

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

**MINUTES OF THE MEETING HELD ON TUESDAY 14 MAY 2024 VIA
MICROSOFT TEAMS**

Present:

Rhobert Lewis (RL)	Independent Member (Chair)
Ronnie Alexander (RA)	Independent Member
Steve Elliot (SE)	Independent Member (Finance)

In Attendance:

Hayley Thomas (HT)	Chief Executive Officer
Pete Hopgood (PH)	Director of Finance and IT and Interim Deputy Chief Executive
Hywel Pullen (HP)	Deputy Director of Finance
Sarah Pritchard (SP)	Head of Financial Services
Helen Bushell (HB)	Director of Corporate Governance/Board Secretary
Bethan Hopkins (BH)	Audit Wales
Mike Jones (MJ)	Internal Audit
Ian Virgil (IV)	Head of Internal Audit
Jayne Gibbon (JG)	Internal Audit
Amanda Legge(AL)	Post Payment Verification
Sue Tillman (ST)	Post Payment Verification

Observers:

Kirsten Jones (KY)	Llais
Mick Giannasi (MG)	Independent Member
Carl Cooper (CC)	PTHB Chair

Committee Support

Elizabeth Patterson (EP)	Interim Head of Corporate Governance
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Apologies

Chris Walsh (CW)	Independent Member
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ARA/24/001

WELCOME AND APOLOGIES

The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. Apologies for absence were noted as recorded above.

ARA/24/002	<p>DECLARATIONS OF INTEREST No interests were declared in addition to those already declared in the published register.</p>
ARA/24/003	<p>MINUTES OF THE MEETINGS HELD 11 March 2024 The minutes of the meetings held on the 11 March 2024 were reviewed and were ACCEPTED as a true and accurate record.</p>
ARA/24/004	<p>COMMITTEE ACTION LOG In addition to the four actions noted as closed the following actions have been completed: ARA/23/041a – Action complete ARA/23/076 - Action Complete The Committee RECEIVED and NOTED the Action Log.</p>
ARA/24/005	<p>REVIEW OF STANDING ORDERS HB presented the report advising that, following internal review and taking into account relevant Ministerial Directions and Welsh Health Circulars, the following changes are recommended to the Standing Orders:</p> <p>3.2 Joint Committees - To be updated to reflect the newly created Joint Commissioning Committee and the disbanding of the former (Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC). The Board has already approved a Chair’s Action to accept the changes to the Standing Orders under Ministerial Direction (March 2024)</p> <p>5.6 The Board has confirmed a decision not to operate a Stakeholder Reference Group (SRG) in its response to the Structured Assessment in 2023. Schedule 5 will also be updated to reflect this change.</p> <p>6.1 Community Health Councils (CHCs) have transferred into the new Citizens Voice Body (Llais) from 1 April 2023 – this will be reflected in the revised document as per the Ministerial Direction.</p> <p>7.4 Preparing for Meetings (7.4.3 - Board and Committee paper release) - Working practice in PTHB is to release Board / Committee papers seven calendar days in advance, not ten calendar days as the Standing Orders state. Seven days is line with most NHS organisations and in reality, reflects the modern electronic nature of working along with the provision of timely information. Seven days are recommended to be reflected in the PTHB Standing Orders.</p> <p>Schedule 1 - Scheme of delegation - Following recent executive portfolio changes agreed at the Remuneration and Terms of Service Committee, the Board Scheme of Delegation requires updating. This will be presented in full to the Board on the 22 May 2024.</p> <p>Schedule 1 will need to be updated to reflect the updated scheme of delegation.</p>

