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LOSSES AND SPECIAL PAYMENTS FINANCIAL CONTROL PROCEDURE

Introduction and Aim

The Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by Public Health Wales NHS Trust (PHW). The SFIs do not provide detailed procedural advice and should be read in conjunction with the detailed departmental and Financial Control Procedure (FCP) notes.

This procedure sets out the Trusts systems and processes for the control of losses and special payments.

The aim of this document is to ensure the Trust has a clear procedure for the recording, investigating and reporting of losses. This policy also provides advice on the appraising, assessing and authorising special payments. It defines responsibilities for staff and service users and sets out clear limits to what the Trust could be liable for in the event of losses of personal items from staff and service users. This also includes the accounting and reporting arrangements for losses and special payments.

Linked Policies, Procedures and Written Control Documents

Other written control documents which have been identified to have interdependencies with this procedure and should therefore be read in conjunction with, include;

- Standing Financial Instructions
- NHS Manual for Accounts Chapter 6 Losses and Special Payments

Scope

This procedure is Trust wide and specifically the finance division which must account and report for the losses and special payments.

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1 Introduction

The Standing Financial Instructions (SFIs) set out the financial responsibilities, policies and procedures adopted by Public Health Wales NHS Trust ("the Trust"). They define the financial duties applicable to all staff and do not provide detailed procedural guidance. This Financial Control Procedure (FCP) should therefore be read in conjunction with the SFIs and provides the operational framework for the identification, investigation, approval, recording and reporting of Losses and Special Payments.

Losses and Special Payments are transactions that fall outside the Trust's normal day-to-day business activities and would not ordinarily be anticipated. As such, they are subject to enhanced scrutiny, specific approval requirements, and separate disclosure in the annual accounts to ensure transparency to the Welsh Government. These transactions are categorised to determine the appropriate treatment, approval route and reporting requirements. This procedure does not apply to transactions between NHS Wales bodies.

When considering losses and special payments, the Trust must look beyond value for money alone. Each case must include consideration of underlying causes, control weaknesses and corrective actions to minimise recurrence. Lessons learned should be identified and, where relevant, shared across NHS Wales to improve system-wide controls.

The Trust operates within defined delegated limits and does not have authority to write off losses or make special payments beyond these thresholds. Written approval from the Welsh Government Health and Social Services Group (H&SSG) Finance Department must be obtained in advance where these limits are exceeded, or where cases are novel, contentious or repercussive. Where costs fall within the Welsh Risk Pool, the delegated limits apply to the gross value of the loss, net of any recoveries or insurance, but excluding associated defence or administrative costs.

Certain payments arising from legally binding obligations, such as Court Orders or contractual tribunal outcomes, do not require Welsh Government approval for the amount paid. However, outcomes arising from judicial mediation or other non-contractual arrangements will require approval where payments exceed contractual entitlement. Where there is uncertainty regarding contractual liability, advice must be sought from NHS Wales Legal and Risk services.

Where losses or payments arise from legally binding settlement agreements (e.g. ACAS COT3 agreements), the Trust must consider any wider implications across NHS Wales and notify the Welsh Government in advance of the action and subsequently of any payment, even where formal approval is not required.

Further detailed guidance is available in the Welsh Government Manual for Accounts – Chapter 6: Losses and Special Payments, which should be read alongside this procedure.

2 Scope

This Financial Control Procedure (FCP) applies across Public Health Wales NHS Trust and sets out the requirements for managing Losses and Special Payments. It covers:

- The definition and distinction between Losses and Special Payments

Losses

- Types and examples of losses
- Escalation and referral requirements
- Record keeping requirements
- Reporting arrangements, including the Losses and Special Payments Register

Special Payments

- Types and examples of special payments
- Escalation and referral requirements
- Notification of loss or damage to personal property
- Submission and assessment of claims, including record keeping
- Reporting arrangements, including the Losses and Special Payments Register

Governance and Controls

- Delegated responsibilities and accountabilities
- The Trust's responsibilities and potential liabilities
- Delegated approval limits

