolidated into the overall financial strategy & plan to be approved by the Board in March of each year, prior to the start of the financial year on 1st April. Approved budgets will then be issued to budget holders.

7.2 Budgets will be reviewed annually and will be set with consideration to service reviews and the planning process. Changes to budgets will reflect agreed changes in the level or the way in which services are delivered.

7.3 The accurate phasing of planned expenditure in each budget is key to maintaining in-year financial control. This is the responsibility of the budget holder, supported and advised by the divisional Finance team. The emphasis of management activity is, therefore, focused upon looking forward, controlling planned expenditure, rather than working retrospectively as to why overspending has happened. Each budget has clearly defined phasing representing planned expenditure. This can take many forms, twelve equal monthly payments, month by month specific amounts, quarterly payments, or one single lump sum payment.

7.4 The budgets will be agreed with each delegated budget holder and the Business Partner. In agreeing the budget, the following aspects will be discussed and taken into account:

- An assessment of service costs
- Activity levels and forecast demand changes
- Current budget level
- Changes in patterns of service delivery and management
- The overall financial resources and financial strategy of the organisation
- Service development through the planning process and consistency with the agreed Integrated Medium-Term Plan (IMTP)
- Budget holders shall not assume any increase in the available recurring funding unless confirmed by the Finance Director. Where the results of budget setting identify a need for additional funds, all efforts should be made in the first instance for this to be met from within the budget holders' recurring funds.

- The Deputy Director of Finance and the Head of Financial Services & Reporting will review the budgets prior to the Finance Director submitting to the Board.

7.5 Any changes in budgets may be carried out through a 'virement' with the approval of the finance department as per 9.3.

7.6 Within the overall financial resources each division may hold appropriate reserves for specific activities to be released to budgets as appropriate. In addition, the Chief Executive may also hold reserves for unexpected cost pressures and contingencies and release to budgets as the expense is incurred.

8 BUDGET INFORMATION

8.1 To ensure sufficient relevant and reliable information is available for budget holders, budget reports will be issued monthly for each budget holder by divisional finance teams.

The monthly budget report will include the following information:

- The total annual budget;
- Details of the actual income and expenditure for the current month;
- Details of the actual income and expenditure for the year to date;
- Individual variances (in month and to date) from the agreed income and expenditure budget;
- Details of the budgeted and actual WTEs together with any variances.

8.2 In addition, each Business Partner will produce a written monthly budget report for the Divisions' senior management team, in a format agreed by the Finance Director, which will be shared with the Finance Director and Deputy Director of Finance. This report will detail:

- A summary of the main issues;
- The financial position to date along with explanations of any significant variances;
- Management actions to correct adverse variances or further exploit favourable variances with identified leads and timescales;
- Analysis of budget changes;
- A summary of the savings delivery performance to date and forecast year end position;
- Details of the division projected end of year position;
- A summary of the key financial risks & opportunities that have not yet crystallised and are not yet reflected in the division forecast outturn position;
- Trend analysis by month of key expenditure areas – actual and variance;
- Recommendations for improving the financial performance.

8.3 Budget values reported in the statements should take into account, wherever possible, all known adjustments to budget and all reasonably anticipated future adjustments. Proportions of budget applied to the report month and the accumulated period to date should take account of appropriate start and finish dates of functions or value variations, seasonal fluctuations, irregular spending patterns and spending

conforming to quarterly, annual (or other non-monthly) patterns.

8.4 Finance staff should carefully assess income/expenditure within each report month and make appropriate accruals in order to account for financial transactions not yet recorded in the accounting records. All accruals must be coded to the correct balance sheet subjective and analysis code.

8.5 After preparation of the statements, the Finance staff will discuss any significant variances displayed in the resulting financial data with budget holders.

9 BUDGET MONITORING & VARIANCE ANALYSIS

It is important that budget holders review their monthly reports and highlight any variances to the divisional finance team to ensure they are investigated to confirm accuracy and ascertain whether or not they represent a significant trend in expenditure and a potential problem. Variances fall into two categories: overspend and underspend.

9.1 OVERSPENDS

Budget Holders are responsible for taking corrective action for any forecast overspend. The budget holders will be expected to meet Business Partners at least 8 times a year to ensure any corrective action is agreed, monitored and resolved. Where a Budget Holder has forecast an overspend, it is their responsibility to produce an urgent action plan to the Director of Finance to show how this overspend will be brought back to a balanced financial position.

If a balanced financial position cannot be achieved, the CEO or Director of Finance can remove the budgets from the Budget Holder.

Any overspends should be identified by budget holders at an early stage and immediate action must be taken to rectify the situation, and where possible the budget holder should inform the divisional finance team in advance of any potential overspend. Delay that leads to a loss in opportunity to regulate overspending may be viewed as a serious breach of conduct.

Expenditure for which no budgetary provision has been made and which cannot be covered by delegated powers of transfer, must not be incurred without the express permission of the Board. The Board have delegated this power to the Chief Executive or Finance Director.

Where power to transfer between budgets or budget headings has not been delegated, setting an underspending against a corresponding overspending is not permitted.

