

# **Welsh Risk Pool (WRP) Claim Process**

## **Internal Audit Report**

### **Cwm Taf Morgannwg University Health Board**

**2020/21**

**March 2021**

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

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

### **ACKNOWLEDGEMENT**

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

### **Disclaimer notice - Please note:**

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## 1. Introduction and Background

Our review of Welsh Risk Pool concerns and compensation claims was completed in line with the 2020/21 Internal Audit plan for Cwm Taf Morgannwg University Health Board (the 'Health Board').

Compensation claims usually take a number of years from receipt of claim to settlement and can involve a large number of payments and repayments; this gives rise to a potential for mistakes to occur.

Welsh Risk Pool Services (WRP) requires that claims for reimbursement and repayment are made within specific timescales.

WRP have developed a standard: The Compensation Claims Management Standard, to ensure that NHS bodies:

- Have an effective process for managing concerns raised by patients and staff.
- Have an effective process for managing legal claims for financial compensation.
- Ensure that there is good organisational learning from all events.

Reimbursement of settled claims are either under NHS indemnity, or from April 2018, redress cases.

Area for Assessment 3 of the standard requires Internal Audit to review the accuracy of a representative sample of compensation claims for reimbursement, made on Welsh Risk Pool Services.

The relevant lead for the review is the Executive Director of Nursing, Midwifery and Patient Care.

## 2. Scope and Objectives

The objective of this audit was to provide assurance to the Health Board's Audit and Risk Committee that the correct process is being followed and that claims are accurate.

The purpose of the review was to provide assurance to the Audit and Risk Committee that the claims reimbursement process is in compliance with the Welsh Risk Pool Standard.

The objectives of the review were to provide assurance that:

- An appropriately completed learning from events report, case management report, case financial record and a schedule of costs had been completed for each reimbursement claim within set timescales.
- There was appropriate evidence to support the costs incurred.
- Forms had been appropriately authorised aligning with delegated limits within the organisation.
- Claims submitted were accurately entered onto the DATIX risk management database.

### 3. Associated Risks


The potential risk considered in this review were that claims costs reimbursed from the Welsh Risk Pool are inaccurately recorded and not appropriately authorised by the Health Board's senior management.

## OPINION AND KEY FINDINGS

### 4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the Welsh Risk Pool claims process is reasonable assurance.

RATING	INDICATOR	DEFINITION
<b>Reasonable assurance</b>		The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved.

We tested all 27 claims that had been paid in 2020/21 up to the date of our fieldwork. The claims covered clinical negligence, personal injury and redress. Our testing confirmed that the required Learning From Events Report (LFER), Case Management Report (CMR), Case Finance Record (Checklist U1/2) and the Losses and Special Payments Register (LASPAR) were in place, and documentation was in place to support the costs incurred.

In 2019 the WRP updated their standards and included the requirement for that cases submitted after 1 October 2019, LFERs had to be submitted within 60-days of the decision to settle the case. As the claims in our sample had been submitted prior to October 2019, the 60-day timeframe requirement was not applicable.

Furthermore, the WRP required legacy LFERs to be completed where an admission of liability happened before 1 October 2019. Recent reports to the Audit and Risk Committee have outlined the Health Board's position in completing the legacy LFERs in the timeframe set by WRP. The most recent

report indicates that the outstanding 85 legacy LFERs will be submitted by 31 March 2021. As stated above, all of our sample had their LFER in place.

Our testing confirmed that all claims had been appropriately authorised, the related information input to Datix had been accurately recorded, and the value of claims reconciled to relevant checklists.

However, we identified a small number of issues that require management attention, such as the timely submission of Case Management Reports to the Welsh Risk Pool, and the completion of relevant fields in Datix.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

## 5. Assurance Summary

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

Assurance Summary					
<b>1</b>	Relevant reports submitted within set timeframes			✓	
<b>2</b>	Evidence to support the costs incurred				✓
<b>3</b>	Approval and authorisation of documentation				✓
<b>4</b>	Claims submitted are accurately entered onto the Datix risk management database				✓

*\* The above ratings are not necessarily given equal weighting when generating the audit opinion.*

### Design of Systems/Controls

The findings from our review did not identify any issues classified as weaknesses in the system control/design for the WRP claims process.

### Operation of System/Controls

The findings from the review have highlighted two issues classified as weaknesses in the operation of the designed system/control for the WRP claims process.

## 6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We also summarise the findings made during our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

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

We note the following area of good practice:

- In all of the cases that we sampled, where applicable, the claim was supported by the required documentation.

We identified the following findings:

- For 5/27 of the claims we reviewed the CMR was not submitted within the required four-month timeframe, although we acknowledge that Covid-19 may have had an impact. For a further eight cases we were unable to confirm if they were within the timeframe as the relevant information had not been recorded on Datix.
- In one instance there had been a mix up in submitting correct documentation to the Welsh Risk Pool and erroneous saving of this information to Datix.

