



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 JANUARY 2024 VIA MICROSOFT TEAMS

#### **Present:**

Rhobert Lewis	Independent Member (Chair)
Kirsty Williams	Independent Member
Chris Walsh	Independent Member (Local Authority)

#### **In Attendance:**

Steve Elliot	Independent Financial Advisor
Pete Hopgood	Director of Finance and IT and Interim Deputy Chief Executive
Hayley Thomas	Chief Executive Officer
Sarah Pritchard	Head of Financial Services
Helen Bushell	Director of Corporate Governance/Board Secretary
Bethan Hopkins	Audit Wales
Mike Jones	Audit Wales
Ian Virgil	Head of Internal Audit
Martyn Lewis	Internal Auditor
Matthew Evans	Head of Local Counter Fraud

#### **Observers**

None

#### **Committee Support**

Elizabeth Patterson	Interim Head of Corporate Governance
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#### **Apologies**

Ronnie Alexander	Independent Member
Alice King	Audit Wales
Kirsten Jones	Llais
Hywel Pullen	Deputy Director of Finance
Jayne Gibbon	Internal Audit Manager

ARA/23/053	<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 as recorded above.</p>
ARA/23/054	<p><b>DECLARATIONS OF INTEREST</b></p> <p>No interests were declared in addition to those already declared in the published register.</p>
ARA/23/055	<p><b>MINUTES OF THE MEETINGS HELD 10 OCTOBER 2023</b></p> <p>The minutes of the meetings held on 10 October 2023 were AGREED as a true and accurate record.</p>
ARA/23/056	<p><b>COMMITTEE ACTION LOG</b></p> <p>The Committee received and ACCEPTED the Action Log.</p> <p>The following action remained open:</p> <ul style="list-style-type: none"> <li>• ARA/23/041a – The Director of Finance, Information and IT undertook to obtain a response from the Commissioning team</li> </ul>
ARA/23/057	<p><b>APPLICATION OF SINGLE TENDER WAIVER -INCLUDING RE PROVISION OF ORTHODONTIC TREATMENT</b></p> <p>The Head of Financial Services presented the report noting there had been one Single Tender Waiver application made between 1 October 2023 and 31 December 2023.</p> <p>Committee Members and Financial Advisor asked the following questions for assurance:</p> <p><i>With regard to the Single Tender Waiver for Occupational Health, which has been extended. Is there a long-term plan for this contract?</i></p> <p>The Head of Financial Services advised that there was a national programme examining the potential of a central Occupational Health Service. The Single Tender Waiver will address the immediate needs of the Health Board.</p> <p><i>Given this Single Tender Waiver only runs to 31 March 2024 might it be necessary to process an additional one?</i></p> <p>The Head of Financial Services confirmed this would potentially be the case unless the post is successfully recruited to, or progress is made with the national programme.</p> <p>The Committee RATIFIED the use of Single Tender Waiver in respect of this item during the period of 1 October 2023 and 31 December 2023.</p>
ARA/23/058	<p><b>INTERNAL AUDIT PROGRESS REPORT 2023-24</b></p> <p>The Head of Internal Audit presented the report which provided information</p>

regarding the progress of Internal Audit work in accordance with the agreed plan; including details and outcomes of reports finalised since the previous meeting of the committee.

The following matters were highlighted for the Committee's attention:

- Since the last meeting of the Committee five audits had been finalised and report completed which reported in the next agenda item
- There had been a total of 22 audit reviews included with the 2023/24 Internal Audit Plan. At the time of reporting, six audits had been finalised with a further two at the draft report stage, three audits were currently work in progress with a further 11 at the planning stage.
- The following proposed changes were proposed:
  - The Efficiency Framework/Value Board audit be removed due to an overlap with existing audits;
  - Staff Recruitment and Retention audit be removed due to the current focus on reducing staff costs for the current and next financial year. This to be replaced with a national audit on decarbonisation plans; and
  - Partnership Governance Framework audit to be deferred to 2024/25.
- The 2024/25 Internal Audit Plan is in development and will be brought to the March meeting of the Committee for formal approval.

The Committee Members and Financial Advisor asked the following questions for assurance:

*The draft Capital and Estates audit is showing 'Limited Assurance'. Is the Health Board picking up on emerging themes?*

The Head of Internal Audit advised that the report had been subject to in depth discussion with Service Managers and the Director of Corporate Governance to finalise the report. Management was aware of key areas and are working on an action plan.

