



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

## AUDIT, RISK & ASSURANCE COMMITTEE

**CONFIRMED**

### MINUTES OF THE MEETING HELD ON TUESDAY 16 MAY 2023 VIA MICROSOFT TEAMS

#### **Present:**

Mark Taylor

Independent Member – Capital and Estates  
(Committee Chair)

Ronnie Alexander

Independent Member – Finance

Cathie Poynton

Independent Member – Trade Union

#### **In Attendance:**

Pete Hopgood

Director of Finance and IT

Helen Bushell

Director of Corporate Governance/Board Secretary

Alice King

External Audit

Bethan Hopkins

External Audit

Hayley Thomas

Interim Chief Executive (Item 3.1 only)

Hywel Pullen

Deputy Director of Finance

Ian Virgil

Head of Internal Audit

Matthew Evans

Head of Local Counter Fraud

Paul Stocker

Internal Audit

Sarah Pritchard

Head of Financial Services

#### **Observers**

Kristen Jones

Llais

#### **Committee Support**

Stella Parry

Interim Corporate Governance Manager

#### **Apologies**

Rhobert Lewis

Independent Member – General

Tony Thomas

Independent Member – Finance

Jayne Gibbon

Internal Audit

ARA/23/001	<p><b>WELCOME AND APOLOGIES</b></p> <p>The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. Apologies for absence were noted and recorded as above.</p>
ARA/23/002	<p><b>DECLARATIONS OF INTEREST</b></p> <p>The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda.</p> <p>The Director of Corporate Governance highlighted that personal data in relation to Executive Directors and Independent Members was included within the Annual Accountability Report (Item 3.1).</p>
ARA/23/003	<p><b>MINUTES OF THE MEETINGS HELD 21 MARCH 2023</b></p> <p>The minutes of the meetings held on 21 March 2023 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/23/004	<p><b>MATTERS ARISING FROM PREVIOUS MEETINGS</b></p> <p>The following matter arising was raised:</p> <ul style="list-style-type: none"> <li>• ARA/22/118 (Committee Action Log): The Chair highlighted that action ARA/22/104a (Machynlleth Hospital Development) had been omitted from the log circulated. The Director of Corporate Governance confirmed that this was an error, the action would be transferred to the Delivery and Performance Committee Action Log and would return to the next meeting of the Audit, Risk and Assurance Committee for confirmation of transfer.</li> </ul>
ARA/23/005	<p><b>COMMITTEE ACTION LOG</b></p> <p>The Committee received the Action Log and noted that a number of actions had been completed or transferred to other Committees. The following actions were discussed:</p> <ul style="list-style-type: none"> <li>• ARA/22/104a (Machynlleth Hospital Development): As previously discussed it was confirmed that the omission of this item would be rectified in readiness for the next meeting.</li> <li>• ARA/22/104b (Accelerated Sustainable Model): It was noted that the Accelerated Sustainable Model had been deferred from the March Board agenda and had been noted for inclusion in the Board Work Programme for 2023/24.</li> </ul>
ARA/23/006	<p><b>APPLICATION OF SINGLE TENDER WAIVER</b></p>

The Head of Financial Services presented the following applications for single tender waiver received during the period of 1 March 2023 and 31 March 2023:

Single Tender Reference	Request to waive QUOTE or TENDER threshold	Name of Supplier	Item	Reason for Waiver	Date of Approval	Value £	Length of Contract	Prospective/ Retrospective
POW2223039	Tender	Arc Orthodontics Ltd	Provision of Orthodontic Treatment	Extension of previous contract as interim measure while formal procurement is undertaken due to clinical need	16/03/2023	£96,451	12 months	Prospective
POW2223040	Tender	Exclusive Orthodontics Ltd	Provision of Orthodontic Treatment	Extension of previous contract as interim measure while formal procurement is undertaken due to clinical need	16/03/2023	£115,125	12 months	Prospective
POW2223040	Tender	Kingsbridge Medical Ltd	Provision of Orthodontic Treatment	Extension of previous contract as interim measure while formal procurement is undertaken due to clinical need	16/03/2023	£200,810	12 months	Prospective

Independent Members sought assurance by asking the following questions:

*Could the STWs approved in March be submitted to the meeting of the Committee held on 21 March 2023?*

The Head of Financial Services confirmed that the Chief Executive formally approves the STWs, which are then ratified by the Committee. Due to the proximity of approval by the Chief Executive to the March Committee there would not have been sufficient time to publish the information within the required timescale.