Settlement

- Requirements and controls relating to the settlement of claims

3 Objectives

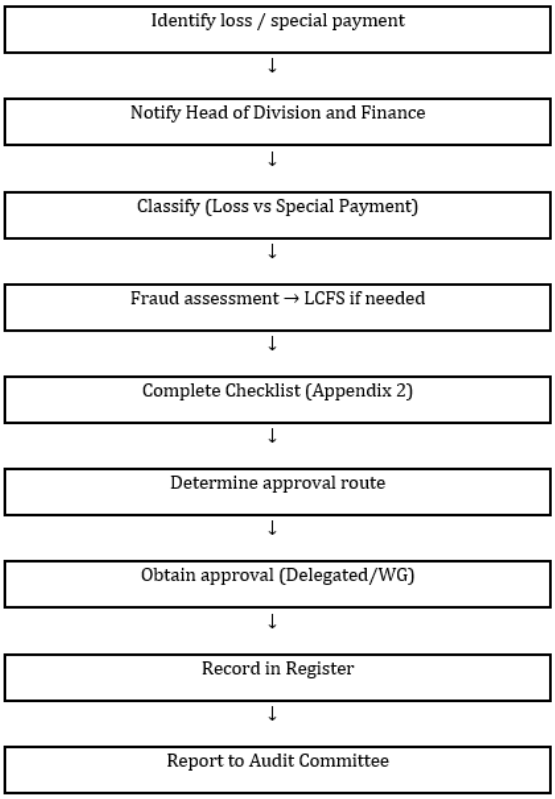
The objective of this Financial Control Procedure (FCP) is to ensure compliance with the Trust's Standing Orders and Standing Financial Instructions (SFIs) in the management of Losses and Special Payments.

This procedure establishes a clear and consistent framework for:

- The identification, recording, investigation and reporting of losses relating to the Trust's assets and resources
- The assessment, appraisal and authorisation of special payments in accordance with delegated limits and Welsh Government requirements
- Ensuring that all cases are managed with appropriate financial control, transparency, and accountability

It also supports the identification of control weaknesses and lessons learned, enabling the Trust to strengthen systems and reduce the risk of recurrence.

Process Flow:



This diagram provides a summary of the end-to-end process for managing losses and special payments. All stages must be completed in accordance with this procedure

4 Roles and responsibilities

This section outlines the roles, responsibilities and accountabilities for the management of Losses and Special Payments across the Trust, including:

- Public Health Wales Board
- Director of Finance
- Deputy Director of Finance
- Head of Financial Reporting and Control
- All members of staff

All individuals have a responsibility to ensure that Losses and Special Payments are identified promptly, managed appropriately, and reported in line with this procedure and the Trust's Standing Financial Instructions.

4.1 Public Health Wales Board

The Trust Board, under guidance from the Audit and Corporate Governance Committee will:

- delegate approval of the Losses and Special Payments Financial Control Procedure to the Audit and Corporate Governance Committee;
- delegate responsibility for financial accounting to the Director of Finance.

4.2 Director of Finance

Within Public Health Wales, this role is undertaken by the **Director of Strategy, Finance and Performance.**

The Director of Finance is responsible to the Board for all aspects of Losses and Special Payments and the subsequent financial accounting within the Trust. The Director of Finance will:

- ensure that Losses and Special Payments are recorded and reported in line with this procedure;
- ensure that where any approval for losses and special payments is required that it is obtained in line with the appropriate delegated thresholds;
- ensure that where appropriate if the loss or special payment affects the wider NHS that the relevant parties are informed; and

- ensure that where appropriate the relevant information and assistance is provided to the Local Counter Fraud Specialists or Police.

4.3 Deputy Director of Finance

Within Public Health Wales, this role is undertaken by the **Head of Finance**.

The Deputy Director of Finance reports to the Director of Finance and will:

- fulfil the role of the Director of Finance, in respect of the above, in the absence of the Director of Finance;
- ensure that staff recording and accounting for the losses and special payments are experienced, trained and supported to carry out their role; and
- oversee the management of the losses and special payments accounting function.

4.4 Head of Financial Reporting and Control

The Head of Financial Reporting and Control reports to the Deputy Director of Finance and will:

- manage the losses and special payments accounting function, ensuring that policies and procedures are adhered to;
- update the losses and special payments policies and procedures, when necessary, for approval by the Audit and Corporate Governance Committee; and
- make recommendations and escalate issues, where, necessary, to the Director of Finance and Deputy Director of Finance.

4.5 Individual Staff

All staff have a responsibility to minimise the occurrence of losses and special payments and to comply with the Trust's Standing Orders, Standing Financial Instructions, Procurement legislation, Standards of Business Conduct, and the Bribery Act.
In fulfilling these responsibilities, all staff involved in the management of losses and special payments must:

- Maintain the highest standards of integrity, honesty and accuracy, and must not alter figures, claims or information for personal gain
- Ensure that resources are used efficiently, effectively and economically, maximising value for the Trust

- Comply with both the letter and spirit of all relevant legislation and internal policies
- Promptly identify, report and accurately record any loss or potential special payment in accordance with this procedure
- Adhere fully to the requirements of this procedure when recording, investigating and reporting losses and special payments

5 Losses Guidance

5.1 Prevention of Loss

The prevention of loss is a fundamental element of effective financial control. The Trust must maintain robust systems of internal control designed to prevent, detect and minimise losses. Whilst losses cannot always be avoided, they must be managed proactively through effective internal checks, regular supervision and independent review, including internal audit.

