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Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AUDIT, RISK AND ASSURANCE COMMITTEE

CONFIRMED MINUTES OF THE MEETING HELD ON 14 JANUARY 2025 AT 10:00 VIA MICROSOFT TEAMS

MEMBERS		
Steve Elliot	SE	Independent Member (Finance) (Chair)
Ronnie Alexander	RA	Independent Member (General)
Chris Walsh	CW	Independent Member (Local Authority)
IN ATTENDANCE		
Helen Bushell	HB	Director of Corporate Governance/Board Secretary
Carl Cooper	CC	PTHB Chair (observer)
Mathew Evans	ME	Counter Fraud
Pete Hoppood	PH	Executive Director of Finance, Capital and Support Services and Deputy Chief Executive (for Item 3.8)
Bethan Hopkins	BH	Audit Wales
Louisa Steel	LS	Lead Local Counter Fraud Specialist
Erin Terfel	ET	Audit Wales
Elizabeth Patterson	EP	Interim Head of Corporate Governance (Committee support)
Sarah Pritchard	SP	Head of Financial Services
Claire Roche	CR	Executive Director Nursing, Quality, Womens and Family Health (for Item 3.2g)
Sue Tilman	ST	Post Payment Verification
Hayley Thomas	HT	Chief Executive Officer
Ian Thomas	IT	Independent Member (Generic) (Observer)
Laura Tovey	LT	Audit Wales
Ian Virgil	IV	Internal Audit
APOLOGIES FOR ABSENCE:		
Amanda Legge	AL	Post Payment Verification
Hywel Pullen	HP	Deputy Director of Finance

1. PRELIMINARY MATTERS

1.1 WELCOME AND APOLOGIES FOR ABSENCE (ARA/24/062)

The Chair welcomed everyone to the meeting. Apologies for absence were received as recorded above.

1.2 DECLARATIONS OF INTEREST (ARA/24/063)

No declarations of interests were received in addition to those already on the register.

2. CONSENT AGENDA BUSINESS

No items were raised.

3. ITEMS FOR APPROVAL, RATIFICATION OR DECISION

3.1 MINUTES OF PREVIOUS MEETING (ARA/24/064)

The minutes of the meeting held on 10 October 2024 were **CONFIRMED** as an accurate record subject to the following amendment on page 4:

- The *report finds five areas of assurance as substantial, noting the organisations current situation of enhanced monitoring for planning, strategy and finance. The committee also note the possibility that this escalation may increase to targeted intervention at future review points by Welsh Government. However not a contradiction does not correlate with the level of assurance reported in this interim report, but it does*

The audit process does not embrace patient experience which is of particular importance in relation to End of Life Care. Where is this considered?

HB advised that patient experience had not been included in the audit brief for End of Life Care. When planning audits particular attention should be given to the inclusion of patient experience where appropriate.

HT confirmed that the Patient Experience, Quality and Safety Committee monitored patient experience for all services.

3.2 ACTION LOG (ARA/24/065)

HB noted that three actions were recommended for closure and one action was at risk requesting a date change:

- ARA/24/16 – production of the audit handbook had been delayed due to staffing challenges. Requested date change to March 2025.

The Committee **RECEIVED** and **NOTED** the Action Log and **AGREED** the date change.

4. ESCALATED ITEMS

There were no items for inclusion in this section

5. ITEMS FOR ASSURANCE

5.1 INTERNAL AUDIT PROGRESS REPORT 24/25 (ARA/24/066)

IV introduced the progress report highlighting that the Executive summaries of the Final reports were included in section 7 of the Progress report as finalised since the last Audit Risk and Assurance Committee in October 2024. Full copies of the final reports are included at item 5.2 on the agenda.

Current position with progress of the 2024/25 plan:

- Nine audits finalised to date (seven since the last meeting)
- Five audits are currently work in progress with planned delivery through the remainder of the year
- Six audits are at the planning stage
- Five audits are yet to be started
- The final audit (Local Primary Mental Health Support Services) has been proposed for removal due to on-going significant delay in agreeing the scope for the audit which means resource is no longer available for delivery.

IV noted the remaining audits to be completed in year would be challenging for the Internal Audit team, and for the Committee receiving a high number

of completed audits in March and May, however, it is anticipated that they will be finalised in time to complete the Annual Internal Audit opinion.