*Was there confidence that there was genuine prospect for tender in relation POW2223040 and could the Committee receive a project plan for assurance when the process had commenced?*

The Director of Finance and IT noted that the procurement process had commenced and confirmed that a progress update would return to the Committee in relation to POW2223040 (Orthodontic Treatment). **Action: Director of Finance and IT.**

	<p>The Committee RATIFIED the use of Single Tender Waiver in respect of the single item during the period of 1 March 2023 and 31 March 2023.</p>
<p>ARA/23/007</p>	<p><b>COUNTER FRAUD WORK PLAN 2023-24</b></p> <p>The Head of Local of Counter Fraud presented the item which provided an overview of the key areas of work intended to be undertaken by the Local Counter Fraud Specialists during 2023/24 and considered of the requirements of the NHS Counter Fraud Standards and Welsh Government Directions to NHS Bodies on Counter Fraud Arrangements.</p> <p>It was noted that the Powys Local Counter Fraud Specialist had left the organisation in April 2023, this post was currently being covered by the wider Counter Fraud Team operating out of Swansea Bay University Health Board. It was noted that a replacement had been recruited and was due to commence in post in June 2023.</p> <p>Independent Members sought assurance by asking the following questions:  <i>Was there confidence that the programme could be delivered in 108 days and was there any contingency in place for cover arrangements?</i></p> <p>The Head of Local Counter Fraud confirmed that a contingency allowance had been factored in for potential investigations, it was also noted that the national Local Counter Fraud Service also provided cover for large scale investigations.</p> <p>The Committee discussed and APPROVED the approach to the Counter Fraud Work Plan 2023-24.</p>
<p>ARA/23/008</p>	<p><b>EXTERNAL AUDIT PLAN 2023-24</b></p> <p>External Audit presented the item which provided a more detailed version of the high-level plan presented to the Committee on 21 March 2023. The plan provided an overview of both the audit of financial statements and performance audit work. The following matters in relation to the audit of financial statements were highlighted to the Committee:</p> <ul style="list-style-type: none"> <li>• materiality (£3.9M).</li> <li>• significant financial statement risks.</li> <li>• other areas of focus; and</li> <li>• audit timetable</li> </ul> <p>It was noted that the performance audit plan included the following audits:</p> <ul style="list-style-type: none"> <li>• Structured Assessment (core)</li> <li>• Structured Assessment (deep dive review of digital investment)</li> <li>• All-Wales Thematic Review – planned care service recovery; and</li> <li>• further local work which was yet to be confirmed.</li> </ul> <p>It was noted that the plan included the audit fee for 2023/24 which had previously been discussed by the Committee on 21 March 2023 (ARA/22/122).</p>

	<p>Independent Members sought assurance by asking the following questions:</p> <p><i>The plan referenced reporting bias, what was this in relation too?</i> It was noted that this reference related to ensuring that the deficit position is updated to include any errors identified.</p> <p><i>It was noted that the Remuneration Report was an area of risk due to historical errors, was this a Powys specific issue?</i> External Audit confirmed that Remuneration Reports were often areas of challenge across Wales due to their low materiality. It was noted that issues found within Powys reports had been rectified so not historical issues would be carried forward into 2023-24. It was also noted that following review of the 2022-23 Remuneration Report it may be that this risk is de-escalated for the 2024-25 plan.</p> <p>The Committee APPROVED the External Audit Plan for 2023-24.</p>
ARA/23/009	<p><b>COMMITTEE ANNUAL REPORT</b></p> <p>The Director of Corporate Governance presented the item which provided a summary of key areas of business activity undertaken to provide assurance that the Audit, Risk and Assurance Committee is fit for purpose and operating effectively in fulfilling its terms of reference.</p> <p>The Committee discussed and APPROVED the Committee Annual Report 2022-23 and SUPPORTED its onward submission to the Board on 24 May 2023.</p>
ARA/23/010	<p><b>ANNUAL REPORTING: PROGRESS WITH THE ANNUAL REPORTING, INCLUDING THE FINANCIAL STATEMENTS 2022-23 AND DRAFT ACCOUNTABILITY REPORT 2022-23</b></p> <p><i>The Interim Chief Executive joined the meeting.</i></p> <p>The Director of Finance and IT provided a presentation which provided an overview of the following matters:</p> <ul style="list-style-type: none"> <li>• Key performance targets (Revenue and Capital).</li> <li>• Public Sector Payment Policy (PSPP) Compliance.</li> <li>• Commitment of Resources including: <ul style="list-style-type: none"> <li>○ Primary Healthcare Services</li> <li>○ Healthcare from Other Providers</li> <li>○ Hospital and Community</li> </ul> </li> <li>• Miscellaneous Income.</li> <li>• Property, Plant and Equipment.</li> <li>• Right of Use Assets.</li> <li>• Provisions.</li> <li>• "Going concern"</li> <li>• Qualification of Audit Regularity Opinion; and</li> </ul>

- Other Key Notes

External Audit confirmed that for 2022-23 it was the opinion of the Auditor General for Wales was that the inclusion of scheme pays within health board accounts would no longer result in qualification of the accounts as scheme pays were no longer considered material by nature.