The Director of Corporate Governance advised there had been some dispute regarding the assurance rating of the audit, further discussions were underway and would be reported to the next Committee meeting.

*If agreement cannot be found for this audit can the areas of disagreement be made clear?*

The Head of Internal Audit advised that it was hoped an agreed position would be reached, but if this is not possible the areas of disagreement will be highlighted.

*What happens next with audits with a Low Assurance outcome?*

	<p>The Head of Internal Audit advised that the individual recommendations are tracked by the Health Board, and this is monitored by the Committee. Any areas receiving a Low Assurance outcome will be subject to a follow-up audit the following year.</p> <p><i>It can be seen that much of the work takes place during Quarter 3 and 4 which is when the organisation tends to be under particular pressures. When the plan is agreed for 2024/25 can this be taken into account?</i></p> <p>The Head of Internal Audit advised that when the 2023/24 plan was agreed, the uneven nature of work across the year was noted and Internal Audit have provided appropriate resource to be able to complete the volume of work scheduled. Engagement with the Health Board is good for both planning and field work. If any issues arise, these are flagged with the Director of Corporate Governance.</p> <p>The Director of Corporate Governance drew attention to page 10 of the report where a Red Rating is shown in relation to response times to audit reports. This related to the Information Governance report with a proposed 'Low Assurance' rating and is due to the discussion that is required to agree the final report. It is expected that the Capital and Estates audit will also have a Red Rating for report response times.</p> <p><i>Is the delayed Partnership Governance Framework specific to the Health Board or an all Wales Framework?</i></p> <p>The Director of Corporate Governance advised this was specific to the Health Board and included partners such as the Local Authority, Third Sector and Commissioning partners.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• NOTED the Internal Audit Progress Report, including the findings and conclusions from the finalised audit reports; and</li> <li>• APPROVED the proposed adjustments to the 2023/24 plan, namely, to remove the following audits from the plan: <ul style="list-style-type: none"> <li>○ Efficiency Framework/Value Board</li> <li>○ Staff recruitment and retention</li> <li>○ Partnership Governance Framework.</li> </ul> </li> </ul>
ARA/23/059	<p><b>INTERNAL AUDIT REPORTS:</b></p> <p>a. Business Continuity Planning (Substantial Assurance)</p> <p>The Head of Internal Audit presented the report which sought to establish if the Health Board has appropriate arrangements in place to ensure effective business continuity plans at corporate level.</p> <p>The report confirmed a substantial assurance with one low priority action</p>

identified.

The Committee Members and Financial Advisor asked the following questions for assurance:

*IT resilience is specifically excluded from this audit. Where will this be audited?*

The Head of Internal Audit advised this would be subject to consideration for the draft Audit Plan 2024/25.

The Director of Corporate Governance advised that IT resilience is an issue that is tracked via the Delivery and Performance Committee.

b. Clinical Education – HCSW Induction Programme (Reasonable Assurance)

The Head of Internal Audit presented the report which sought to review the Health Board's arrangements in place for the first part of the deployment of the Framework which is a focused review of the induction programme to establish if effective processes are in place to ensure compliance with the requirements of the Framework.

The report confirmed a reasonable assurance, five actions had arisen, four were of medium priority and one of high priority.

The Committee Members and Financial Advisor asked the following questions for assurance:

*The high priority matter arising in relation to Monitoring and Reporting is important given the low numbers and the focus on this is welcomed.*

The Director of Corporate Governance confirmed this would be monitored via the Audit Recommendation Tracker

c. Health and Safety Arrangements (Reasonable Assurance)

The Head of Internal Audit presented the report which sought to review and assess the adequacy of the processes in place within the Health Board to ensure compliance with Health & Safety legislation.

The report confirmed a reasonable assurance with three actions identified, two having medium priority and one having high priority.

The Committee Members and Financial Advisor asked the following questions for assurance:

*Different organisations place the responsibility for ensuring appropriate training with either Managers or Health and Safety leads. Do Managers have the skills to know what training requirements are?*

The Head of Internal Audit confirmed that the focus had been on ascertaining if management had undertaken a review of training

requirements and then had processes in place to ensure this was delivered.