Three key performance indicators are green, one is amber (report turnaround – management response time), however, engagement is good, and audits are being agreed, and one is red (audit reports to be agreed at Audit Committee).

IV had met with Independent Members and discussed the Audit Plan 2025/26. In conjunction with Executive leads and the Chief Executive this would be developed in the coming weeks and brought to Committee for approval.

The Committee raised the following question/observations:

Given a large number of reports are presented to this meeting and expected to the next two meetings could future reports be released to Committee Members when available to enable appropriate time for Members to read and absorb them?

IV confirmed there would be no problem releasing the reports to Committee Members providing they were not publicly released until they had been considered at Audit, Risk and Assurance Committee and would speak to HB in this regard.

Action: IV and HB to agree arrangements for timely release of Internal Audit Report to Audit, Risk and Assurance Committee members.

What contingency arrangements are in place if it is not possible to complete the audit programme in year?

IV advised that for audits which had been undertaken and the reports were in draft it would be possible to finalise these reports for inclusion in the 2024/25 audit opinion. If it was found not possible to complete the plan, then a discussion would take place as to the key areas of focus required to inform the annual audit opinion.

When completing an audit is there a timeframe to follow to ensure the work is not rushed?

IA confirmed that Internal Audit worked to international audit standards.

Does the delay in relation to the Local Primary Mental Health Support Services rest with the Health Board or Internal Audit?

HB confirmed the delay in agreeing the scope rested with the Health Board. It had been a period of significant change in senior management for this area and this had been discussed with Internal Audit in the monthly meetings between IV and HB.

Can themes be identified across the completed internal audit reports?

HB confirmed that at the March meeting IV would present the annual report on key themes and messages. The actions in internal audit reports were now attributed to themes which helps link into audit recommendation tracking.

The Committee:

- **NOTED** the Internal Progress report, including the findings and conclusions from the finalised audit reports, and
- **APPROVED** the adjustment to the 2024/25 plan.

5.2 INTERNAL AUDIT REPORTS (ARA/24/067)

IV gave an overall view of the Assurance obtained from the following Audits:

- a) Core Financial Systems – Treasury Management (Substantial Assurance)
- b) Board & Committee Structure / Effectiveness (Substantial Assurance)
- c) Records Management (Substantial Assurance)
- d) Staff Retention (Reasonable Assurance)
- e) Capital Systems (Reasonable Assurance)
- f) Energy Management (Reasonable Assurance)
- g) Deprivation of Liberties Safeguards (Limited Assurance)

a) Core Financial Systems – Treasury Management (Substantial Assurance)

IV presented the report which evaluated and determined the adequacy of the systems and controls in place within the Health Board for Treasury Management.

The report notes that Treasury Management systems should be regularly reviewed. What frequency is meant by 'regularly'?

IV advised that regularly generally meant every 2-3 years but some systems would require more regular review.

How are internal audit findings of reasonable/substantial etc weighted?

IV advised that audits are structured to deliver across a number of objectives. These are collated to give an overall assurance rating. The priority level of matters highlighted will help ascertain what assurance rating is settled on.

b) Board & Committee Structure / Effectiveness (Substantial Assurance)

IV presented the report which evaluated the Health Boards Board and Committee structure and assessed the operation of the Board and Committees to ensure effective and efficient reporting, scrutiny and decision-making on areas of accountability.

c) Records Management (Substantial Assurance)

IV presented the report which reviewed the arrangements for managing records within the Health Board and ensuring compliance with standards and regulations.

The significant improvement on the previous position in relation to Records Management was noted.

Would the significant matter relating to a lack of fire suppression in record storage areas be expensive to rectify?

HB advised that a feasibility report was being produced to aid decision making on this matter.

d) Staff Retention (Reasonable Assurance)

IV presented the report which reviewed and assessed the plans and processes in place to enable the Health Board to retain an appropriate workforce to allow for the sustained delivery of high-quality services.

Would exit interviews be a more appropriate method than exit questionnaires to gather information?

Why is the turnover rate in Powys higher than the Welsh average?

HB advised that the Workforce and Culture Committee on 10 December 2024 received a presentation on these matters which would be circulated to Audit, Risk and Assurance Committee members.

