



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

## AUDIT, RISK & ASSURANCE COMMITTEE

**CONFIRMED**

### MINUTES OF THE MEETING HELD ON TUESDAY 21 MARCH 2023 VIA MICROSOFT TEAMS

#### **Present:**

Mark Taylor	Independent Member – Capital and Estates (Committee Chair)
Rhobert Lewis	Independent Member – General
Ronnie Alexander	Independent Member – General
Tony Thomas	Independent Member – Finance

#### **In Attendance:**

Pete Hopgood	Director of Finance and IT
Ian Virgil	Head of Internal Audit
Sarah Pritchard	Head of Financial services
Hywel Pullen	Deputy Director of Finance
Mike Jones	External Audit
Bethan Hopkins	External Audit
Alice King	External Audit
Jayne Gibbon	Internal Audit
Melanie Goodman	Internal Audit
Helen Bushell	Director of Corporate Governance and Board Secretary
Amanda Legge	All Wales Post Payment Verification Manager*
Sue Tilman	Post Payment Verification Location Manager* *Agenda Item 3.5 only

#### **Observers**

Carl Cooper	PTHB Chair
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#### **Committee Support**

Stella Parry	Interim Corporate Governance Manager
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#### **Apologies**

Carol Shillabeer	Chief Executive
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ARA/22/114	<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/22/115	<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>None were declared.</p>
ARA/22/116	<p><b>MINUTES OF THE MEETINGS HELD 31 JANUARY 2023</b></p> <p>The minutes of the meetings held on 31 January 2023 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/22/117	<p><b>MATTERS ARISING FROM PREVIOUS MEETINGS</b></p> <p>No matters arising were discussed.</p>
ARA/22/118	<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): It was suggested that the wording of the action be reviewed to ensure consistency with the minutes of the meeting. The Director of Finance and IT agreed that the action would be reviewed and updated in readiness for the next meeting of the Committee.</li> <li>• ARA/22/104a (Accelerated Sustainable Model): It was noted that the Accelerated Sustainable Model had been deferred from the March Board agenda, therefore the action had been updated to reflect the item would be considered by the relevant Board. It was anticipated that this would be the meeting of the Board due to be held on 24 May 2023.</li> </ul>
ARA/22/119	<p><b>APPLICATION OF SINGLE TENDER WAIVER</b></p> <p>The Head of Financial Services presented the following application for single tender waiver received during the period of 1 January to 28 February 2023:</p>

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	Appendix Ref
POW2223044	QUOTE	Cyted UK Ltd	Analysis and reporting of Cytosponge diagnostic tests	Sole Supplier	17/02/2023	£9,900	6 months	Prospective	A1

The Committee RATIFIED the use of Single Tender Waiver in respect of the single item during the period of 1 January to 28 February 2023.

ARA/22/120

**APPROACH TO 2022-23 ANNUAL REPORT AND ANNUAL ACCOUNTS**

The Director of Finance and IT presented the item which provided an outline of the approach and principles to be adopted for completion of the 2022/23 Annual Accounts together with the planned approach to key financial areas. It was noted that the development and presentation of the approach was good practice which had been implemented for the previous few years and was supported by Audit Wales.

The Committee NOTED that timescales were due to be extended in comparison to 2021/22 due to an extended audit timeline that has been communicated to all NHS Wales bodies, details of this were due to be considered in more detail under agenda item 2.4 (ARA/22/122). The approach in respect of the following matters was also highlighted to the Committee:

- Revaluations and De Recognitions
- IFRS 16
- Primary Care Accruals

	<ul style="list-style-type: none"> <li>• Retrospective Continuing Health Care Claims</li> <li>• 6.3% Pension Increase</li> <li>• Scheme Pays</li> <li>• Early Retirement Pension Provision/Permanent Injury</li> </ul> <p>Independent Members sought assurance by asking the following questions:  <i>Is there an increased risk of qualifications due to the extension to the timeframe of the Audit Wales audit of the accounts?</i></p> <p>The Director of Finance and IT recognised the increased potential for variability in actuals as a result of the extended timeframe however assured the Committee that the methodology and detail behind the production of estimates had been carefully considered. It was also highlighted that the slight increase in risk would be present for all Welsh health boards.</p> <p>The Committee discussed and APPROVED the approach to the Annual Report and Accounts 2023-24.</p>
ARA/22/121	<p><b>INTERNAL AUDIT PLAN 2023-24</b></p> <p>The Director of Corporate Governance and Board Secretary introduced the item and highlighted that plan had been developed alongside Executive colleagues to ensure a risk based approach. The Head of Internal Audit presented the plan which provided a detailed overview of the proposed audits due to take place in 2023-24 and analysis of the corresponding resource for delivery, appended to the plan was Internal Audit Charter. Appendix A of the plan provided details of the plan, including outline scope for each audit, it was noted that there was a slight reduction in the number of audits since the previous year, from 26 (2022-23) to 24 (2023-24) it was anticipated that this would improve the ability to widen coverage as necessary. Under the approach adopted by Internal Audit for a number of years, the top slice provided to undertake the internal audit programme is supplemented by an additional charge for work over and above the top slice. To this end the health board would need to pay an additional £64,325 (£57,614 in 22/23) to cover this additional audit work, it was noted that any additional audit work required in relation to capital would be incorporated into business cases.</p> <p>Independent Members sought assurance by asking the following questions:  <i>Recognising the iterative nature of the Internal Audit scopes included within the plan, would the Committee be informed of any changes?</i></p> <p>It was confirmed that any amendments will be reported via the Internal Audit Progress Report which is a standing item on the Committee’s agenda. The Director of Corporate Governance and Board Secretary also highlighted that she would review each scope in an independent capacity which would provide additional corporate assurance. The final scope is also received by the Committee within the final internal audit report.</p>

