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Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON TUESDAY 31 JANUARY 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

Carol Shillabeer

Chief Executive

Ian Virgil

Head of Internal Audit

Sarah Pritchard

Head of Financial services

Bethan Hopkins

External Audit

Alice King

External Audit

Jayne Gibbon

Internal Audit

Melanie Goodman

Internal Audit

Sharon Edwards

Internal Audit

Matthew Evans

Counter Fraud

Kirsty James

Counter Fraud

Helen Bushell

Director of Corporate Governance and Board
Secretary

Committee Support

Elizabeth Patterson

Interim Head of Corporate Governance

Apologies

None

ARA/22/097	<p>WELCOME AND APOLOGIES</p> <p>The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. There were no apologies for absence.</p>
ARA/22/098	<p>DECLARATIONS OF INTEREST</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/22/099	<p>MINUTES OF THE MEETINGS HELD 15 NOVEMBER 2022</p> <p>The minutes of the meetings held on 15 November 2022 were RECEIVED and AGREED as being a true and accurate record subject to the following amendment on page 3:</p> <p><i>Was Director of Finance and IT assured that procurement process in relation to POW2223032 had been proper and correct given the abscordment termination of the first contractor contract resulting in appointment of the second contractor, resulting in an increased cost of 30%?</i></p>
ARA/22/100	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p><i>Did the health board lose any money when the first contract in relation to POW2222303 was terminated?</i></p> <p>The Head of Financial Services confirmed that no financial loss occurred as a result of the change in contractors on this project.</p>
ARA/22/101	<p>COMMITTEE ACTION LOG</p> <p>The Committee received and NOTED the action log. The following actions were discussed by the Committee:</p> <ul style="list-style-type: none"> • ARA/22/034 (Register of Contracts), ARA/22/047 (Inclusion of maintenance costs in contracts) and ARA/22/048 (Losses and Special Payments trend analysis): Included in the agenda for 31 January 2023. Actions Completed. • ARA/22/069 (IT Infrastructure and Asset Management Report (Limited Assurance)): It was confirmed that a paper was due to be provided to Delivery and Performance Committee in February 2023.
ARA/22/102	<p>APPLICATION OF SINGLE TENDER WAIVER</p> <p>The Head of Financial Services presented the following application for three single tender waivers received during the period of 1 November 2022 and 31 December 2022:</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
POW2223033	Quote	Dekomed	Maintenance of Dental Equipment	Sole Supplier	16/11/2022	£20,880	3 Years	Part - Retrospective	A1
POW2223035	Tender	Protect Plus Ltd	Maintenance of Anti Ligature Fixtures and Fittings	Sole Supplier	16/11/2022	£25,222	3 Years	Prospective	A2
POW2223036	Quote	Clearhealth Ltd	Occupational Health Physician Services	No NHS Provision available and clinical need	17/11/2022	£18,750	7 Months	Prospective	A3

Independent Members welcomed the improved timeliness of Single Tender Waivers coming to Committee.

It was agreed that a Summary of Single Tender Waivers would be included annually on the Committee Work Programme.

Action: Director of Corporate Governance and Board Secretary.

Independent Members sought assurance by asking the following question:
Is the procurement process sufficient to ensure that maintenance costs are included initially, thereby avoiding the need for later single tender waivers in relation to maintenance costs?

The Head of Financial Services confirmed that new contracts now included maintenance costs and single tender waivers for maintenance reasons would therefore decrease over time as new contracts were agreed.

The Committee RATIFIED the use of Single Tender Waivers in respect of 3 items during the period of 1 November 2022 and 31 December 2022.

ARA/22/103

INTERNAL AUDIT PROGRESS REPORT 2022-23

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:

- since the last meeting of the Committee eight audits had been finalised;
- five audits were work in progress with a further five at planning stage, leaving 2 audits yet to commence;
- it was expected that all planned audits would be completed within the year; and
- of the 14 audits completed there were only 2 with Limited Assurance which indicated that the year-end report from Internal Audit would be positive

The Head of Internal Audit noted that whilst the management response times performance indicator remained green, there had been delays in receiving a management response in two recent cases. This was an early warning flag for the health board.

The 2023-24 Internal Audit Plan was in development with meetings taking place between Internal Audit and Executive Directors. The team will also meet with the Chief Executive and Director of Corporate Governance and Board Secretary following which the plan will be shared with the Executive Team and Independent Members.

The Committee DISCUSSED and NOTED the update.