Donations

The Welsh Government Health and Social Services Group (H&SSG) Finance Department must be informed where the Trust is considering the donation of assets (e.g. inventory or equipment) to organisations outside NHS Wales.

Approval for any associated write-off must only be sought after the donation has taken place and the loss has been formally realised. Anticipated losses must not be recorded or approved in advance of the transaction.

Countering Fraud

Public Health Wales NHS Trust (PHW or Trust) must take all necessary steps to counter fraud and corruption in accordance with the guidance contained in the Welsh Government Directions to NHS Wales health bodies on Counter Fraud Measures and the NHS Counter Fraud Manual.

The Director of Finance is required to nominate a suitable Local Counter Fraud Specialist (LCFS) and must co-operate with the NHS Counter Fraud Service Wales Team (CFS Wales) on all potential economic crime issues (fraud bribery or corruption).

More detailed information relating to identification and reporting of fraud is available in the following policy: Counter Fraud and Corruption Policy

5.2 Definitions

Losses and special payments are items that Welsh Government would not have contemplated when it agreed funds for PHW 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. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accrual's basis.

The difference between a Loss and a Special Payment may be summarised as follows:

- **Losses:** Relate to the loss of money or property belonging to the Trust (e.g. theft, damage to buildings, loss of cash, bad debts and loss or obsolescence of stock). Medical Stock is defined in this policy as the drugs and medical equipment kept on the Trust's premises.
- **Special Payments:** Are payments outside the normal day to day business of the Trust or where no statutory authority exists and are normally in the following headings:
  - compensation payments made under legal obligation;
  - extra contractual payments to contractors;
  - ex-gratia payments; and
  - extra statutory or extra regulatory payments

5.2 Types of Losses

Losses are divided into five categories. Reporting requirements vary dependant on the category. These categories are discussed in more detail below:

a) Losses of cash. These may be due to:

- Theft, fraud, arson, sabotage, neglect of duty or gross carelessness
- Overpayments of salaries, wages, fees and allowances
- Other causes, including overpayments other than those included above; physical losses of cash and cash equivalents (e.g., stamps) due to fire (other than arson), accident, or similar causes

b) Fruitless payments, including abandoned capital schemes, and constructive losses. A payment that cannot be avoided because the recipient is entitled to it, even though the Trust will receive nothing of use in return, should be classified as a fruitless payment or a constructive loss.

A "fruitless payment" is a payment for which liability ought not to have been incurred (e.g. payment for travel tickets or hotel accommodation wrongly booked), or where the demand for the goods and service in question could have been cancelled in time to avoid liability. In other words, there must have been a degree of blame.

If there is no element of blame the payment should be classified as a 'constructive loss'. Costs associated with abandoned capital works should, however, be treated as fruitless payments if the Trust was at fault in incurring or not avoiding the liability to make payments. They should not be recorded as a fruitless payment if the work was purely exploratory and intended from the outset to determine whether the scheme should be adopted.

c) Bad debts and claims abandoned.

These cover cases involving:

- Private patients
- Cases other than private patients (e.g., bankrupt debtors/customers).

d) Damage to buildings, their fittings, furniture and equipment and loss of equipment and property in stores and in use.

These may be due to:

- Culpable causes, e.g., theft, fraud, arson or sabotage, neglect of duty or gross carelessness.
- Other causes, e.g., fire (excluding arson), weather damage, deterioration in use or in store due to some defect in administration, retention of excess or obsolete stock.

e) Theft of IT equipment.

The Trust should ensure that the security of IT equipment is always maintained.

5.3 Discovery of Loss.

Except for suspected fraud, any officer discovering or suspecting a loss of any kind should immediately inform their Head of Department. Subsequent action on discovering a loss should include:

- reporting the loss and action taken to the appropriate bodies;
- immediately ending the loss and attempting to recover it other than where fraud is suspected;
- finding out the cause and taking appropriate corrective action;
- correcting any weakness in controls or supervision;
- establishing responsibility insofar as it involves inadequate supervision, negligence or misconduct, and taking appropriate disciplinary action;
- ensuring that any general lessons are picked up and applied in future, and, if appropriate, referred to the Welsh Government for wider dissemination;
- if it is not fully recovered at once, recording the loss and all stages of subsequent action;
- seeking approval, regardless of value, from the Welsh Government if the case is novel, contentious or repercussive; and
- reporting the loss to the board or audit and corporate control committee.