Independent Members welcomed the presentation however it was suggested that it would have been beneficial to have received the summary presentation prior to the meeting and highlighted the volume of papers published. The Director of Finance and IT welcomed the feedback and confirmed in future years the presentation would be pre-circulated if possible.

The Director of Corporate Governance presented the Draft Accountability Report 2022-23 which had been submitted to Welsh Government and Audit Wales on 12 May 2023. Following feedback, the report would be updated and would return to the Committee in July for onwards recommendation to the Board.

Independent Members sought assurance by asking the following questions:  
*Would it be possible to receive the presentation in relation to the accounts in advance in future years?*

The Director of Finance and IT confirmed it was the intention to circulate the presentation in advance however due to time pressure at the end of year it had not been possible on this occasion, it was confirmed that materials would be shared as far as possible in advance of the meeting in future years.

*Non-compliance had been reported in relation to the Healthcare Professionals Forum (HPF) and Stakeholder Reference Group (SRG), had any progress been made in relation to their development?*

The Chief Executive noted that the Health Board had been non-compliant since before the pandemic though it was highlighted that robust engagements were in place which were more mature than the suggested fora. The Chair and Chief Executive had agreed to accept the non-compliance for 2022-23, a target implementation date for the HOF had been agreed and it was suggested that further discussion in relation to the SRG was requested at Board level due to the potential for disruption to the mature and well-functioning arrangements already in place for Powys.

*In relation to Health and Safety and Hand Arm Vibration Syndrome (HAVS) could more clarity be provided in relation to the prosecution?*

The Director of Corporate Governance confirmed that further information sustainability, decarbonisation and health and safety had been requested as a result of the Chief Executive's review of the report.

ARA/23/011	<p><b>INTERNAL AUDIT PROGRESS REPORT 2022-23</b></p> <p>The Head of Internal Audit presented the report which provided an overview of the progress against the 2022-23 Internal Audit Plan. The following matters were highlighted for the Committee’s attention:</p> <ul style="list-style-type: none"> <li>• 18 audits had been finalised, three audits were at draft report stage and three reports were work in progress.</li> <li>• it was proposed that the Planned Care/Recovery of backlog Services audit was removed from the 2022/23 plan due to the limited time and resources remaining for delivery. The Health Board has already received assurance around recovery through the ‘Review of the Strategic Portfolio’ work undertaken by Audit Wales. With further work in relation to Planned Care due to be undertaken by Audit Wales in 2023/24.</li> </ul> <p>The Committee DISCUSSED and NOTED the update and APPROVED the removal of the Planned Care/Recovery of backlog Services audit.</p>
ARA/23/012	<p><b>INTERNAL AUDIT REPORTS</b></p> <p><i>a) Temporary Staffing Unit (Reasonable Assurance)</i></p> <p>The Head of Internal Audit presented the item which reviewed and evaluated the adequacy of the systems and controls in place within the Temporary Staffing Unit (TSU).</p> <p>Independent Members sought assurance by asking the following questions: <i>Were lessons learned in relation to TSU’s was being shared on an All-Wales basis?</i></p> <p>The Head of Internal Audit confirmed that there were key themes in relation to TSU’s across Wales and that Director of Workforce and Nursing peer groups shared learning and best practice whenever possible.</p> <p><i>There appeared to be an emerging decrease in bank staff and increase in agency staff, would it be possible to receive an update in relation to this, potentially to the Workforce and Culture Committee?</i></p> <p>It was AGREED that an item would be requested for a forthcoming meeting of the Workforce and Culture Committee. <b>Action: Director of Workforce and OD.</b></p> <p>The Committee received the Internal Audit Reports and took ASSURANCE from their content.</p>
ARA/23/013	<p><b>DRAFT HEAD OF INTERNAL AUDIT OPINION 2022-23</b></p> <p>The Head of Internal Audit presented his draft opinion for 2022-23 and note that the final iteration was due to be presented to the next meeting of the Committee on 11 July 2023.</p> <p>In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit is required to provide an annual opinion, based upon, and limited to the work performed, on the overall adequacy and</p>