	<p>The Committee APPROVED the Internal Audit Plan for 2023-24 and the Internal Audit Charter as at March 2023.</p>
<p>ARA/22/122</p>	<p><b>EXTERNAL AUDIT PLAN 2023-24</b></p> <p>The External Audit, Financial Audit Manager presented the item which set out an outline plan which provided an overview of the external audit team and key dates. It was anticipated that further detail would be presented to the Committee in May.</p> <p>It was highlighted to the Committee that appended to the plan was two letters dated 1 March 2023, the letters detailed the intention for both an increase in fees for the provision of external audit as well as an increase in the length of time required to undertake the audit of the financial accounts. Audit fees were due to increase by 10.2% as a result of ISA 315, in addition to the 4.8% inflationary increase set out in the Audit Wales 2023-24 Fee Scheme and an audit certification deadline of 31 July 2023 was proposed for NHS Wales. It was highlighted that over the coming three years there was a plan established to revert to the 15 June deadline as below:</p> <ul style="list-style-type: none"> <li>• Audit of Accounts 2022-23 – certification by 31 July 2023;</li> <li>• Audit of Accounts 2023-24 – certification by 30 June 2024; and</li> <li>• Audit of Accounts 2024-25 – certification by 15 June 2025.</li> </ul> <p>Independent Members sought assurance by asking the following questions:</p> <p><i>Was there any indication that Welsh Government would fund the additional audit costs?</i></p> <p>The Director of Finance and IT confirmed that there were no plans for any additional funding at the time of the meeting, therefore the increase in fees would present a cost pressure for the health board.</p> <p><i>The increase in fees presented is substantial, is it felt that this is proportionate?</i></p> <p>The Director of Finance and IT recognised the reasons presented for the increase in fees, such as the implementation of ISA 315 and acknowledged the broader extent of financial challenge throughout the public sector in Wales and the wider UK. It was highlighted that the health board would need to work closely with audit colleagues throughout the period to ensure a collaborative approach to the pressures within the system. The Director of Corporate Governance agreed that the circumstances presented significant challenge for both organisations and highlighted the plan for a return to business as usual as a positive development.</p> <p>The Committee DISCUSSED and APPROVED the Draft External Audit Plan 2023-24.</p>

ARA/22/123	<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>• 3 audits had been finalised since the previous meeting of the Committee;</li> <li>• At the time of reporting 2 reports were in draft, 2 audits were work in progress and 4 were at the planning stage;</li> <li>• It was proposed that the COVID-19 Outbreak Control Plan and Contact Tracing audit was removed from the plan as following discussions with Director of Public Health it was felt that the audit was no longer appropriate due to the change in the situation in relation to COVID-19, assurance in relation to the area would be provided as part of the COVID-19/Vaccination audit planned for 2023-24.</li> </ul> <p>The Committee DISCUSSED and NOTED the update and APPROVED the removal of the COVID-19 Outbreak Control Plan audit.</p>
ARA/22/124	<p><b>INTERNAL AUDIT REPORTS</b></p> <p><i>a) Therapies and Health Sciences Professional Governance Structure (Reasonable Assurance)</i></p> <p>The Head of Internal Audit presented the report which sought to review the controls and processes in place in respect of the implementation of the Therapies and Health Sciences Professional Governance Structure. It was found that The Therapies and Health Sciences Directorate has structures in place within the areas sampled which allows for scientific and therapy staff, professional registrants and practitioners to work within clearly defined professional and clinical governance arrangements.</p> <p><i>b) Incident Management (Reasonable Assurance)</i></p> <p>The Head of Internal Audit presented the report which sought to review the arrangements in place within the Health Board for the identification, recording, investigation and management of incidents.</p> <p>The Committee received the Internal Audit Reports and took ASSURANCE from their content.</p>
ARA/22/125	<p><b>EXTERNAL AUDIT STRUCTURED ASSESSMENT</b></p> <p>External Audit provided a verbal update and confirmed that there had been delays with the production of the Structured Assessment, the report had been submitted to health board in draft for checking and was due to be presented to the meeting of the Committee in May. The Director of Corporate Governance reported it was felt that the report was balanced with no areas of concern for the Committee’s attention.</p>

