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Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON FRIDAY 21 JULY 2023 VIA MICROSOFT TEAMS

Present:

Rhobert Lewis

Independent Member – General
(Committee Chair)

Cathie Poynton
Kirsty Williams

Independent Member – Trade Union
Vice-Chair

In Attendance:

Pete Hopgood

Director of Finance and IT and Interim Deputy
Chief Executive

Hayley Thomas

Interim Chief Executive (Item 3.1 only)

Helen Bushell

Director of Corporate Governance/Board Secretary

Alice King

External Audit

Bethan Hopkins

External Audit

Ian Virgil

Head of Internal Audit

Sarah Pritchard

Head of Financial Services

Mike Jones

Audit Wales

Observers

Carl Cooper

Observer

Committee Support

Liz Patterson

Interim Head of Corporate Governance

Belinda Mills

Corporate Governance Officer

Apologies

Chris Walsh

Independent Member – Local Authority

Ronnie Alexander

Independent Member – General

Mark Taylor

Independent Member – Capital and Estates

Jayne Gibbon

Internal Audit

ARA/23/018	<p>WELCOME AND APOLOGIES</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 and that the meeting was chaired by Rhobert Lewis, Independent Member.</p>
ARA/23/019	<p>DECLARATIONS OF INTEREST</p> <p>The Committee Chair invited Members to declare any interests in relation to the items on the Committee agenda other than those already recorded on the register.</p> <p>The Director of Corporate Governance highlighted that personal data in relation to Executive Directors and Independent Members remuneration was included within the Annual Accountability Report (Item 2.2).</p>
ARA/23/020	<p>MINUTES OF THE MEETINGS HELD 16 MAY 2023</p> <p>The minutes of the meetings held on 16 May 2023 were RECEIVED and AGREED as being a true and accurate record subject to the following amendments:</p> <p>Page 4 – Counter fraud Work Plan amend to: <i>'Was their there confidence that the programme....'</i></p> <p>Page 12 - Counter Fraud Annual Report – amend to: 'It was reported that 308 days <i>of activity</i> had been delivered'</p>
ARA/23/021	<p>MATTERS ARISING FROM PREVIOUS MEETINGS 16 MAY 2023</p> <p>No matters arising were discussed.</p>
ARA/23/022	<p>COMMITTEE ACTION LOG</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"> • ARA/23/006 (Provision of Orthodontic Treatment STW): It was noted that a project plan for assurance would be brought forward to Committee following the commencement of the tender process for STW POW2223040(Orthodontic Treatment). The Director of Finance, Information Services and IT to provide a date for this item to be brought back to Committee. • ARA/22/104a (A review of financial delegations in relation to capital projects/developments (Machynlleth Hospital Development): It was noted that the action has been transferred to Delivery and Performance Committee.

	<ul style="list-style-type: none"> • ARA/23/012 (Report on increased use of Agency and decreased bank): It was noted that the action has been transferred to Workforce and Culture Committee <p>The Committee would receive updates on ARA/22/104a and ARA/23/012 in due course.</p>
ARA/23/023	<p>APPLICATION OF SINGLE TENDER WAIVER</p> <p>The Head of Financial Services confirmed that there have been no Single Tender Waiver applications made between 1 April 2023 and 30 June 2023.</p>
ARA/23/024	<p>ANNUAL REPORT AND ACCOUNTS 2022-23, INCLUDING LETTER OF REPRESENTATION</p> <ul style="list-style-type: none"> • The Performance Report: • The Accountability Report, including: <ul style="list-style-type: none"> ○ Corporate Governance Report ○ Remuneration and Staff Report ○ Parliamentary Accountability and Audit Report; and • The Financial Statements 2022-23 <p>Taken together with Item 3.1:</p> <p>AUDIT WALES ISA260 AUDIT REPORT INCLUDING LETTER OF REPRESENTATION</p> <p>The Director of Finance and IT and Director of Corporate Governance / Board Secretary presented the Final Draft of the Annual Report and Accounts 2022-23 for consideration prior to being submitted for formal approval at PTHB Board on 25 July 2023 and submitted to Welsh Government on 27 July 2023, in-line with HM Treasury Requirements (revised for 2022/23). It was noted that the draft sections had been reviewed by the Executive Committee, Delivery and Performance Committee and Audit, Risk and Assurance Committee and that the Annual Accounts had been audited by Audit Wales.</p> <p>It was noted that auditors have reviewed the performance report for consistency with other information in the financial statements.</p>