Action: Director of Corporate Governance

e) Capital Systems (Reasonable Assurance)

LT presented the report which focussed on the selection, appointment and contractual arrangements applied at Capital and Estates projects (covering both advisors and contracts).

Is the agreed management action in relation to Contract Completion appropriate?

LT noted this related to smaller projects (the largest being £78k) and was understood to be a communication issue rather than a control problem.

PH noted the management response had been accepted by the auditor.

f) Energy Management (Reasonable Assurance)

LT presented the report which focussed on effective management and control of energy costs given the rising costs of energy.

HT noted there had been substantial focus on this area and welcomed the improvement to date.

CR joined the meeting 11.00

g) Deprivation of Liberties Safeguards (Limited Assurance)

IV presented the report which reviewed the controls and processes in place for the control, operation and reporting of the Deprivation of Liberty Safeguards (DoLS) as operated by the Health Board.

CR welcomed the findings of the audit which were not a surprise but gave helpful external scrutiny. The Health Board is working closely with the Local

Authority with the intention of taking a business case to the Business Investments Group which is reflected in the management actions in the report. The situation was complicated by an earlier national intention to move to Liberty Protection Standards which had been withdrawn. The partners had put in place temporary arrangements to support the change, and it was now necessary to implement permanent arrangements.

Is there confidence that the issues identified as medium priority can be addressed effectively, and over what timescale?

CR acknowledged there were gaps in provision and greater resilience and sustainability was required. The team was small, and demand was exceeding capacity. The audit confirms there is risk and fragility in the service, but the team have grip and control of the issues and of what action is needed to effect improvements.

HT advised that the Executive team had identified this service as an area that would benefit from audit due to concerns and requiring an additional level of assurance. The Executive team would ensure this would be addressed as a matter of priority.

Are there gaps in the current policy which would expose the service to a greater risk of legal challenge?

CR advised that the policy does require strengthening however, the teams in the Health Board and Local Authority were working in partnership to mitigate risks.

CR left the meeting 11.10

The Committee **RECEIVED** and **NOTED** the internal audit reports including their findings

5.3 EXTERNAL AUDIT PROGRESS REPORT 2024/25 (ARA/24/068)

BH presented the Audit Progress Report which provided an update on the current and planned accounts and performance audit work presented to the Committee in January 2025.

In relation to the scope of local work 'a review of arrangements for managing agency staff', could staffing in Mental Health services be considered in addition to staffing in Community Hospitals?

BH confirmed that the scope would be discussed with the Lead Executive with the intention of including Mental Health staffing in this audit.

Attention was drawn to Audit colleagues of the contribution of Internationally Educated Nurses to the reduction in agency costs.

ET advised that plans were on track in relation to the audit of the 2024/25 Annual Accounts.

HB confirmed the draft Structured Assessment had been received and management were collating a response. This will be brought to the March meeting of the Committee and subsequently to the Board.

The Committee RECEIVED the report.
5.4 AUDIT REPORTS (ARA/24/069)
There were no External Audit Reports presented.
5.5 COUNTER FRAUD UPDATE (ARA/24/070)
ME presented the report advising that after proposals, to create a national counter fraud service had been considered, it had been agreed to retain local counter fraud presence but increase central support for counter fraud including in relation to education and communication from a national perspective. It was noted there are variances in the skill sets of counter fraud officers across the organisation and it was proposed to standardise job descriptions and person specifications.
ME drew attention to intelligence received in relation to fraudulent use of obesity medications either by over prescribing or diversion of prescribed medication. The team were working with Health Care colleagues in relation to prescribing and weight loss management arrangements.
<i>Resource utilisation is showing as £225k compared to an allocation of £308k. What will happen to the unused allocation?</i>
ME confirmed that the allocation was a full year, and the utilisation was year to date. It was expected that the full resource allocation would be used in year.
<i>Does the Counter Fraud service get the support required from Health Board staff to fulfil their role?</i>
ME confirmed good relationships with Health Board staff existed including with the Communications Team for engagement and promotional work.
<i>Is Artificial Intelligence (AI) used in tackling fraud?</i>
ME confirmed that AI is starting to be used for analytical purposes. At present it is necessary to check the outcomes, and the team are working on the basis of 'trust and verify'.
<i>Can the resource allocation be moved between areas within Counter Fraud services?</i>
ME confirmed there was a degree of flexibility, however, if it appeared that this flexibility might impact on the potential to deliver the work plan this would be brought the attention of the Committee.
The Committee: <ul style="list-style-type: none"> • RECEIVED the update report for discussion; • Took ASSURANCE that appropriate counter fraud systems are in place.
5.6 POST PAYMENT VERIFICATION (MID YEAR REPORT) (ARA/24/071)
ST presented the mid-year report on Post Payment Verification.
<i>How are dispensing GP practices reviewed?</i>
ST confirmed that a new service had been introduced examining Dispensing Services separately from General Medical Services (GMS). The outcomes