The Director of Corporate Governance advised that the Delivery and Performance Committee would be considering the Annual Health and Safety Report where Audit, Risk and Assurance Committee may suggest an update on the audit recommendations is received.

The Chair agreed with this proposal.

**Action: Director of Therapies and Health Sciences**

d. Incident Management (Reasonable Assurance)

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. The review also focused on the Health Board's ability to learn from incidents and take action to improve processes whilst sharing best practice across the Health Board. Last year a similar audit had been undertaken for Community Services, this year the audit focussed on Women and Children's and Mental Health Services.

The assurance remained the same as last year and it was recognised that progress had been made in relation to organisational arrangements for incident management and developing policies, procedures and a framework for incident management. However, the report identifies areas for improvement specifically within the service area subject to the audit.

The report confirmed a reasonable assurance, four actions were identified, three medium priority and one high priority.

The Committee Members and Financial Advisor asked the following questions for assurance:

*The Chair of Patient Experience, Quality and Safety Committee advised that incident management was an area that was being considered by the Committee next week in relation to Mental Health. The connections between incident management and the Duty of Quality and Candour were being made.*

*What is causing the delay in incident reporting and investigating. Will there be improvement?*

The Chief Executive advised that she was sighted on the improvement work required and that it would be necessary to look at this across the organisation. This was work in progress. In relation to the backlogs in Mental Health, there has been improvement, but any backlog is unacceptable, and a plan is in development to clear the backlog and ensure it does not recur. The service will need support to achieve this position and whilst there were

staffing challenges in the team around the time of the audit there is a question as to a need to escalate in such circumstances. The organisation will need to ensure that progress is made across the organisation not just on a team by team basis.

The Chief Executive confirmed that the Patient Experience, Quality and Safety Committee as well as the Executive Committee was closely monitoring the backlog of incidents in Mental Health to the next meeting.

e. Information Governance (Limited Assurance)

The Internal Auditor presented the report which sought to review the adequacy of the resourcing, capacity, and resilience of the Information Governance structures to achieve compliance with UK GDPR and FoI requirements, and completion of the IG Toolkit. Whilst the Health Board had increased resource to this area, demand was also increasing both in numbers of requests and the complexity of requests. The team are acting primarily in a reactive way with little resilience to progress other areas of work, and it is not clear who information asset owners are which leads to problems for the team.

The report confirmed a limited assurance, of the four key matters arising two were found to be of medium priority and two of high priority.

The Committee Members and Financial Advisor asked the following questions for assurance:

*It is not possible to continually increase resource to meet demand. What can be done to manage demand?*

The Internal Auditor noted that all organisations were seeing an increase in demand as patients understood how easy it was to submit a request.

The Financial Advisor noted that capacity was managed by Fixed Terms Contracts that would not be reviewed if demand fell. However, reductions in demand appeared unlikely.

*Is best practice being used to identify ways of improving the information asset register?*

The Chief Executive cautioned that the resources available needed to be balanced between clinical and non-clinical services and that best practice should be sought to enable the service to increase capacity.

*At what point will this become a risk that cannot be ignored, and the situation gets out of control?*

The Director of Corporate Governance confirmed that the Committee will track the recommendations via the Audit Recommendation Tracker, the Delivery and Performance Committee will monitor the Information