The External Audit Representative thanked the Health Board Finance team for the quality of work and co-operation provided during the audit. The audit had concluded with an unqualified opinion on the accounts, with a qualified regulatory opinion as the Health Board had exceeded their financial limits over a three year period. It was confirmed that mis-statements had been adjusted and were not material.

Additional work had been required in relation to payables testing and post year end payments testing. A recommendation had been made in this regard which had been accepted by management.

The Director of Finance, Information Services and IT echoed the thanks expressed noting that good communication had meant challenges had been overcome and the audit had progressed smoothly. A joint meeting has been arranged to discuss lessons learned to enable improvements for future audits.

The impact of the revised auditing standard ISA315 had been felt by the Audit Wales team. The Health Board team described the impact as additional sampling, and a different way of sampling, particularly in relation to areas of higher risk.

The Director of Corporate Governance advised that the Annual Report had been amended to include a section on the six goals of urgent and emergency care, and that a foreword by the Chair and Chief Executive was in preparation. The Annual Report took a considerable amount of administrative work from teams across the organisation for which thanks were expressed. The Auditors and Government colleagues had provided helpful comments on the draft document which have been addressed. A summary of the comments and amendments are included in the pack.

The Interim Chief Executive noted the work required to produce the Report and Accounts during a challenging time. It has been possible to reflect on the progress made but also that it is the first year financial balance was not achieved, in common with other Health Boards.

Independent Members sought assurance by asking the following questions:

Could consideration be given to amending the section on Stakeholder Reference Group to reflect our view that the Health Board is compliant with the spirit of the requirement if not the detail?

The Director of Corporate Governance undertook to reflect on this point observing that the report was drafted in May and the Health Board's position on this matter may have changed in the intervening period.

The Committee:

- NOTED the content of the report

	<ul style="list-style-type: none"> • NOTED the accounts have been subject to a statutory audit by Audit Wales (External Audit) • RECOMMENDED to Board at its meeting on 25 July 2023 the approval and signature of the Annual Report and Financial Accounts for year ended 31 March 2023 • NOTED the responses to enquiries of management and those charged with governance • NOTED the three component parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.
ARA/23/025	<p>AUDIT WALES ISA260 AUDIT REPORT INCLUDING LETTER OF REPRESENTATION</p> <p>This item was covered in the item above.</p>
ARA/23/026	<p>HEAD OF INTERNAL AUDIT OPINION 2022/23</p> <p>The Head of Internal Audit (HIA) presented the item and provided the Audit and Assurance Committee with the opportunity to review the Head of Internal Audit Opinion and Annual Report 2022/23.</p> <p>The HIA Opinion for 22/23 is 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>From the individual audits completed at the time of producing the Annual Report, the following final ratings have been provided:</p> <ul style="list-style-type: none"> • 5 Substantial Assurance • 13 Reasonable Assurance • 3 Limited Assurance. • 2 Advisory <p>Independent Members sought assurance by asking the following questions:</p> <p><i>Why has the Decarbonisation Audit been classified as Advisory given the importance of this item??</i></p> <p>The Director of Corporate Governance advised that the Internal Audit Plan was reviewed over a three year cycle and this item will be considered at the next review of the Plan.</p> <p>The Interim Chief Executive noted that the advisory nature of this item was consistent across all Health Boards in Wales. However, environmental matters were also subject to Environmental Reporting Standards and this audit type activity should be taken into account when looking at the Internal Audit Programme.</p>