For losses apparently caused by theft, fraud, criminal damage (including arson), neglect of duty or gross carelessness (except if trivial/immaterial) the Director of Finance must immediately notify the Board and the External Auditor. If the Trust suspects any level of theft or criminal damage, the Director of Finance must additionally inform the police at the earliest opportunity.

In all potential cases of alleged fraud or corruption, Public Health Wales NHS Trust must inform the NHS Counter Fraud Service Wales in accordance with the guidance contained in the Welsh Government Directions to NHS Wales health bodies on Counter Fraud Measures. The Trust should also pursue appropriate criminal civil or disciplinary sanctions.

To ensure that all aspects are satisfactorily considered; where a loss has been identified Public Health Wales NHS Trust should complete the checklist at Appendix 2. This will ensure that any lessons learnt are identified and acted upon.

6 Special Payments guidance

Special payments are those which fall outside the normal day-to-day business of Public Health Wales NHS Trust, or exceptionally, those for which no statutory authority exists. They fall into one of four main categories:

- compensation payments made under legal obligation;
- extra contractual payments to contractors;
- ex-gratia payments; and
- extra statutory or extra regulatory payments.

a) Compensation payments made under legal obligation

Payments fall into this category only if a clear liability exists because of a Court Order or a legally binding arbitration award. This category can include compensation for injuries to persons, damage to property and unfair dismissal.

b) Extra contractual payments to contractors

An extra contractual payment is one which, although not legally due under the original contract or subsequent amendments, appears to be an obligation which the Courts may uphold. Such an obligation will usually be attributable to action or inaction by the Trust in relation to the contract. A payment may be regarded as extra contractual even where there is doubt whether the health body is liable to make it, e.g. where the contract provided for arbitration, but a settlement is reached without recourse to arbitration. A payment made because of an arbitration award is contractual.

c) Ex-gratia payments

Ex-gratia payments are payments that the Trust is not obliged to make or for which there is no statutory cover or legal liability. Types of ex-gratia payments are:

i. loss of personal effects
ii. personal injury
iii. settlements on termination of employment
iv. maladministration cases
v. Any other type of payment not listed above.

d) Extra statutory or extra regulatory payments

These are payments considered to be within the broad intention of a statute or statutory regulation, but which go beyond a strict interpretation of its terms. In some cases where NHS Wales health bodies have followed Welsh Government H&SSG Finance Department guidance, the Welsh Government H&SSG Finance Department will advise NHS Wales health bodies to classify the payments as extra statutory.

6.1 Loss of personal effects

a) Payments to Staff

Staff should be warned by public notice and individually when taking up appointment that Public Health Wales NHS Trust accepts no responsibility for articles lost or damaged on its premises. Ex-gratia payments to staff for the loss or damage to their personal property may be made only where all the following criteria apply:

- the incident occurs during the course of their employment
- the articles lost or damaged were reasonably carried during the course of their employment
- the articles are sufficiently robust for the treatment they might reasonably be expected to bear
- the loss or damage is not due to the officer's own negligence, and
- the loss or damage is not covered by insurance or by any provision for free replacement.

Where the article can be repaired, the payment should cover the actual cost of repair. If the article cannot be repaired and needs to be replaced, 100% of the replacement cost (taking account of wear and tear) will be paid.

6.2 Personal injury and other negligence and injury cases

Many personal injury cases are settled out of Court and are, therefore, classified as ex-gratia payments. These claims are dealt with by the Trust Claims Manager and reported to the Audit and Corporate Governance Committee.

6.3 Settlement/Severance Payments on Termination of Employment

Most payments to staff on termination of their employment will be contractual, but ex gratia payments may exceptionally arise (e.g., to settle a claim against Public Health Wales NHS Trust for breach of contract). Only payments made in excess of that which is paid under contractual obligation should be recorded as ex-gratia in the losses and special payments register.

Special severance payments when staff leave public service employment should be exceptional. They are usually novel contentious and potentially repercussive. Public Health Wales NHS Trust must consider special severance payments as exceptional.

They are usually novel contentious and potentially repercussive. The Trust should always consult the WG Workforce Policy & Practice team in advance and must obtain Welsh Government approval via H&SSG Finance Department, before any offer is made verbally or in writing, whatever the value of the proposed payment. The Trust should not take it for granted that retrospective Welsh Government approval will be available.

6.4 Maladministration

In most cases of maladministration there is unlikely to be any legal obligation to pay compensation, and any payment would, as a result, be ex gratia. These may arise:

a) As a result of a recommendation by the Public Services Ombudsman Wales (PSOW).
b) In other cases where the Trust considers that the effect of official failure may justify an ex-gratia payment to compensate for: i) reasonable additional expense incurred in demonstrating that the Trust made an error and ii) fruitless or wasted expenditure or reasonable additional expenditure incurred because of maladministration.