	<p><i>The aspiration of circulating papers seven days in advance of the meeting is welcomed, but on occasions this does not happen and is likely to be increasingly challenging with current workloads.</i></p> <p>HB acknowledged there are occasions where it is difficult to meet the circulation deadline. It is hoped that recent appointments will enable the deadlines to be met more often.</p> <p>The Committee DISCUSSED and RECOMMENDED the changes to the Standing Orders to the PTHB Board for its meeting on the 22 May 2024.</p>
ARA/24/006	<p>COMMITTEE ANNUAL REPORT 2023/24</p> <p>HB presented the report which gave a full overview of the work of the Committee during the last financial year.</p> <p>IV advised that since the reports collation further Internal Audit work had been concluded and an updated version would be provided prior to submission to Board.</p> <p>Action: Ian Virgil (Internal Audit)</p> <p>The Committee:</p> <ul style="list-style-type: none"> • CONSIDERED the Audit and Risk Assurance Committee Annual Report for 2023/24 summarising the key areas of business activity undertaken; • TOOK assurance that the Audit and Risk Assurance Committee is fit for purpose and operating effectively in fulfilling its terms of reference; • RECOMMENDED the report to the Board for the 22 May 2024 meeting.
ARA/24/007	<p>EXTERNAL AUDIT ANNUAL PLAN 2024-25</p> <p>MJ presented the External Audit Annual Plan and confirmed it was the approved plan with the following three significant risks identified:</p> <ul style="list-style-type: none"> • Management override of controls (in common with other organisations), • Material misstatement due to fraud in expenditure, and • Failure to meet the first financial duty to breakeven over a three year period. <p>Other areas of focus include:</p> <ul style="list-style-type: none"> • a review of payables balances, • testing a sample of clinical negligence and personal injury claims, • a review of the related party transactions and disclosures, and • a review of the accuracy of Senior Officers and Non-Executives pay within the Remuneration Report. <p>It was also noted that the audit fee had increased by 6.4%.</p> <p>BH presented the planned performance audit work for the year including:</p>

	<ul style="list-style-type: none"> • Structured Assessment (core and deep dive review into investment in digital systems to support service resilience and transformation), • All Wales Thematic Review of urgent and emergency care, and • Local Project work (to be confirmed) <p><i>Is it intended to undertake an interim audit on the 2023/2024 accounts?</i> MJ advised an Interim Audit have not been undertaken this year and it is likely that with the introduction of the ISA 315 requirements interim audits will no longer be required.</p> <p><i>Is the work on urgent and emergency care, deferred due to the Covid-19 pandemic the only outstanding work affected by the pandemic?</i> BH confirmed that this review had been rescheduled due to the pandemic and understood this was the only remaining work that had been delayed by the pandemic.</p> <p>The Committee ACCEPTED and APPROVED the External Audit Plan 2024.</p>
ARA/24/008	<p>PTHB DRAFT ACCOUNTABILITY REPORT AND FINANCIAL ACCOUNTS</p> <p>PH gave a presentation on the draft annual accounts thanking the Finance Team for their work in preparing the annual accounts ahead of the audit. Attention was drawn to the following matters:</p> <ul style="list-style-type: none"> • The Health Board failed in their statutory duty in relation to the revenue position (net operating costs exceeded the revenue resource limit set by Welsh Government (WG)), • The Health Board met the control target set by WG of (£12m) with an outturn of (£11,938m), • A modest surplus of £26k was returned against the Capital Resource Limit, and • 92.5% of all non-NHS creditors were paid within 30 days against a target of 95%. <p>The cumulative deficit positive over three years was £18.9m against a total spend over three years of £1.2b. The main areas of spend were community hospital services, healthcare from other providers and primary healthcare providers. Areas of increased spend include prescribed drugs and appliances related to activity and a lack of available cheaper stock, non-Welsh providers (an increase of £7.2m) and Continuing Health Care (an increase of £5.3m). It was confirmed that the Health Board had received Strategic Cash Support of £11.85m from Welsh Government which was not repayable, and the organisation could demonstrate it is a 'going concern'.</p> <p><i>The team are commended for preparing this detailed set of accounts. Can assurance be given that the team receive the necessary support from across the organisation?</i></p>