	<p>effectiveness of the organisation’s framework of governance, risk management and control. It was reported that the draft opinion for 2022-23 was that:  ‘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.’</p> <p>It was noted that the Opinion would need to be reflected within the Health Board’s Annual Governance Statement along with confirmation of action planned to address the issues raised. Focus would need to be placed on the agreed response to the three Limited Assurance opinions issued during the year and the significance of the recommendations made.</p> <p>The Committee received and NOTED the Draft Head of Internal Audit Opinion 2022-23 and expressed their thanks to the Head of Internal Audit for the focus and assurance provided throughout the year.</p>
ARA/23/014	<p><b>EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT</b>  The Head of Internal Audit presented the item which provided an overview of the outcome of the latest Audit and Assurance Service External Quality Assessment.</p> <p>The Committee received ASSURANCE on the quality of the Internal Audit services through the positive outcome of the External Quality Assessment.</p>
ARA/23/015	<p><b>EXTERNAL AUDIT PROGRESS REPORT 2022-23</b>  External Audit presented the item which provided an update on current and planned Audit Wales work:</p> <ul style="list-style-type: none"> <li>• The following audits were reported as complete: <ul style="list-style-type: none"> <li>○ Orthopaedic services – follow up.</li> <li>○ Structured Assessment</li> </ul> </li> <li>• The following audits were reported as underway: <ul style="list-style-type: none"> <li>○ Audit of the 2022-23 Accountability Report and Financial Statements</li> <li>○ Review of Unscheduled Care</li> <li>○ Primary Care Services - Follow-up Review</li> <li>○ Workforce Planning</li> </ul> </li> </ul> <p>The Committee DISCUSSED and NOTED the Report.</p>
ARA/23/016	<p><b>EXTERNAL AUDIT STRUCTURED ASSESSMENT</b>  External Audit presented the item which focused on the Health Board’s corporate arrangements, particularly in relation to governance. It was recognised that the assessment was undertaken at a point in time and that some recommendations had already been implemented upon publication of the report. The report provided assurance that good governance was in place however highlighted the need to update the Board Assurance Framework to identify any key governance gaps.</p>



	<p>The Director of Corporate Governance welcomed the report and the honest and constructive dialogue in relation to the recommendation made.</p> <p>The Committee DISCUSSED and took ASSURANCE from the Structured Assessment and AGREED that it would be appended to the forthcoming Audit, Risk and Assurance Committee Chair's Report to the Board for awareness.</p>
ARA/23/017	<p><b>COUNTER FRAUD ANNUAL REPORT 2022-23</b></p> <p>The Head of Local Counter Fraud Services presented the report which provided an overview of counter fraud performance during the last reporting period. The Report had been written in line with the requirements of the NHS Counter Fraud Standards and Welsh Government Directions to NHS Bodies on Counter Fraud Arrangements. It was reported that 308 days had been delivered, a third of which had been reactive, the rest proactive which was a positive indicator as the intention of the service is to proactively reduce fraud. An overview of Key Performance Indicators (KPIs) was provided, and it was noted that further work would be undertaken to provide benchmarking for the 2023-24 report.</p> <p>It was highlighted that accompanying the Annual Report is the draft Functional Standard Return submission. This is a review of performance against NHS Counter Fraud Standards and a self-review submission is a requirement on an annual basis, the submission was presented to allow opportunity for discussion and challenge prior to approval and submission by the Director of Finance and IT and Committee Chair.</p> <p>The Committee DISCUSSED and NOTED the contents of the Counter Fraud Annual Report 2022/23 as presented and took ASSURANCE from the work undertaken throughout the year.</p>
ARA/23/018	<p><b>AUDIT RECOMMENDATION TRACKING</b></p> <p>The Director of Corporate Governance presented the item which provided the Committee with an overview of the position relating to the implementation of Audit Recommendations, arising from reviews undertaken by Internal Audit, External Audit (Audit Wales) and Local Counter Fraud Services as of 31<sup>st</sup> March 2023.</p> <p>The Committee CONSIDERED the position and took ASSURANCE that the organisation has an appropriate system for tracking and responding to audit recommendations.</p>
ARA/23/019	<p><b>DRAFT COMMITTEE WORK PROGRAMME 2023-24</b></p> <p>The Committee RECEIVED the draft Committee Work Programme 2023-24, and the Director of Corporate Governance welcomed any comments prior to its presentation to the Board on 24 May 2023.</p>

ARA/23/020	<p><b>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</b></p> <p>The Director of Corporate Governance and Board Secretary noted that following this meeting the following matters would be reported to the Board:</p> <ul style="list-style-type: none"> <li>• Committee Annual Report 2022-23</li> <li>• Structured Assessment 2022-23</li> </ul>
ARA/23/021	<p><b>ANY OTHER URGENT BUSINESS</b></p> <p>No other urgent business was declared.</p>
ARA/23/022	<p><b>DATE OF NEXT MEETING</b></p> <p>11 July 2023, 10:00, Microsoft Teams</p>