ARA/22/104

INTERNAL AUDIT REPORTS

a) Looked After Children (Substantial Assurance)

The Committee received the report which gave substantial assurance that effective processes are in place to ensure the Looked After Children (LAC) Health Assessments are appropriately completed for all relevant Looked After Children in accordance with the requirements of the Framework.

Independent Members sought assurance by asking the following questions: *Section 2.28 notes that there are 'a number of factors which impact on the LAC team’s ability to complete Health Assessments within the timescales set out in the framework. Often these factors are external to the health boards arrangements and relate to roles and responsibilities of the local authority...' Can assurance be given that the health board are doing all within their ability to ensure that the delay is not because of the health board’s actions, and can assurance be given that the health board is working closely with the local authority to ensure that Health Assessments are undertaken in a timely manner?*

The Chief Executive advised that there were challenges in getting all agencies available to undertaken assessments exacerbated by problems with

social worker recruitment. There is an additional complication where Looked After Children are placed in Powys by other local authorities where delays in notification to the health board by the placing authority may occur.

b) Cancer Services – Access to Symptomatic Fit (Substantial Assurance)

The Committee received the report which provided substantial assurance that the planned actions to allow improved access to symptomatic FIT were being effectively delivered.

c) Women and Children’s Services (Substantial Assurance)

The Committee received the report which provided substantial assurance on the adequacy of the systems and controls in place within the School Nursing and Health Visiting departments of the Women and Children’s Service in respect of governance, workforce management, risk management and financial management arrangements.

d) Machynlleth Hospital (Reasonable Assurance)

The Committee received the report which provided reasonable assurance on the delivery and management arrangements in place to progress the Machynlleth Reconfiguration project, and the performance against delivery objectives.

The project had remained in budget, but delivery had been delayed by 13 weeks. A number of key risks were outlined in the report.

Is the cost of the six week delay mentioned in 2.6 of the report borne by the health board or contractor?

The cost will be borne by the contractor with the health board only incurring additional costs in relation to employing a contract manager for the additional period.

2.24 of the report mentions spending outside Standing Orders. Further information is requested to understand why this happened and for assurance lessons have been learnt to ensure that this does not happen in the future.

The Chief Executive advised a review would be presented to Delivery and Performance Committee for assurance.

Action: Director of Environment

e) North Powys Wellbeing Programme (Reasonable Assurance)

The Committee received the report which provided reasonable assurance on an assessment of the health board’s arrangement to take forward the North Powys Programme, including management of demand and capacity modelling and service capacity. Attention was drawn to one high priority matter relating to the need to finalise the 2022-23 Programme Plan, together with four medium priority matters.

What progress is being made with the Diagnostic programme?

The Chief Executive advised that it is intended to bring the Diagnostic Strategic Intent paper to Board in March 2023 in conjunction with the work on the Accelerated Sustainable Model.

Action: Director of Planning and Performance

Will the North Powys Wellbeing Programme Oversight group, which has not met for some time, be reinstated?

The Chief Executive confirmed the Oversight Group had not sat for some time and advised that an update would be brought to the Planning, Partnerships and Public Health Committee.

Action: Director of Primary, Community Care and MH

f) Charitable Funds (Reasonable Assurance)

The Committee received the report which provided reasonable assurance relating to the appropriate management and administration of Charitable Funds in line with relevant legislation and Charity Commission guidance.

g) Workforce Futures (Reasonable Assurance)

The Committee received the report which provided reasonable assurance that the Workforce Futures Strategic Framework has started to embed and is providing clear direction of the future work required to achieve the outcomes intended.

h) Welsh Language Standards (Limited Assurance)

The Committee received the report which provided limited assurance that the processes were in place within the health board to ensure compliance with the requirements of the Welsh Language Standards Act. Attention was drawn to the following five high and three medium priority matters identified:

- Service Group Action Plans (high)
- Monitoring of compliance with the action plans (high)
- Welsh Language policy (high)
- Monitoring and reporting on compliance (high)
- Welsh Language Annual Report (medium)
- Estates signage (medium)
- Staff awareness (medium)
- Level of risk (high)

It was confirmed the management response had accepted the recommendations.

How does the position identified within this report compare to the position in other health boards?

The Head of Internal Audit advised that anecdotally the organisation was not a huge outlier but was a little behind the position elsewhere.