	<p>HP confirmed the team had received good support from across the organisation as well as from the local authority with whom the organisation was mutually reliant on support to fulfil accounting duties.</p> <p><i>When is it expected the public sector payment target will be achieved?</i> PH advised that the challenge was primarily in relation to payments for agency staff and progress had been made with the Workforce and OD team to reduce agency spend.</p> <p><i>Is it likely that the increased costs for prescribed drugs and appliances will reduce?</i> PH confirmed that as generic drugs come on the market prescribers make the change. The Pharmacy team have focused on this and reduced spend by £1.1m this year.</p> <p>HT welcomed the report noting the clear representation of where spend was occurring against the need to shift to the preventative agenda.</p> <p>HB presented the draft Accountability Report noting the draft Performance Report had been considered at Delivery and Performance Committee. The Accountability Report had been written to meet the requirements of Chapter 3 Guidance of the Manual for Accounts. The report would be subject to further review and comments from Audit Wales and Welsh Government. It would require proof reading and cross referencing with the Performance Report. Committee Members were invited to submit comments to the Director of Corporate Governance.</p> <p><i>Have Extra Ordinary meetings been included in the Member attendance records in the Report?</i> HT confirmed that attendance details for Extra Ordinary meetings were included in the Report.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • RECEIVED the financial accounts, recognising they are subject to audit, and • CONSIDERED the draft Annual Accountability Report 2023/24 and had an opportunity to provide any significant feedback to inform the development of the final draft.
ARA/24/009	<p>HEAD OF INTERNAL AUDIT OPINION DRAFT</p> <p>IV presented the report advising that the draft Head of Internal Opinion for 2023/24 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>At the time of writing the following ratings have been provided:</p> <ul style="list-style-type: none"> • Three Substantial assurance

	<ul style="list-style-type: none"> • 13 Reasonable assurance • Two Limited assurance <p>Four audits were removed from the 2023/24 plan and the reasons for removal/deferment had been considered when compiling the draft opinion.</p> <p><i>Is the ratio of the number of Limited Assurance outcomes compared to the total number of internal audits received typical of other Health Boards?</i></p> <p>IV confirmed that Powys was in a good position in this regard.</p> <p>It was confirmed that the final Head of Internal Audit Opinion and Annual Report will be submitted to the Committee and Board in July 2024.</p> <p>The Committee RECEIVED the Draft Head of Internal Audit Opinion.</p>
ARA/24/010	<p>INTERNAL AUDIT PROGRESS REPORT 2023/24</p> <p>IV presented the progress report and drew attention to the following areas:</p> <ul style="list-style-type: none"> • Four audits had been completed since the last meeting (detail contained in following minute), • 15 audits had been finalised to date this year, • Two audits have been issued in draft • Four audits remain work in progress <p>The Committee NOTED the Internal Audit Progress Report.</p>
ARA/24/011	<p>INTERNAL AUDIT REPORTS</p> <p>a) Vaccination Programme Final Report (<i>Reasonable</i>)</p> <p>IV presented the report which reviewed the development of structures and plans within the Health Board for the on-going delivery of vaccination programmes.</p> <p>The report confirmed reasonable assurance with five medium priority key matters arising.</p> <p>b) Infection Prevention and Control (<i>Reasonable</i>)</p> <p>IV presented the report which reviewed the controls and processes in place for Infection Prevention and Control, with specific focus on the IPC Improvement Plan and the Clostridioides Difficile infection pathway.</p> <p>The report confirmed reasonable assurance with two medium priority key matters arising.</p> <p>c) Agency Spend Reduction Group (<i>Reasonable</i>)</p> <p>IV presented the report which reviewed the set-up, operation, and delivery of the Agency Spend Reduction Group.</p>