	<p><i>The receipt of 'Reasonable Assurance' outcome is welcomed. What would it take for the organisation to achieve 'Substantial Assurance'?</i></p> <p>The Head of Internal Audit advised that to achieve Substantial Assurance the Health Board would need to receive Substantial Assurance in more of the individual audit reports undertaken during the year.</p> <p>The Director of Corporate Governance advised that Internal Audit would be providing thematic feedback at the next meeting where there would be an opportunity to reflect on wider learning.</p> <p>The Committee CONSIDERED and NOTED Final Head of Internal Audit Opinion and Annual Report 2022/23. The Chief Executive and Committee Chair expressed their thanks to the Head of Internal Audit and Internal Audit colleagues for their ongoing work and support.</p>
ARA/23/027	<p>INTERNAL AUDIT PROGRESS REPORT AND FINAL REPORTS:</p> <p>The Head of Internal Audit presented the report which provided an overview of the progress against 2022-23 the Internal Audit Plan, including details and outcomes of reports finalised. The following matters were highlighted for the committee's attention:</p> <ul style="list-style-type: none"> • Since the last meeting of the Committee five audits had been finalised. <ul style="list-style-type: none"> ○ Performance Management (Substantial Assurance) ○ Risk Management and Board Assurance (Reasonable Assurance) ○ Savings Plans and Efficiency (Reasonable Assurance) ○ Occupational Health Services (Reasonable Assurance) ○ Audit Recommendation Tracking (Reasonable assurance) • It was highlighted that there has been a total of 24 reviews included within the 2023/24 Internal Audit plan, it was noted that three audits are currently work in progress with a further four at the planning stage. It was also highlighted that the progress report also includes details of early progress with the delivery of the 2023/24 plan. <p>Independent Members sought assurance by asking the following questions:</p> <p><i>The Continuing Health Care (CHC) audit is at the planning stage. Given the importance of CHC to the Health Boards financial plans are you able to give details when this audit will begin?</i></p> <p>The Head of Internal Audit noted that they have met with the key lead officers to discuss the scope and focus of the audit. It is anticipated that the audit would take place in August/September and would be reported to the October Committee meeting.</p>

a) *Performance Management (Substantial Assurance)*

The Head of Internal Audit presented the report which sought to provide assurance on the effectiveness of the Health Board's Performance management and reporting arrangements. It was noted that

- there are robust processes in place for the production of the integrated performance report;
- there is a schedule in place to ensure that the integrated performance report is completed in time for the relevant governance forums;
- the Health Board has developed a new integrated performance Framework which aligns with the NHS Wales performance Framework; and
- further work is required to ensure that the Health Board Framework is fully implemented and operating effectively.

b) Risk Management and Board Assurance Framework (Reasonable Assurance)

The Head of Internal Audit presented the report which sought to evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to Risk Management and the Board Assurance Framework. It was noted that: The following two high priority recommendations were made:

- The Risk and Assurance Group have not met since August 2022 although it is recognised the Risk arrangements are under review;
- The Health Board does not hold a Board Assurance Framework. It is acknowledged this is planned to be in place during 2023/24

The following three medium priority recommendations were made:

- Training in risk management is required;
- The Terms of Reference for Audit Risk and Assurance Committee require review; and
- A consistent risk management process is required in Mental Health Services

What progress is being made on producing the Board Assurance Framework? The Director of Corporate Governance advised that all the activity required for Board assurance is in place, however, it is necessary to bring it together into a Framework. This is a priority in the Integrated Plan and progress has been made setting out the principles. Further agenda time would be protected at this Committee later on 2023/24.

c) *Savings Plans and Efficiency (Reasonable Assurance)*

The Head of Internal Audit presented the report which sought to provide assurance on the development, monitoring and achievement of the Health Board's savings plans for 2022/23, linked to recovery and associated Efficiency Framework. Three medium priority recommendations were made in relation to:

	<ul style="list-style-type: none"> • Saving schemes performance (whilst savings were made in 2022/23 these were non-recurrent); • The efficiency framework requires review to ensure it reflects the position at April 2023; and • Evidence is required to support the savings made. <p>d) <i>Occupational Health Services (Reasonable Assurance)</i> The Head of Internal Audit presented the report which sought to provide the Health Board with assurance regarding the implementation of the agreed management responses from the limited Assurance June 2022 Occupational Health Service audit. It was noted that of the six previous matters arising (eight recommendations) four recommendations have been closed, one of which was a high priority. Progress has been made with the remaining four recommendations, but further action is still required. Two were high priority, with one downgraded to a medium priority and one to a low priority. The remaining 2 medium priorities have been downgraded to low priorities due to action taken.</p> <p>e) <i>Audit Recommendation Tracking (Reasonable Assurance)</i> The Head of Internal Audit presented the report which sought to review the systems in place to monitor progress with the implementation of actions in response to internal audit recommendations. Two medium priority recommendations were reported relating to:</p> <ul style="list-style-type: none"> • The accuracy of data (two recommendations had been missed from the tracker), and • The tracker appendices contained a few inconsistencies in numbering. <p><i>This is an area where the Health Board should be seeking substantial assurance.</i></p> <p>The Director of Corporate Governance noted the report was close to substantial. She supported the outcome but noted the number of recommendations missed was low. The process is under review to ascertain how it can be simplified and automated.</p> <p>The Committee received the Internal Audit Reports and took ASSURANCE from their content.</p>
ARA/23/028	<p>EXTERNAL AUDIT REPORTS:</p> <p>The Audit Wales Performance Manager presented the External Audit Update to the Committee. The Audit of the Accounts had been covered earlier in the agenda. The planned areas of work were outlined as follows:</p> <ul style="list-style-type: none"> • Review of unscheduled care – field work is completed and the report is in draft • Primary Care follow-up review – expected October 2023 • Workforce Planning review – expected October 2023

	<ul style="list-style-type: none"> • Structured Assessment – the project brief has been issued. It will be a Core Structured Assessment with a separate focus on digital. Fieldwork is due to commence in September 2023 for reporting to the Health Board in December 2023 • An All Wales thematic review of planned care is in the planning stages • Local work plan will be brought to Committee when finalised. <p>a) Orthopaedic Services in Wales – Tackling the Waiting List Backlog</p> <p>Independent Members sought assurance by asking the following questions:</p> <p><i>Does the report and graph focus solely on the other Welsh Health Boards? What is the position in relation to English providers?</i></p> <p>The External Auditor was of the understanding that the report did not include English providers, but this information would be checked as this is important in the Powys context.</p> <p>The Chair requested that the Orthopaedic Services in Wales – Tackling the Waiting List Backlog be considered in Delivery and Performance Committee taking into account services in Powys are also provided by English Trusts.</p> <p>Action: Director of Corporate Governance</p> <p>The Committee DISCUSSED and Noted the Report</p>
ARA/23/029	<p>REGISTER OF INTERESTS</p> <p>The Director of Corporate Governance presented the item which provided an updated position for the Register of Interests for Independent Members and Executive Directors as of 26 June 2023 and advised the Committee that an All Wales work programme was examining the potential to automate the declaration process using Civica or ESR with the intention of improving accuracy and timeliness.</p> <p>The Committee RECEIVED the contents of Register of Interests for PTHB Board Members on 26 June 2023 and took ASSURANCE that the organisation has appropriate processes to support the collection, management and reporting of declarations of interest, in line with the Standards of Behaviour Policy.</p>
ARA/23/030	<p>CONFIRMATION OF CLINICAL AUDIT PROGRAMME 2023/24</p> <p>The Director of Corporate Governance presented the item advising that the Patient Experience, Quality and Safety Committee had approved the Clinical Audit Programme.</p> <p>The Committee took ASSURANCE that the Health Board has in place a clinical Audit Plan, which is overseen by the Patient Experience, Quality and Safety Committee.</p>

ARA/23/031	<p>COMMITTEE WORK PROGRAMME The Committee received and NOTED the Committee Work Programme.</p>
ARA/23/032	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <ol style="list-style-type: none"> 1. Recommendation to the Board that it approves the Annual Report and Accounts 2022/23 2. That the Delivery and Performance Committee consider the Audit Wales Report on Orthopaedic Services in Wales – tackling the waiting list backlog taking into account that services in Powys are also provided by English Trusts.
ARA/23/33	<p>ANY OTHER URGENT BUSINESS No other urgent business was declared.</p>
ARA/23/034	<p>DATE OF NEXT MEETING 10 October 2023 at 10.00, Microsoft Teams</p>