The Chief Executive noted that the report findings had been accepted and would be followed up. Whilst there was only a small Welsh Language team in Powys this should not be a barrier to progress as elsewhere small teams had

	<p>made good progress. Internal Audit would produce a follow-up report which would be brought to the Committee in the next year.</p> <p>The Committee received and NOTED the Internal Audit Reports.</p>
ARA/22/105	<p>EXTERNAL AUDIT PROGRESS REPORT 2022-23</p> <p>External Audit presented the item which provided an update on current and planned Audit Wales work. The Committee NOTED the following audits currently underway:</p> <ul style="list-style-type: none"> • Orthopaedic services – follow-up; • Review of Unscheduled Care; • Structured Assessment; • Primary Care Services – a follow-up review to one undertaken in 2019 looking at capacity in primary care; and • Workforce Planning – the project brief was issued in November 2022, field work to be phased over the next few months <p>It was confirmed that the Charitable Funds Audit had been completed.</p> <p>The Committee were advised that the timetable for the Full Audit of Financial Statements for 2022/23 was still to be agreed and would potentially be later than anticipated. A formal communication on the timetable was expected shortly.</p> <p>The Director of Finance and IT confirmed the Charitable Funds accounts had been submitted to the Charity Commission on the 31 January 2023. In relation the year end timetable it was understood that conversations were taking place between Welsh Government and Audit Wales. This is a significant issue as any change to the timetable will have a considerable impact on managing workloads. This would also impact on the production of the Annual Report.</p> <p>Independent Members sought assurance by asking the following questions: <i>Will the planned work on primary care include consideration of profile and capacity?</i></p> <p>The External Auditor invited Committee Members to email specific requests regarding the content of planned audit work.</p> <p>External Audit drew attention to a number of NHS related and all-Wales summary reports, particularly in relation to Social Enterprise and poverty.</p> <p>The Committee DISCUSSED and NOTED the Report.</p>

ARA/22/106	<p>EXTERNAL AUDIT REPORTS:</p> <p>The Committee received and NOTED the following Audit Wales reports for information:</p> <p><i>a) Review of Strategic Renewal Portfolio</i></p> <p>This review was undertaken during the Winter 2021 omicron surge whilst staff were under huge pressure, and appreciation was noted for the time that staff gave to engage with auditors. Five recommendations were identified, and a management response has been received of which it is noted that two of the recommendations have not been accepted.</p> <p>Independent Members sought assurance by asking the following questions: <i>Why did the audit unusually conclude that the governance structures for this programme were unnecessarily large?</i></p> <p>The External Auditor advised that when the review was undertaken the conclusion was that the work delivered in relation to renewal whilst broad, was limited and the governance arrangements whilst sufficient for this area of work could be utilised for other programmes.</p> <p>The Chief Executive thanked External Audit for undertaking the review. The fieldwork had commenced in November 2021 which had been a particularly challenging time for the organisation with events fast moving in relation to omicron with short notice surge arrangements and mass vaccination. The health board has focussed on recovery (which in the health board is described as renewal) the scope of which was significant, and perhaps not fully understood. There is a difference in view, with the health board's position that the governance arrangements covered a large part of the business.</p> <p>The report had been published in March 2022 and considerable changes have taken place since then. Welsh Government provided recovery ('renewal') money and a Core Group was established to support effective decision making. The focus has now moved to the production of the Integrated Medium Term Plan and the sustainability of approach.</p> <p>The Chair welcomed both the report and response and thanked the authors.</p> <p>The Committee DISCUSSED and NOTED the Report.</p>
ARA/22/107	<p>EXTERNAL AUDIT STRUCTURED ASSESSMENT UPDATE</p> <p>External Audit advised that the draft Structured Assessment would be provided to the health board in the next few days.</p> <p>The Committee NOTED the update.</p>
ARA/22/108	<p>COUNTER FRAUD UPDATE</p> <p>The Head of Counter Fraud presented the report noting that good progress on the annual plan had been made. The number of cases is lower than in previous years and cases are being closed more quickly. However, there is a bottleneck of prosecution cases with delays at Courts resulting from the</p>

covid backlog, and Barrister strikes. In addition, the facility to undertake Police National Computer (PNC) checks is not available at present and although local Police colleagues may be able to provide a PNC it is not possible to proceed to prosecution in the absence of a PNC. It is expected that the ability to process a PNC will be available in the coming weeks.

Proactive Exercise – Gifts and Hospitality

The Local Counter Fraud Specialist presented the report outlining that compliance was good, although there was some confusion regarding how to comply with one method outlined in the report but easier methods taking place in practice, for example via Datix. The report recommended simplifying the process for recording gifts and hospitality and encouraging recording of declarations of interest on the Electronic Staff Record by linking it to the annual Performance Appraisal and Development Review (PADR).