Special payments should only be authorised after a careful appraisal of all the facts. Public Health Wales NHS Trust should satisfy itself that there is no feasible alternative to making a special payment. In dealing with individual cases Public Health Wales NHS Trust must always consider:

- the soundness of its control systems
- the efficiency with which they have operated, and
- any necessary steps required to put matters right.

To ensure that all aspects are satisfactorily considered, Public Health Wales NHS Trust should complete the checklist (see Appendix 2) before making, or undertaking to make, any special payment. This will ensure that any lessons learnt are identified and acted upon.

7 Delegated Limits

Details of the delegated limits (authorisation limits) are included in the Trust's Standing Financial Instructions, available on the Trust's intranet site and they are also specified in Appendix 3.

In the case of a proposed special payment exceeding the delegated limit, Public Health Wales NHS Trust should ensure that the papers are submitted to Welsh Government H&SS Director of Finance for approval at least six weeks prior to any payment or offer of payment. The application should include a completed checklist (as in Appendix 2) and a case summary covering the following key points:

- the nature of the case, the amount involved and the circumstances in which it arose;
- what recovery action has been taken;
- reasons why the body considers the write-off or special payment should be approved, whether legal advice has been sought, and if so, its content;
- whether fraud, dereliction of duty or failure of supervision is involved and if the NHS CFS Wales has been informed of the fraud issue;
- whether appropriate legal and/or disciplinary action has been taken, and if not, why not;
- whether investigation has shown defects in existing systems of control and, if so, what remedy is proposed;
- whether any general lessons emerge of interest or benefit to other NHS Wales health bodies.

All novel, contentious or repercussive cases must be referred to the Welsh Government H&SSG Director of Finance for approval even if they are within the body's delegated limit. This request must be accompanied by a copy of the case summary and completed checklist. Any supplementary details regarding the case e.g., invoices/reports should be attached.

Even if a case falls within the delegated limit of Public Health Wales NHS Trust, consideration must be given to whether the lessons which emerge could be of benefit to the wider NHS. If so, you should forward details of these general lessons to the WG H&SSG Finance Department for consideration and circulation to the wider NHS in Wales.

The Trust will be required to obtain Welsh Government approval via H&SSG for all special severance payments even if it falls within its delegated limits.

Where the Trust is seeking retrospective approval, it should not take it for granted that this approval will be provided, as such payments usually appear to reward failure and set a poor example for the public sector generally. Requests for retrospective approval will be considered as if the request was presented at the proper

time and should contain the same level of detail as if the case had been brought to the Welsh Government in advance.

Legal advice that a particular severance payment appears to offer good value for the employer may not be conclusive since such advice may not take account of the wider public interest.

The information submitted by Public Health Wales NHS Trust when seeking Welsh Government approval in special severance cases should include:

- The circumstances of the case.
- Any scope for reference to a tribunal with its potential consequences, including the legal assessment of the organisation's chances of winning or losing the case and likely scale of any award.
- The management procedures followed.
- The value for money offered by the possible settlement.
- Any non-financial considerations e.g., when it is desirable to end someone's employment without dismissal, perhaps because of restructuring.
- Whether the case should have a wider impact, e.g., for a group of potential tribunal cases.

8 Processing of Recording and Reporting Special Payments (excluding legal payments and injury benefits)

The checklist at Appendix 2 should be completed and authorised in accordance with Trust Standing Financial Instructions. Completed forms should be sent to the Head of Financial Reporting and control.

8.1 Recording and Reporting Special Payments

Special payments will be entered onto the Losses and Special Payments Register by the Trust's Finance Department and supporting documentation filed as appropriate. All special payments will be routinely reported to the Trust's Audit and Corporate Governance Committee (along with the losses data)

8.2 Fraud reports

All potential economic crime issues should be dealt with in accordance with the relevant Welsh Government Directions on Counter Fraud Measures and using the electronic case reporting system as specified in the NHS Fraud Manual.

The Director of Finance should be informed as soon as a potential fraud issue is identified within the Trust, and the Director of Finance must ensure that the fraud information is immediately referred to the Public Health Wales NHS Trust's NHS CFS Wales for investigation.

8.3 Security Incidents

Whilst each employee and officer have a responsibility for the security of property of Public Health Wales NHS Trust, it is the responsibility of Board and senior employees in all disciplines to apply such appropriate routine security practices in relation to property as may be determined by the Board. Any breach of agreed security practices must be reported in accordance with agreed procedures.

Any damage to the NHS Wales premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by Board members and employees in accordance with the procedure for reporting losses.