	<p>Governance Improvement Plan, and the Director of Finance, Information and IT will lead on resourcing the service.</p> <p>The Committee NOTED the Internal Audit Progress Report, including the findings and conclusions from the finalised audit reports.</p>
<p>ARA/23/060</p>	<p><b>INTERNAL AUDIT THEMES AND REFLECTIONS</b></p> <p>The Head of Internal Audit presented the report which provided the Committee with information regarding trends and themes that can be identified through the analysis and review of the outcomes from previous Internal Audits, in order to help inform potential areas of future focus and scrutiny by Internal Audit and the Committee as well as reflections and learning for the organisation.</p> <p>It was highlighted that the slides within the presentation 'Internal Audit themes and reflections' provide an analysis of the Internal audit work that has been completed for the Health Board over the last 6 years (From 18/19 through to 23/24 to mid-December when the report was prepared), along with some comparison to the work completed for all NHS organisations within Wales.</p> <p>Overall it was found that the trends and outcomes for the Health Board were similar to the all Wales position although the Health Board have had slightly more Limited than Substantial ratings than the all Wales average. However, this may be skewed by the low number of audits that are undertaken in the Health Board against the much larger number undertaken in the bigger Health Boards.</p> <p>Audit work is structured over the following 8 domains:</p> <ol style="list-style-type: none"> <li>1. Workforce management</li> <li>2. Strategic Planning, performance management and reporting</li> <li>3. Operational service and functional management</li> <li>4. Information governance and security</li> <li>5. Financial governance and management</li> <li>6. Corporate Governance, Risk and Regulatory Compliance</li> <li>7. Clinical Governance, quality and safety</li> <li>8. Capital and estates</li> </ol> <p>The period examined was 2018-2023 and it was found that the Health Board had Limited or No assurance reports primarily in Information Governance and Security, Corporate Governance and Capital and Estates compared to the all Wales position where Limited and No assurance reports were found across all domains.</p> <p>Of the 106 audits undertaken (not including advisory audits) a total of 462 recommendations were made with an average of 4.36 recommendations. The recommendations are grouped into 24 themes with the top 8 identified</p>



	<p>as:</p> <ol style="list-style-type: none"> <li>1. Compliance</li> <li>2. Reporting</li> <li>3. Policies and procedures</li> <li>4. Governance and risk management</li> <li>5. Audit trail (documentation)</li> <li>6. Ineffective controls</li> <li>7. Finances and resourcing</li> <li>8. Training and development</li> </ol> <p>Examples of themes were shared for Capital and Estates and Information Governance.</p> <p>A demonstration of the live data base was offered to a future meeting.</p> <p>The Committee Members and Financial Advisor asked the following questions for assurance:  <i>The possibility of the results of the audits from the Health Board being skewed as more audits are undertaken in other Health Boards was mentioned. However, it appears that a large number of audits have been undertaken in the Health Board, is it proportionate?</i></p> <p>The Head of Internal Audit noted there was a balance to be struck between the number and depth of audits, however, a sufficient number of audits was necessary to enable the Annual Internal Audit Opinion to be given.</p> <p>The Chief Executive advised that the Annual Audit Plan would require careful scrutiny to ensure a proportionate approach along with the possibility of extending the programme over a 5 year period in tandem with the 5 Year Plan. It will be necessary to reflect on the prominence of compliance and procedure themes in the audit recommendations to ensure that the necessary actions are undertaken to address this.</p> <p>The Director of Corporate Governance advised that consideration is being given to be best way of sharing information regarding audit and inspections outcomes with the Board. An initial discussion will take place at Board Development.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• CONSIDERED the themes and reflections highlighted through the analysis of the outcomes of previous Internal Audit work.</li> </ul>
ARA/23/061	<p><b>AUDIT RECOMMENDATION TRACKING</b></p> <p>The Director of Corporate Governance presented the report 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</p>

	<p>Services as of 30 November 2023.</p> <p>The report confirmed that there are 57 overdue internal audit recommendations of which 32 relate to the current or previous year and 25 relate to the years 2019-2022. 14 of these recommendations are defined as high priority. The Executive Committee considered the report in December and agreement made to focus on closing overdue recommendations. There is an element of covid related legacy in relation to some of the longer overdue recommendations. A further 8 recommendations have been closed but have missed the reporting timeframe prior to publication of the agenda papers.</p> <p>In relation to External Audit there remain 8 outstanding recommendations and there are no outstanding recommendations for Counter Fraud.</p> <p>The Chair welcomed the focus on closing long overdue recommendations and looked forward to receiving an improved position in the next report.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• CONSIDERED the current position of outstanding Audit Recommendations, and</li> <li>• Took ASSURANCE that the organisation has an appropriate system for tracking and responding to audit recommendations.</li> </ul>
<p>ARA/23/062</p>	<p><b>EXTERNAL AUDIT PROGRESS REPORT 2023-24</b></p> <p>The External Audit Manager presented the report which provided an update on the current and planned accounts and performance audit work at Powys Teaching Health Board:</p> <p><u>Accounts audit update:</u></p> <ul style="list-style-type: none"> <li>• Audit of the 2022-23 Accountability Report and Financial Statements – Audit completed.</li> <li>• Audit of the Charitable Funds Financial Statements – there has been some delay in obtaining an assurance report from Fund Managers which may affect the ability to meet the statutory deadline of 31 January 2024.</li> </ul> <p>The Director of Corporate Governance confirmed the Board Meeting to approve the Charitable Fund accounts had been postponed and that the Fund Manager issue affected a number of NHS Wales organisations. Missing the Charity Commission deadline for submission of accounts was of concern and the Health Board looked to Audit Wales to support an explanation of the missed deadline.</p> <p>The Audit Wales representative advised that consideration was being given to the possibility of Audit Wales verifying the fund, however, the extent and cost of this potential course of action would need to be ascertained.</p>