from Dispensing Services reviews will be reported to the Pharmacy Team in the Health Board.

Are the numbers of revisits particularly high at present?

ST explained that post payment verification of GMS had been paused during the pandemic and whilst a new payment system was brought in. When post payment verification recommenced, there was a focus on routine visits initially and revisits were not picked up until this year which is why there appears to be a high number of revisits at present.

The Committee:

NOTED the report and took **ASSURANCE** from the information contained therein.

5.7 SINGLE TENDER WAIVERS (INCLUDING EXTENSIONS TO CONTRACTS) (ARA/24/072)

SP presented the report advising that one Single Tender Waiver request had been made in quarter 3, which was the first request made during the financial year 2024/25.

Committee Members noted and welcomed the reduction in single tender waivers presented to the Committee.

The Committee:

- **NOTED** there had been one Single Tender Waiver request made between 1 October 2024 and 31 December 2024.
- Took **ASSURANCE** that the organisation had an appropriate system in place to capture and report single tender waivers.

5.8 RECORDS MANAGEMENT (ARA/24/073)

HB presented the report which gave an update on the records management work plan and specifically on progress since the Records Management Internal Audit of 2019. Good progress had been made; however, further work was needed, particularly in relation to records storage with a Business Case in development noting this would be restricted to the use of existing resources.

Does the Health Board have sufficient staff trained in Records Management?

HB confirmed the number of staff trained in Records Management is sufficient at present and this is kept under regular review.

The Committee:

1. **RECEIVED** the report taking **ASSURANCE** that all work has been undertaken to address all internal audit recommendations from the 2019 Audit report (which was a limited assurance rating)
2. **RECEIVED** the update report in relation to the records management work plan taking **ASSURANCE** that a robust programme of activity was in place
3. **NOTED** the work required to transition to three designated facilities which will enhance data security, streamline access and retrieval and ensure consistent compliance with regulations across all services. Further details will be provided in due course for corporate consideration.

6. ITEMS FOR DISCUSSION
There were no items for inclusion in this section
7. CONSENT AGENDA
7.1 WORK PROGRAMME (ARA/24/074)
The committee TOOK ASSURANCE and NOTED the Annual work programme. There were no amendments or questions.
8. OTHER MATTERSON
8.1 ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES (ARA/24/075)
The following items were agreed to be brought to the Board and other Committees: <ul style="list-style-type: none"> • Internal Audit reports to be provided to appropriate Committees for information • Internal Audit Report (Deprivation of Liberty Safeguards) be referred to the Patient Experience, Quality and Safety Committee to monitor progress against recommendations Action: Director of Nursing, Quality, Women and Family Health
8.2 ANY OTHER URGENT BUSINESS (ARA/24/076)
There was no other urgent business.
8.3 COMMITTEE FEEDBACK (ARA/24/077)
The following feedback was noted: <ul style="list-style-type: none"> • A focussed and purposeful meeting • The agenda was set out in a sensible, systematic way • The meeting was well chaired and finished on time • Consideration could be given to reordering Internal Audit Reports to start with the lower assurance reports to facilitate appropriate focus • The Chair facilitated appropriate time to be spent on necessary items to good effect • It will be necessary to consider the length of the March and May meetings if the expected number of finalised regulatory reports are presented.
5.5 DATE OF NEXT MEETING
The date of the next meeting is scheduled on 11 March 2025 at 10:00 via Microsoft Teams.

Meeting closed at 12:05