Where an overspend is not related to specific factors such as increased workload then budget holders must take immediate corrective action to control their spending within their allocated resources. Where there is an overspend and/or an overspend continues uncorrected then this will be escalated in the Business Partner's written report to the Division's senior management team, the Head of Financial Services & Reporting, the COO, the Divisional Director, Finance Director or to the Board.

9.2 UNDERSPENDS

Where there is an underspend, the divisional finance team may vire the funds for use on other expenditure items if appropriate authorisation is given.

Budget Holders are required to ensure, via their Finance team, that anticipated material underspends, whether planned or otherwise, are notified to the Deputy Director of Finance or Finance Director at the earliest possible opportunity. Failure to make proposals in good time could result in underspend being withdrawn from the Division/Department.

Underspends arising from:

- a) unplanned or fortuitous circumstances;
- b) failure to achieve contracted workload or agreed activity;
- c) under demand for the budgeted level of service;

should not be used or transferred without the prior agreement of the Chief Executive or Finance Director. Normally, such underspends will be transferred back to a general reserve for re-allocation by the Chief Executive or Finance Director.

A Budget Holder may not use underspends for other purposes unless specific authority has been given by the Chief Executive or Finance Director either in the notice of delegation of budget or by other means.

9.3 VIREMENTS BETWEEN BUDGETS

Divisions/Departments must be able to respond to overspends or underspends if the variations are due to activity and workload, or as a result of external factors influencing expenditure. They, therefore, require defined powers to exercise virement up to a level appropriate to their virement limits as stated below. Virement is defined as a transfer of resources between two budgets and is in effect a downward revision in one budget offsetting an upward revision in another.

Divisions/Departments may vire funds between the separate budgets within their control. A Division/Department may ask the Finance Director to reduce a budget limit and raise another budget limit. This facility affords managers some level of flexibility during the year. Controls have been established to ensure that virement only takes place where agreement exists.

The need for virement is an acknowledgement that the planned budgets need revision, or that someone is seeking to commit expenditure approved by the Board for a certain activity on a different activity. Virement between directorates has to be approved by the Chief Executive or Finance Director.

The Finance Director has defined appropriate rules for virement between budgets. These rules are based upon an escalating basis of significance of the virement. The following types of virement will generally not be supported unless a very strong case of need is made by the budget holder: -

- virement between non-recurrent and recurrent resources;
- virement between staff costs and operating expenses;
- virement between capital and revenue.

Approval limits for virements are as follows:

- Virement below £5,000 is at the discretion of the budget holder who will complete the necessary documentation and submit to the appropriate business partner.
- Permission for virement between £5,000 and £30,000 has been delegated to directors, supported by the Head of Financial Services & Reporting.
- Virement above £30,000 requires the permission of the Finance Director where staffing budgets are created to ensure that the principles of establishment control are being adhered to, with recurring funds identified prior to permanent appointment.

All intra directorate virements are to be agreed by the Chief Executive or Director of Finance as this is a change to the delegated budget.

10 RESERVES

The Finance Director, on behalf of the Chief Executive, will endeavour to create such reserves as are deemed necessary to secure the ability of the organisation to meet its financial targets. Reserves may include sums to cover future pay awards, price inflation, unforeseen contingencies, non-recurrent spending and other specific items as yet not allocated to individual budgets.

The Chief Executive may exercise discretion to partly or wholly allocate reserves directly to the Divisions/Departments or subsequent allocation to specific budgets.

11 BUDGET REVIEW MEETINGS

A monthly budget review meeting will be held between a member of the finance team and each of the divisions key budget holders to review budgetary performance. As part of these meetings the budget holder is expected to provide detail on:

- Actions being taken or planned, with timescales, to correct any material adverse variance;
- Actions being taken, with timescales, to recover shortfall on financial savings scheme delivery against savings target;
- Any known future financial risks and opportunities and expected crystallisation date that need to be reflected in the year end budgetary performance forecast.

Quarterly and/or six-monthly budgetary performance review meetings will be held between each key budget holder, Director of Finance and Deputy Director of Finance. The purpose of these meetings is to:

- Enable the division and the finance team to undertake a division wide review of budgetary financial performance;
- Review the impact of activity and demand on budgetary performance and what actions need to be taken to ensure planned/contracted activity is delivered within the budgeted resources;
- Identify any actions that need to be taken to improve budgetary performance to ensure the divisional service objectives are met;
- Identify what corporate support/decisions are required;
- Identify any budget virements requiring decision by the Divisional Director or Finance Director;
- Discuss any known future financial risks and opportunities and expected crystallisation date that need to be reflected in the year end budgetary performance forecast.

A monthly meeting will be held between the Deputy Director of Finance, Head of Financial Services & Reporting to review budgetary performance on a directorate and overall organisational basis. Following this meeting a session with the Director of Finance to review both the income & expenditure (I&E) position and the balance sheet. This meeting is the basis for the financial report to the Board and the Monthly Monitoring Returns to Welsh Government.

12 References

DOCUMENT	VERSION
DHCW Financial Control Procedures	Current
DHCW Standing Orders and Standing Financial Instructions	Current