	<p><u>Performance audit update:</u></p> <ul style="list-style-type: none"> <li>• Review of unscheduled care – Part 1 Field work is completed, and the report is in draft with a final report due to Committee in March 2024. Part 2 project brief issued due to commence in March 2024.</li> <li>• Primary Care Services Follow-up Review – Report will be issued next week and will be brought to Committee in March 2024</li> <li>• Workforce Planning - Report will be issued this week and will be brought to Committee in March 2024</li> <li>• Structured Assessment - Core Comments on the draft report are due in shortly and the final report will be brought to Committee in March</li> <li>• Structured Assessment 2023 - Deep Dive – Fieldwork is underway, and the report will be brought to Committee in March 2024</li> <li>• The All-Wales thematic review of planned care is in the planning stage</li> <li>• Local work has not yet started.</li> </ul> <p>The Committee thanked Audit Wales for the report and DISCUSSED and NOTED the Report.</p>
ARA/23/063	<p><b>COUNTER FRAUD UPDATE</b></p> <p>The Head of Local Counter Fraud presented the report which provided an update on the key areas of work undertaken by the Counter Fraud Specialists during 2023/24. The level of activity had been impacted by long term sickness absence with the postholder returning in January 2024. Consideration is being given to strategic governance arrangements for counter fraud services in Wales which is expected to go to consultation shortly. The service is continuing to receive notifications of suspected fraud with no real patterns emerging. The types of frauds being reported are working whilst on sick leave and contractor fraud with examples provided in the appendix to the report.</p> <p>The Committee Members and Financial Advisor asked the following questions for assurance:  <i>Given the staffing challenges outlined in the report, is casework up to date or is there a backlog?</i></p> <p>The Head of Local Counter Fraud advised that all cases had been investigated although this had taken longer the team member been in post.</p> <p><i>Are the number of cases identified in Powys proportionally similar to other Health Boards?</i></p> <p>The Head of Local Counter Fraud confirmed this was the case.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• RECEIVED the report for discussion; and</li> <li>• Took ASSURANCE that appropriate counter fraud systems are in place.</li> </ul>
ARA/23/064	<p><b>REGISTER OF INTEREST AND REGISTER OF GIFTS AND HOSPITALITY</b></p> <p>The Director of Corporate Governance presented the report which provided the latest position for Register of Interests for Independent Members and</p>

	<p>Executive Directors at 31 December 2023, and the Register of Gifts and Hospitality for Board members and employees at December 2023.</p> <p>It was noted that a small number of colleagues included on the Register were no longer Members of the Board. It was correct that they remain on the Register for the year during which they were Board Members, but that the register should indicate when they ceased to be a Board Member.</p> <p>The notification of receipt of gifts and hospitality was welcomed but it was acknowledged it would be necessary to do more to communicate the requirement to make declarations where appropriate.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• RECEIVED the contents of Register of Interests and Register of Gifts and Hospitality for PTHB Board Members at 31 December 2023, and;</li> <li>• 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.</li> </ul>
ARA/23/065	<p><b>COMMITTEE WORK PROGRAMME</b></p> <p>The Director of Governance noted that it was likely that there would be a number of audit reports to be brought to the March meeting and gave assurance that the agenda would be appropriately managed to accommodate this.</p> <p>The Committee RECEIVED and NOTED the Committee Work Programme.</p>
ARA/23/066	<p><b>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</b></p> <p>The following matters were to be brought to the attention of Delivery and Performance Committee and PEQS</p>
ARA/23/067	<p><b>ANY OTHER URGENT BUSINESS</b></p> <p>No other urgent business was declared.</p>
ARA/23/068	<p><b>DATE OF NEXT MEETING</b></p> <p>12 MARCH 2024 at 10:00, Microsoft Teams</p>