The Director of Corporate Governance and Board Secretary thanked the Counter Fraud team for the report and would welcome an opportunity to discuss the findings.

Independent Members sought assurance by asking the following questions: *Why is Datix (an incident reporting system) is being used to record gifts?* The Local Counter Fraud Specialist explained that staff were recording compliments on Datix and then noting the gift in addition to the compliment.

The linking of declarations of gifts and hospitality to the annual PADR is welcome but it is necessary for completion of PADRs to be compliance for this to be successful.

The Head of Counter Fraud agreed and noted that the intention of including declarations of gifts and hospitality within the PADR process was to raise the profile of such declarations and thereby compliance.

Will the actual/perceived budgetary hole in Betsi Cadwalladr University Health Board (BCUHB) affect the way that the Counter Fraud Unit undertakes work in the future?

The Head of Counter Fraud confirmed that lessons would be learnt from the work undertaken in BCUHB in conjunction with external audit.

The Chair advised that he had requested a Lessons Learnt paper be brought to Committee in relation to the issues at BCUHB.

Whilst some fraud will always be undetected, can assurance be taken that the low number of cases reported are proportionate to the size of the organisation?

The Head of Counter Fraud advised that the next report would include benchmarking per 1,000 staff to aid understanding of the position. Direct comparator organisations are hard to find for this health board.

	<p>The Head of Counter Fraud presented the Counter Fraud Investigations Update Report.</p> <p><i>In respect of closed investigation INV/22/0490 – Overpayment of Child Care Voucher Scheme – were any issues identified from a procurement perspective?</i></p> <p>The Head of Counter Fraud confirmed there had been no criminal wrongdoing, however, system changes have been put in place regarding the approval processes. Consideration will be given by the Counter Fraud team regarding undertaking a Proactive Exercise in this area.</p> <p>The Committee DISCUSSED and NOTED the Report.</p>
ARA/22/109	<p>LOSSES AND SPECIAL PAYMENTS UPDATE REPORT</p> <p>The Head of Financial Services presented the interim Losses and Special Payments Report covering the period 1 April 2022 – 31 October 2022, to which the Welsh Risk Pool Annual Review was appended at request of Committee. A supplementary appendix benchmarked claims activity in the health board against all Wales data. It was noted that reimbursements may not relate to the time of the original event as claims may span many years. In the case of clinical negligence, the health board is liable for the first £25k whilst GPs are fully indemnified.</p> <p>It was confirmed that the Audit, Risk and Assurance Committee are required to receive the financial information in respect of Losses and Special Payments. The Executive Team and Patient Experience, Quality and Safety Committee receive information on Concerns (incidents, complaints, and claims) from a quality and learning perspective.</p> <p><i>Is it known why it appears that the health board are less successful than other health boards in Wales in rebutting negligence claims?</i></p> <p>The Head of Financial Services noted that the health board, as a small commissioning organisation, had a different make-up to other health boards in Wales who were likely to receive many speculative claims which could be closed without damages.</p> <p>The Chief Executive advised that trends and lessons learnt would be included in a report to the Patient Experience, Quality and Safety Committee.</p> <p>Action: Director of Nursing and Midwifery</p> <p>The Committee DISCUSSED and NOTED the Losses and Special Payments Update Report.</p>
ARA/22/110	<p>REVIEW OF COMMITTEE PROGRAMME OF BUSINESS</p> <p>The Committee RECEIVED and NOTED the Committee programme of business. It was noted that the Audit Tracker had not been considered at this meeting due to the large number of Internal Audit reports which had been received. The Audit Tracker would next be considered at the March 2023 meeting.</p>

	<p>The Director of Finance and IT advised the Committee that the with final reporting timetable for the Annual Report yet been confirmed by Welsh Government there may be an impact on the Work Programme for 2023/24.</p>
ARA/22/111	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <p>The Chair’s Report to Board to reference the potential changes to the year-end reporting timetable.</p>
ARA/22/112	<p>ANY OTHER URGENT BUSINESS</p> <p><i>Will the recent announcement in England of additional funding for beds and ambulances result in Wales receiving consequential funding?</i></p> <p>The Director of Finance advised that this would result in consequential funding in the region of £56m for Wales. However, no information was available regarding the allocation of this funding by Welsh Government.</p>
ARA/22/113	<p>DATE OF NEXT MEETING</p> <p>21 March 2023, 10:00, Microsoft Teams</p>