	The Committee RECEIVED and NOTED the update.
ARA/22/126	<p><b>EXTERNAL AUDIT PROGRESS REPORT 2022-23</b></p> <p>External Audit presented the item which provided an update on current and planned Audit Wales work. The Committee NOTED the update:</p> <ul style="list-style-type: none"> <li>• Orthopaedic services – Follow-up (Published 2 March 2023)</li> <li>• Audit of the 2022-23 Accountability Report and Financial Statements (Planning)</li> <li>• Review of Unscheduled Care (Fieldwork underway)</li> <li>• Workforce Planning (Fieldwork underway)</li> <li>• Structured Assessment (Report in Draft)</li> <li>• Primary Care Services – Follow-up Review (Scoping)</li> </ul> <p>Independent Members sought assurance by asking the following questions:</p> <p><i>Was it anticipated that there would be a change in scope of the \Primary Care Services Follow-up?</i></p> <p>It was confirmed that there were no plans to change the scope of the follow-up from the original review however consideration was due to be given to the wider context e.g. recruitment issues whilst undertaking the follow-up review.</p> <p>The Committee DISCUSSED and NOTED the Report.</p>
ARA/22/127	<p><b>POST PAYMENT VERIFICATION (PPV) UPDATE AND WORKPLAN 2023-24</b></p> <p>The All Wales Post Payment Verification Manager and Post Payment Verification Location Manager joined the meeting and provided an overview of the overall performance of the health board against the national averages. PPV claims from General Medical Services (GMS), General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS) are undertaken as a part of an annual plan by NHS Wales Shared Services Partnership (NWSSP), it was highlighted that assurance is not provided in relation to General Dental Service (GDS).</p> <p>Independent Members sought assurance by asking the following questions:</p> <p><i>The All Wales average claim error rate had increased year on year since 2020/21, was there any concern in relation to this trend?</i></p> <p>The All Wales Post Payment Verification Manager highlighted that a higher rate of claim error was expected during revisits as these were focused in areas of concern. The Committee was assured that there was no concern in relation to this trend, which indicated that the revisits were operating as anticipated.</p> <p>The Committee DISCUSSED and NOTED the Report.</p>

ARA/22/128	<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 31st January 2023. It was reported that significant progress had been made in relation to implementation of recommendations to date with an increased focus on high priority overdue recommendations and impact analysis going forward.</p> <p>Members noted that an increased focus on prioritisation and associated risks would be helpful for the purposes of providing assurance to the Committee. The Head of Internal Audit noted that an internal audit review of the process for managing audit recommendations, including a sample of evidence for closed recommendations was due to be undertaken imminently which would provide the next step in assurance. The Director of Corporate Governance noted that a protocol that outlined the roles of this Committee, the Executive Committee, the Director of Corporate Governance etc. would be included within the update report to the Committee.</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/22/129	<p><b>ANNUAL GOVERNANCE PROGRAMME REPORTING</b></p> <p>The Director of Corporate Governance presented the item which provided an update on progress against the Annual Governance Programme as of Q3 2022-23. It was noted that the Annual Governance Programme would be reviewed for 2023-24 in line with the Integrated Medium Term Plan 2023-26 and the outcome of the Structured Assessment.</p> <p>The Committee took ASSURANCE from the position reported.</p>
ARA/22/130	<p><b>WELSH HEALTH CIRCULAR TRACKING</b></p> <p>The Director of Corporate Governance presented the item which provided the Committee with an overview of the current position relating to the implementation of Welsh Health Circulars (WHCs) and Ministerial Directions.</p> <p>It was highlighted that the single No Progress reported was in relation to recommendations from a WHC in response to a rare disease, for which Powys did not have the necessary speciality clinicians. Work was underway to identify a proportionate and appropriate course of action for Powys. Members suggested that they would be keen to see progress against this item in the next report and it was confirmed that should no progress be reported, the Medical Director would be invited to the Committee to provide an update.</p>



	The Committee DISCUSSED the current position, considering those WHCs where no progress has been made and took ASSURANCE that the organisation is managing Welsh Health Circulars appropriately.
ARA/22/131	<p><b>REGISTER OF INTERESTS</b></p> <p>The Director of Corporate Governance presented the item which provided the Register of Interests for Board and Executive Members as of 1<sup>st</sup> March 2023, which would be published to the health Board's website following the Committee. It was noted that further work was underway to include professional registration and extend reporting to Deputy/Assistant Directors and Professional Heads of service.</p> <p>The Committee NOTED the contents of the Register and took ASSURANCE that the organisational policy was being implemented.</p>
ARA/22/132	<p><b>REVIEW OF COMMITTEE PROGRAMME OF BUSINESS</b></p> <p>The Committee RECEIVED and NOTED the Committee programme of business.</p>
ARA/22/133	<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 wished to highlight to the Board that the Cyber Security Internal Audit Report was to be considered by the Committee in an In-Committee session at the close of the meeting.</p>
ARA/22/134	<p><b>ANY OTHER URGENT BUSINESS</b></p> <p>No other urgent business was declared.</p>
ARA/22/135	<p><b>DATE OF NEXT MEETING</b></p> <p>16 May 2023, 10:00, Microsoft Teams</p>