	<p>The report confirmed reasonable assurance with two medium priority key matters arising.</p> <p><i>Given this internal audit has been undertaken during the early stages of the agency spend reduction group, is it intended to undertake a follow-up audit in this area?</i></p> <p>IV confirmed a follow-up audit was not programmed but the actions would be tracked via the audit recommendation tracker, and if necessary, a follow-up audit could be considered.</p> <p>d) Welsh Language Standards – Follow Up (Reasonable) JG presented the report which was a follow up of the Welsh Standards Internal Audit Report issued in December 2022, and gave limited assurance.</p> <p>The report found significant progress had been made in addressing the recommendations and management actions detailed in the initial report with seven of the original nine recommendations closed and progress made in the remaining two recommendations which have been downgraded from high to medium priority.</p> <p>e) Decarbonisation (Reasonable) IA presented the report which considered progress against the NHS Wales Decarbonisation Strategic Delivery Plan and the Teaching Health Board’s (THB) Decarbonisation Action Plan (DAP) - demonstrating how the THB will implement the NHS Wales Decarbonisation Strategic Delivery Plan initiatives.</p> <p>The report confirmed reasonable assurance with five medium priority and one high priority matter arising.</p> <p>The Committee NOTED the findings and conclusions of the Internal Audit Reports.</p>
ARA/24/012	<p>EXTERNAL AUDIT PROGRESS REPORT: BH presented the report and highlighted the following areas.</p> <ul style="list-style-type: none"> • Unscheduled Care Part 1 (patient flow) will come to the July meeting of Committee • Unscheduled Care Part 2 (managing demand) will come to the September meeting of Committee • Primary Care Follow Up Report – detailed in next agenda item • Structured Assessment 2023 – field work is underway • All-Wales thematic review of Planned Care – in planning stage • Local work – planned work on financial efficiencies will now be included within the Structured Assessment deep-dive. This element of the audit fee will be refunded to the Health Board <p><i>Is the work on unscheduled care part of a national audit?</i></p>

	<p>BH confirmed that this work was being undertaken nationally and on conclusion of local audits the work would be drawn together to present a national overview of themes identified.</p> <p>The Committee NOTED the update provided in the External Audit progress report.</p>
ARA/24/13	<p>EXTERNAL AUDIT REPORT – PRIMARY CARE</p> <p>BH presented the report, a follow-up report to the Review of Primary Care undertaken in 2019. Of the 2019 recommendations Audit Wales found one had been implemented, four were ongoing and four had not been implemented. The report made seven recommendations which incorporate the outstanding open recommendations made in 2019. The report contained the Health Board’s response to the recommendations.</p> <p><i>Why does the 2019 report contain reference to performance, but it is omitted from this report?</i></p> <p>BH advised that the initial report was a full scale review whereas the follow-up report only examined the implementation of recommendations.</p> <p><i>Could the organisational response to Recommendations 4 and 5 (p26 of the report) be amended to detail that primary care reports and the Annual Primary Care Report be presented to Committee as well as to Executive Committee and Board?</i></p> <p>HB advised that the intention was to ensure that the reports came to the correct meetings and the Chair’s Forum was mapping which papers go to which meeting. This could be amended to outline that Board level includes Committees.</p> <p><i>Recommendation 2 references the need to calculate a baseline position of current investment and resource. This is difficult, are there any examples of best practice Audit Wales can point to?</i></p> <p>BH advised that this was a common recommendation for all Health Boards, and an area that would benefit from all Wales working.</p> <p><i>If this is a problem across Wales are there exemplars elsewhere that could be used?</i></p> <p>BH noted that there were likely to be pockets of best practice across Wales and offered to liaise with the team working on this audit to see if there was any intelligence that could be shared.</p> <p>Action: Bethan Hopkins (Audit Wales)</p> <p>RL noted that the Delivery and Performance Committee were likely to be the area where additional scrutiny of Primary Care was undertaken.</p> <p>RA advised that Delivery and Performance Committee already had a heavy workload, and it would be necessary to ensure appropriate time is given to each area of work.</p>