8.4 Recovery of overpayments

These payments are made in error or outside the legal powers of Public Health Wales NHS Trust; they should immediately be recorded to ensure that they are properly followed up. Recovery action should always be considered and pursued unless this would not be cost-effective (which might include abating further payments). If the overpayment exceeds Public Health Wales NHS Trust's delegated limit, the approval of the WG H&SSG Finance Department is required before the amount can be written off as a loss.

If a payment has been made outside the legal powers of Public Health Wales NHS Trust, it has a legal right to recover the money and must make every effort to do so. This will also apply to any payments made in excess of Public Health Wales NHS Trust's delegated limit, unless the WG H&SSG Finance Department is able to approve it retrospectively.

9 Accounting for losses and special payments

Losses and special payments are subject to special notation in Public Health Wales NHS Trust's annual accounts to enable them to be drawn to the attention of the Welsh Government. To do this HM Treasury have directed that the losses and special payments

disclosure note presented in Public Health Wales NHS Trust's annual accounts will be analysed to reflect the following 3 criteria:

i. the number of cases and associated amounts for which approval to write off a loss or make a special payment was given during the financial year,
ii. all cases involving a loss or special payment be brought to the attention of the Welsh Government at the earliest opportunity, and
iii. all cases involving a loss or special payment which are greater than £300,000 be separately identified in the annual accounts losses and special payments note.

9.1 Accounting for losses and special payments – The Register

It is the responsibility of Public Health Wales NHS Trust to maintain a register in which details of losses and special payments are entered as they are known. Where the actual value cannot be immediately determined an estimated value should be inserted.

Cases of £1,000 and over should be separately identified in the register.

9.2 Detailed Procedures

When Public Health Wales NHS Trust discovers a loss or is considering a special payment it should take the action described above, as appropriate. The Trust must decide the category that is relevant to the case and, use the attached checklists Appendix 2 which itemise the minimum information that should be included. These procedures must be completed prior to the payment or write-off.

Any disciplinary action taken/considered must be detailed for each case. In cases where those at fault have continuous employment with another health body, that health body can institute disciplinary proceedings against the former authority employee. This is covered by Schedule 12 Section 3 Para 3 (2) of the NHS (Wales) Act 2006 which provides for all the rights powers, duties and liabilities of the transferor under or in connection with the employee's contract of employment are virtue of this sub paragraph transferred to the transferee. Secondees remain subject to the disciplinary jurisdiction of the health body which employs them. Accordingly, even while seconded elsewhere he/she may be disciplined by their employing body in respect of misconduct which occurred in the course of their employment with that body.

9.3 Checklists

No checklist has been included for Category 5 compensation payments made under legal obligation. The reasoning for this is if a case has a legally binding order, i.e., Court Order or Judges Settlement, no further details are necessary. Cases of this nature no longer require WG H&SSG Finance Department approval due to this aspect. Additionally, no checklist is enclosed for extra statutory and extra regulatory payments (category 8). Any such payment must be either as a result of instructions issued by the WG H&SSG Finance Department or after Public Health Wales NHS Trust has submitted written proposals to the WG H&SSG Finance Department and obtained their approval for the payment. (See Appendix 2).

9.4 Monitoring and Review

The monitoring and review of this procedure is the responsibility of the Head of Financial Reporting and Control in the Financial Accounts team. Reviews will be undertaken every 3 years, or when changes are identified prior to the required review date.

Losses and/or thefts are logged and reported to the Financial Accountant to record on the register of losses and special payments and reported to the Audit and Corporate Governance Committee.

10 Appendices

a. List of appendices

- Appendix 1 Category of Loss and Special Payments – Return
- Appendix 2 Checklist for losses and Special Payments greater than £1,000
- Appendix 3 Delegated Limits

Appendix 1

Category of Loss and Special Payments - Return

Category of loss/special payment		
A. Losses	**Number of Cases**	**Value of Cases (£)**
1. Losses of cash due to:		
a. theft, fraud, etc.		
b. overpayments of salaries, wages, fees and allowances		
c. other causes		
2. Fruitless payments		
3. Bad debt and claims abandoned:		
a. private patients		
b. overseas visitors		
c. other		
4. Damage to buildings, loss of equipment and property		
a. theft, fraud etc.		
b. other		
Total Losses Part A		
A. Special payments		
5. Compensation payments made under legal obligation		
a. Directed by the Courts		
b. Directed by the NHS Pensions Agency		
c. Other compensation payments made under legal obligation		
6. Extra contractual payments to contractors		
7. Ex gratia payments		
a. loss of personal effects		
b. clinical negligence with advice		
c. personal injury with advice		
d. other clinical negligence cases and personal injury claims		
e. other		
f. maladministration no financial loss		
g. patient referrals outside the UK and EEA guidelines		
8. Extra statutory and extra regulatory payments		
Total Special Payments Part A		
Total – All Losses & Special Payments Part A		