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

We note the following area of good practice:

- All the claims that we tested had appropriate source documentation, such as invoices, in place to support the costs incurred.

We did not identify any findings under this objective.

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

We note the following area of good practice:

- All claims that we sampled had been appropriately authorised prior to submitting to WRP.

We did not identify any findings under this objective.

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

We note the following areas of good practice:

- The financial information input in Datix for the clinical negligence, personal injury and redress claims that we tested had been accurately recorded and the value of claims reconciled to the relevant checklists.

We did not identify any findings under this objective.

## 7. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	0	1	1	2



<b>Finding 1 – Timeliness of completing Case Management Reports (Operating effectiveness)</b>	<b>Risk</b>
<p>Under the revised WRP guidance issued in 2019, Claims Management teams must complete a Case Management Report within four months of the final payment date, which is the date that costs are settled.</p> <p>We tested all 27 clinical negligence, personal injury and redress claims paid in 2020/21 up to the time of our fieldwork. In total, across the three claim types:</p> <ul style="list-style-type: none"> <li>• Five reports had not been completed within the four-month timeframe, though all were then done within the following month.</li> <li>• In eight cases we were unable to confirm if the timeframe had been achieved as the required fields in Datix had not been completed.</li> </ul> <p>We understand that the restraints imposed by the Covid-19 pandemic had an impact on the Claims Management team being able to achieve the required deadlines.</p>	<p>Reimbursements to the Health Board are not made or only partly paid where requests and associated paperwork is not submitted to the WRP in line with set timeframes.</p>
<b>Recommendation</b>	<b>Priority level</b>
<ol style="list-style-type: none"> <li>1) The Claims Team should be reminded of the requirement to submit reimbursement requests and associated paperwork to the WRP in line with the timeframes set out by the WRP.</li> <li>2) For each claim, all applicable fields within Datix should be completed to allowing monitoring of compliance with timeframes.</li> </ol>	<p><b>Medium</b></p>

Management Response	Responsible Officer/ Deadline
<p>1) Since this audit the claims team have been working closely with colleagues from WRP to ensure on-time submission of all the relevant reports including CMRs and LFERs. For March 21 all requested forms and reports as requested by the WRP have been submitted on time and spreadsheets updated accordingly.</p> <p>All the CMRs for the historic cases have now been submitted and the legacy LFERs continue to reduce with an aim of the LFER Task Force finishing these by end of March 2021.</p>	Susie Egglestone-Clarke, Claims Team Manager April 2021
<p>2) Since the audit, the claims team have been working closely with colleagues from WRP to ensure the accuracy of the updating and reporting of claims and timescales on Datix. Each case has been reviewed individually in order to produce specific spreadsheets as requested by the WRP in preparation for their committee in March 21.</p> <p>CTM UHB will go live on the 1<sup>st</sup> April 21 with the new Once for Wales claims and redress module on Datix. This will enable more accurate reports to be obtained to ensure weekly review of cases between the Claims handler and the Claims and Redress manager.</p>	Susie Egglestone-Clarke, Claims Team Manager April 2021

<b>Finding 2 - Incorrect Evidence to Welsh Risk Pool (Operating effectiveness)</b>	<b>Risk</b>
<p>During our Datix testing we identified in one case where an email to WRP in relation to one claimant, had attached Learning Form Events Report, Case Management Report and finance report for another claimant, who happened to have the same initials.</p> <p>Whilst the error was rectified with WRP at the time and there was no impact on claim reimbursement, at the time of our testing the claimants Datix record still contained the email with the other persons information on it, which potentially may be in breach of GDPR.</p>	Potential breach of GDPR
<b>Recommendation</b>	<b>Priority level</b>
Care should be taken to ensure that information stated on documentation or email is proof-read and accurate before submission to Welsh Risk Pool and saving to Datix.	<b>Low</b>
<b>Management Response</b>	<b>Responsible Officer/ Deadline</b>
<p>Since the audit, the claims team have been working closely with colleagues from WRP to ensure the accuracy of the updating and reporting of claims and timescales on Datix. Each case has been reviewed individually in order to produce specific spreadsheets as requested by the WRP in preparation for their committee in March 21.</p>	<p>Susie Egglestone-Clarke, Claims Team Manager April 2021</p>

CTM UHB will go live on the 1<sup>st</sup> April 21 with the new Once for Wales claims and redress module on Datix. This will enable more accurate reports to be obtained to ensure weekly review of cases between the Claims handler and the Claims and Redress manager.

Ensure removal of the emails from Datix.

## Appendix B - Assurance opinion and action plan risk rating

### Audit Assurance Ratings



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



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



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



**No assurance** - The Board can take **no 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 **high impact on residual risk** exposure until resolved.

### Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
<b>High</b>	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*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	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.