	<p>HT noted the need to examine the work programme of Delivery and Performance Committee given that the content and profile of primary care will increase.</p> <p>The Committee NOTED the findings of the Primary Care Follow Up Report.</p>
ARA/24/014	<p>COUNTER FRAUD UPDATE AND ANNUAL REPORT 2023/24</p> <p>ME presented the report updating the Committee on the key areas of work undertaken by the Local Counter Fraud Specialists in 2023/24 along with the Counter Fraud Annual Report 2024/25. The service had maintained an amber rating due to resource limitations which had been resolved and it is intended to work towards a green rating.</p> <p><i>In relation to the first open case (INV/23/00424) expense fraud, why did aspects of practical recovery fail?</i></p> <p>ME confirmed that this was low level fraud where recovery would cost more than the value of the fraud.</p> <p><i>What is the difference between Accountable Board Member (PH) and Counter Fraud Champion (HB)?</i></p> <p>ME advised that the Accountable Board Member played an active role in supporting the operational counter fraud work with the Counter Fraud Champion being more active in the sphere of reporting and areas of common interest.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • RECEIVED the 2023/24 annual report. • RECEIVED the update report (May 2024) for discussion. • Took ASSURANCE that appropriate counter fraud systems are in place.
ARA/24/015	<p>ANALYSIS OF SINGLE TENDER WAIVERS 2019-2024</p> <p>SP presented the report noting that over the last five years there had been a reduction in the number of Single Tender Waivers due to an improved procurement process.</p> <p>PH advised that the procurement regime was expected to change from October 2024 which will enable direct awards to be made in certain circumstances.</p> <p>The Committee RECEIVED the report and took ASSURANCE that an appropriate system of reporting single tender waivers is in place.</p>
ARA/24/016	<p>LOSSES AND SPECIAL PAYMENTS</p> <p>SP presented the Annual Report for Losses and Special Payments for 2023/24.</p> <p><i>Would some trend analysis add anything further to this report in terms of previous years?</i></p>

	<p>SP advised this had been tried in the past, but it was difficult as the claims climate changed between years as did the mix of claims received.</p> <p>The Committee RATIFIED the Annual Report on Losses and Special payments covering the period 1 April 2023 to 31 March 2024.</p>
ARA/24/017	<p>POST PAYMENT VERIFICATION (PPV)</p> <p>AL presented the Post Payment Verification Report 2023-2024 outlining that this covered primary care services including General Medical Services, General Ophthalmic Services and Pharmacy Services. General Dental Services are covered by alternative arrangements.</p> <p><i>Will verification for General Dental Services be brought to Committee?</i> PH agreed to clarify and confirm the position in relation to General Dental Services.</p> <p>Action: Director of Finance, Information and IT.</p> <p>The Committee thanked the PPV for their work 'behind the scene', RECEIVED the report and took ASSURANCE that appropriate systems are in place to implement and monitor the Post Payment Verification cycle.</p>
ARA/24/018	<p>AUDIT RECOMMENDATION TRACKER</p> <p>HB presented the report outlining the current position in relation to audit recommendation tracking of internal and external (Audit Wales) audit recommendations as:</p> <ul style="list-style-type: none"> • 26 Internal Audit Recommendations remain outstanding of which: <ul style="list-style-type: none"> ○ Five are high priority ○ Three are from the last financial year ○ Six relate to Limited or No assurance reports ○ 20 relate to substantial or reasonable reports • Four External Audit Recommendations remain outstanding <p>HB advised that work would take place to streamline the tracking system which would enable more streamlined reports to be presented.</p> <p>The Committee CONSIDERED the current position of outstanding Audit Recommendations and took ASSURANCE that the organisation had an appropriate system for tracking and responding to audit recommendations.</p>
ARA/24/019	<p>RISK MANAGEMENT UPDATE</p> <p>HB provided a presentation on Corporate Level Risk Management Activity since the last report in October 2023 advising that recent capacity constraints had been addressed and it was intended to bring a detailed report to Committee in September.</p> <p>The Committee:</p>

	<ul style="list-style-type: none"> • RECEIVED the report including an update on actions from the last report; and • Took ASSURANCE that the corporate risk management continues to develop.
ARA/24/020	<p>ANNUAL WORK PROGRAMME</p> <p>HB presented the Draft Audit Risk and Assurance Committee Programme, showing the activities to meet and comply with the Terms of Reference. The document is live document and will continue to be updated.</p> <p>The Committee took RECEIVED and NOTED the Annual Work Programme.</p>
ARA/24/021	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <p>There were no matters to be brought to the attention of the Board or other committees.</p>
ARA/24/022	<p>ANY OTHER URGENT BUSINESS</p> <p>No other urgent business was declared.</p>
ARA/24/023	<p>DATE OF NEXT MEETING</p> <p>9 July 2024 at 10:00, Microsoft Teams</p>