Of which, cases of £300,000 or more:		
1. Losses of cash due to:		
a. theft, fraud, etc.		
b. overpayments of salaries, wages, fees and allowances		
c. other causes		
2. Fruitless payments		
3. Bad debts and claims abandoned:		
a. private patients		
b. overseas visitors		
c. other		
4. Damage to buildings, loss of equipment and property:		
a. theft fraud etc.		
b. other		
Total Losses Part A		
A. Special payments		
5. Compensation payments made under legal obligation		
a. Directed by the Courts		
b. Directed by the NHS Pensions Agency		
c. Other compensation payments made under legal obligation		
6. Extra contractual payments to contractors		
7. Ex gratia payments		
a. loss of personal effects		
b. clinical negligence with advice		
c. personal injury with advice		
d. other clinical negligence cases and personal injury claims		
e. other		
f. maladministration no financial loss		
g. patient referrals outside the UK and EEA guidelines		
8. Extra statutory and extra regulatory payments		
Total Special Payments Part A		
Total – All Losses & Special Payments Part A		

Part B of this return relates to losses and special payments as recorded by Primary Care providers. This does not relate to Public Health Wales NHS Trust and is not reproduced here.

Appendix 2

LOSSES AND SPECIAL PAYMENTS CHECKLIST

FOR HEALTH BODY USE

Checklist to be used when compiling the summary of the case

Category **Type of case** - Reference number - Health Body (name and code) - Public Health Wales NHS Trust
1. Record the amount involved and the reasons why the loss arose.
2. Detail the background of case giving full reason why payment is necessary. Have other alternatives to the payment been investigated? If not, why not? If so, provide details.
3. **Was fraud involved?** If so, complete a fraud report and ensure that the LCFS, the relevant NHS CFS Wales team, Internal and External Auditors, and where relevant the police, are informed of the fraud in accordance with Welsh Government Directions to NHS Wales health bodies on Counter Fraud Measures and using the reporting system as specified by the NHS CFS Wales. Enter dates of completion of fraud report.
4. **Was theft or criminal damage involved?** If so, have the police been informed? If not, give the reasons why not? All security related incidents must be reported to the Local Security Management Specialist once trained, accredited and in place in accordance with forthcoming guidance issued by NHS Security Management Service.

5. **For abandoned works**, were detailed specifications identified before the scheme went ahead? How did the projected work compare to these detailed specifications? At what level, by whom, and why was the scheme approved? Why was the scheme abandoned and by whom? Could the scheme have been aborted earlier? Was the scheme joint financed? If so, was any agreement signed? Was legal advice taken in the drawing up of an agreement? Is the other party prepared to pay half of the costs of the scheme?
6. **For Bad Debts and Claims Abandoned.** Were invoices raised on a regular basis? Was the debt monitored and chased regularly? Were services withdrawn upon continued non-payment? Enclose report showing when invoices were raised and where relevant paid. For cases involving businesses – has the business gone into liquidation/receivership? If so, are you listed as a creditor and do you have confirmation of this from the liquidator /receiver? If not, why not? Are any dividends being paid out? Was the financial integrity of the business looked into before goods or services were supplied? If not, why not and have procedures been revised to ensure this is carried out in the future?
7. **For rental cases only** - did the tenant enter into lease agreements prior to occupation? If not, why not? If the lease was faulty investigate whether action can be taken against legal advisors who drew up the agreement? Provide an analysis of rent and services charges.
8. **For private patients** cases was an undertaking to pay signed? If not, why not? Was a full estimate of potential costs given and full deposit taken to cover these costs? If not, why not? For overseas private patient's cases – have the relevant embassies been contacted for payment (if applicable)? For overseas visitors, are robust procedures in place in the NHS Body to identify and charge liable overseas visitors? If not, why not? Was the overseas visitor informed that he/she would be liable to pay for the full cost of treatment? Was treatment, in a clinical opinion, immediately necessary or urgent? If treatment was not urgent, why was it given before obtaining a sizeable deposit?

9. **Stores (only)** - Are any linen losses calculated at 50% of the replacement value? Is this in accordance with the guidance? Is the total loss more than 5% of the total stock value? Confirm that the loss has been valued at book value less net disposal proceeds.
10. **For extra contractual payments to contractors.** Have other alternatives to the payment been investigated? If not, why not? If so, provide details. Provide detailed calculations on which the payment is based.
11. **For ex gratia payments.** Have other options been considered? If not, why not? Explain why an ex-gratia payment offers the best value for money. Confirm that the proposed payment does not place the claimant in a better position than if the error had not occurred? If it does, why? In cases of hardship record what evidence exists on this? Provide detailed calculations to support the proposed payment and demonstrate why the proposed sum is in accordance with the relevant paragraphs of this guidance. For settlements on termination of employment has relevant central guidance on such payments been followed in all respects? If not, why not? For clinical negligence and personal injury cases has the relevant central guidance for such cases been followed in all respects? If not, why not?
12. Is the value of the loss reduced by insurance? If so, record the value of the gross loss and the value of the amount recovered by insurance.
13. Have all reasonable steps been taken to recover the loss? Provide details of the attempts that have been made to recover the loss or explain why no action has been taken. Has appropriate legal advice been sought? If not, why not? If advice has been sought, what recommendations were made and have these been followed? If not, why not?

14. Identify any failings in the actions of employees, including supervisors. Having considered this, is there a need for disciplinary action? Record what action has been taken or is proposed, or if no action is to be taken, explain why. Include dates, names of individuals and positions.
15. Was there any apparent breakdown of procedures? Detail weakness or fault in system of control or supervision.
16. What proposed improvements have been put forward to correct defects in the existing systems or procedures? Include the timetable for implementation of the improvements. What monitoring measures have been introduced to ensure the improvements are working effectively?
17. Is it necessary to inform the board/chief executive? If not, why not?
18. Do your SFIs require a Board report for this case? If so, please enclose the report. If not, consider whether in the light of this case your SFIs should be amended to require a Board report in such cases.
19. Having completed the above steps, detail the general lessons that can be drawn from this case. If a system weakness has been identified which has possible implications across the NHS, the LCFS or the NHS CFS Wales should report the problem to NHS Protect using either the intranet fraud prevention referral system for fraud or the Area Security Management Specialist for security matters so that measures can be taken nationally to amend policy or systems.

20. Please give details of name and position of person forwarding this case for Welsh Government approval (if applicable). Give the date when this case was first brought to the attention of the Welsh Government H&SSG FD (if applicable).

    Name -

    Position -

    Date Welsh Government H&SSG FD notified –

Not Applicable – within delegated limits.

21. I have considered fully each point on this checklist, and my findings are recorded in the attached case summary and/or in the spaces above. I confirm that the details recorded above and on the attached case summary are complete and accurate, and that all aspects of the checklist have been properly considered and actioned.

    Signed by -

22. I confirm that the above details are complete and accurate, and all aspects of the checklist have been properly considered and actioned. I agree that write off of this loss offers the best value for money for this case.

    This case is not novel, contentious or repercussive. I therefore agree to write off of the loss.

    Signed by - Date -

    Countersigned by - Date -

    Please note this section must be signed by two senior officers in accordance with the delegated limits set by the board. Please print names and position held in the organisation.

    Name - Position held –

    Countersigned by - Position held -

Appendix 3

Delegated Limits

Category of loss/special payment	
A. Losses	**Delegated Limits (£)**
1. Losses of cash due to:	
a. theft, fraud, etc.	**50,000**
b. overpayments of salaries, wages, fees and allowances	**50,000**
c. other causes	**50,000**
2. Fruitless payments	**250,000**
3. Bad debt and claims abandoned:	
a. private patients	**50,000**
b. overseas visitors	**50,000**
c. other	**50,000**
4. Damage to buildings, loss of equipment and property	
a. theft, fraud etc.	**50,000**
b. other	**50,000**
Total Losses Part A	
A. Special payments	
5. Compensation payments made under legal obligation	**FULL**
a. Directed by the Courts	**FULL**
b. Directed by the NHS Pensions Agency	**FULL**
c. Other compensation payments made under legal obligation	**FULL**
6. Extra contractual payments to contractors	**50,000**
7. Ex gratia payments	
a. loss of personal effects	**50,000**
b. clinical negligence with advice	**1,000,000 including plaintiff's costs, defence costs and other payments***
c. personal injury with advice	**1,000,000 including plaintiff's costs, defence costs and other payments***
d. other clinical negligence cases and personal injury claims	**50,000***

e. other	**50,000**
f. maladministration no financial loss	**NIL**
g. patient referrals outside the UK and EEA guidelines	**NIL**
8. Extra statutory and extra regulatory payments	**NIL**
Total Special Payments Part A	
Total – All Losses & Special Payments Part A	

* For all clinical negligence and personal injury cases (including court cases) the use of periodical payments should be considered for any settlement (exclusive of legal costs) involving costs to the NHS of £250,000 or more, or for lower awards when this represents good value for money. Proposed out of Court periodical payment awards require approval from the WG H&SSG FD.